




# **Aspen Valley Hospital District d/b/a Aspen Valley Health**

**Independent Auditor's Report, Financial Statements,  
and Supplementary Information**

December 31, 2025 and 2024



**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Contents**  
**December 31, 2025 and 2024**

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## Independent Auditor's Report

Board of Directors  
Aspen Valley Hospital District  
d/b/a Aspen Valley Health  
Aspen, Colorado

### ***Opinions***

We have audited the financial statements of the business-type activities and the fiduciary fund information of Aspen Valley Hospital District d/b/a Aspen Valley Health as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Aspen Valley Hospital District d/b/a Aspen Valley Health's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund information of Aspen Valley Hospital District d/b/a Aspen Valley Health, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Aspen Valley Hospital District d/b/a Aspen Valley Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aspen Valley Hospital District d/b/a Aspen Valley Health's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aspen Valley Hospital District d/b/a Aspen Valley Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aspen Valley Hospital District d/b/a Aspen Valley Health's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information (collectively, required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aspen Valley Hospital District d/b/a Aspen Valley Health's basic financial statements. The statement of budgeted and actual revenues and expenses and the combining financial statements (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Forvis Mazars, LLP***

**Wichita, Kansas  
May 18, 2026**

# Aspen Valley Hospital District d/b/a Aspen Valley Health Management's Discussion and Analysis Years Ended December 31, 2025 and 2024

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## ***Introduction***

As management of Aspen Valley Hospital District d/b/a Aspen Valley Health (the District), we offer readers of the financial statements this discussion and analysis of the financial activities of the District for the calendar years ended on December 31, 2025 and 2024.

The consolidated financial statements of the District reflect the financial activity of the Aspen Valley Hospital, Aspen Valley Hospital Clinics, PLLC, Midvalley Imaging Center, LLC (MIC) and Aspen Valley Hospital Foundation. Please see Note 1 in the Notes to the Financial Statements for a complete explanation of these entities' association.

We encourage readers to consider this discussion and analysis in conjunction with the accompanying financial statements.

## ***Financial Highlights***

- Cash and investments increased by \$4,095,707 (4.6%) in 2025 and \$14,984,893 (20.1%) in 2024.
- The District's net position increased in 2025 and 2024 by \$13,502,065 and \$12,224,324, respectively.
- The District reported operating losses in 2025 and 2024 of \$4,658,514 and \$4,174,627, respectively. The operating loss in 2025 increased by \$483,887 or 11.6% over the operating loss in 2024.
- Net nonoperating revenues increased by \$1,251,409 or 7.9% in 2025 and increased by \$5,776,621 or 57.9% in 2024.

## ***Using This Annual Report***

The District's financial statements are comprised of the following four components, in addition to other required supplementary information and other supplementary information:

- Balance Sheets: provides information about the District's assets and liabilities and reflect the District's financial position as of December 31, 2025 and 2024.
- Statements of Revenues, Expenses and Changes in Net Position: reports the cumulative activity of providing health care services and the expenses related to such activity for the years ended December 31, 2025 and 2024.
- Statements of Cash Flows: outlines the cash inflows and outflows related to the activity of providing health care services for the years ended December 31, 2025 and 2024.
- Notes to the Financial Statements: provide explanation and clarification on specific items within the previously mentioned financial statements.

The District's financial statements have been prepared based on the accrual basis of accounting using the economic resources measurement focus.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Management's Discussion and Analysis  
Years Ended December 31, 2025 and 2024**

***The Balance Sheets***

The District's total assets and deferred outflows of resources at the end of 2025 were \$288,079,592 compared to \$293,628,505 for 2024. The District's net position increased in 2025 and 2024.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 93,739,224	\$ 89,643,517	\$ 74,658,624
Patient accounts receivable, net	26,113,973	26,291,210	23,100,324
Other current assets	19,412,193	19,989,161	12,342,149
Capital assets, net	124,039,166	128,184,336	121,481,993
Lease assets, net	2,074,555	3,057,171	3,913,539
Contributions receivables	2,381,245	4,407,662	5,159,157
Assets restricted for capital acquisition	6,288,855	8,959,050	13,674,188
Other noncurrent assets	6,159,133	5,968,735	5,865,641
<b>Total Assets</b>	<u>280,208,344</u>	<u>286,500,842</u>	<u>260,195,615</u>
<b>Deferred Outflows of Resources</b>	<u>7,871,248</u>	<u>7,127,663</u>	<u>8,010,435</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 288,079,592</u>	<u>\$ 293,628,505</u>	<u>\$ 268,206,050</u>
<b>LIABILITIES</b>			
Bonds payable and financed capital purchases	\$ 22,410,643	\$ 27,959,181	\$ 32,657,343
Lease liabilities	1,488,645	2,170,165	3,177,274
Net pension liability	2,091,685	1,894,876	3,301,283
Other current and noncurrent liabilities	23,678,715	35,612,322	26,705,874
<b>Total Liabilities</b>	<u>49,669,688</u>	<u>67,636,544</u>	<u>65,841,774</u>
<b>Deferred Inflows of Resources</b>	<u>14,677,726</u>	<u>15,761,848</u>	<u>4,358,487</u>
<b>Net Position</b>			
Net investment in capital assets	96,997,712	95,065,218	81,936,949
Restricted expendable	11,291,469	15,888,850	21,230,686
Unrestricted	115,442,997	99,276,045	94,838,154
<b>Total Net Position</b>	<u>223,732,178</u>	<u>210,230,113</u>	<u>198,005,789</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 288,079,592</u>	<u>\$ 293,628,505</u>	<u>\$ 268,206,050</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Management's Discussion and Analysis  
Years Ended December 31, 2025 and 2024**

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***Capital Asset and Debt Administration***

At the end of 2025, the District had \$303,240,940 invested in capital assets, gross of total accumulated depreciation of \$179,201,774, as detailed in Note 5 to the financial statements. During 2025, the District completed the fourth and final phase of the District's Master Facilities Plan. Construction was also completed on the renovation of the old ambulance building, which accommodates eleven staff and physician call rooms. Mid-year in 2025, the District went live on Phase 1 (Human Capital Management) in a new Enterprise Resource Planning system called Workday. Phase 2 (Finance and Supply Chain Management) was completed and went live on January 1, 2026. In 2024, the District had \$289,540,975 invested in capital assets, gross of total accumulated depreciation of \$161,356,639.

***Outstanding Debt Securities***

The fourth and final phase of the AVH Master Facilities Plan was 100% funded by philanthropy and was completed in the second quarter of 2025. The final phase includes a new front lobby that ties the previous second and third phases together and features a centralized registration location with accessibility to outpatient services. Detailed financial history, including sources and uses of funds of the previous three phases, is available in past audit reports.

***The Statements of Revenues, Expenses and Changes in Net Position***

The District classifies revenues as operating and nonoperating revenues. Operating revenues consist of net patient service revenues and other operating revenues. Net patient service revenues result from direct patient care while other operating revenues consist primarily of cafeteria sales, Aspen Ambulance District fees for the management of their operations, rents at the assisted living facility, Whitcomb Terrace, and employee housing units. Nonoperating revenues are comprised of ad valorem taxes, investment income, noncapital contributions and gain on sale of capital assets. Similarly, the District classifies expenses as either operating or nonoperating. Operating expenses consist of labor costs, supplies and other, depreciation and amortization. Nonoperating expenses are comprised of interest expense, community assistance programs and change in equity interests.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Management's Discussion and Analysis  
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 171,040,681	\$ 154,271,297	\$ 135,336,504
Other	6,943,117	5,676,063	5,421,865
<b>Total Operating Revenues</b>	<u>177,983,798</u>	<u>159,947,360</u>	<u>140,758,369</u>
<b>Operating Expenses</b>			
Salaries and wages	64,215,854	57,982,722	47,420,336
Contract labor	5,488,834	5,216,453	13,213,188
Supplies and other	93,797,434	81,951,493	73,829,316
Depreciation	17,845,135	17,794,221	18,092,043
Amortization	1,295,055	1,177,098	1,160,304
<b>Total Operating Expenses</b>	<u>182,642,312</u>	<u>164,121,987</u>	<u>153,715,187</u>
<b>Operating Loss</b>	<u>(4,658,514)</u>	<u>(4,174,627)</u>	<u>(12,956,818)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Ad valorem taxes	11,471,877	11,392,503	8,430,792
Investment income	3,091,544	2,881,874	2,487,532
Interest expense	(728,723)	(996,779)	(1,091,413)
Community assistance programs	(922,591)	(738,839)	(455,496)
Noncapital contributions	3,679,902	2,785,368	2,365,596
Change in equity interests	401,095	368,340	(1,802,399)
Gain on sale of capital assets	4,745	53,973	35,207
<b>Total Nonoperating Revenues</b>	<u>16,997,849</u>	<u>15,746,440</u>	<u>9,969,819</u>
<b>Excess of Revenues Over Expenses Before Capital Contributions and Provision for Uncollectible Capital Contributions</b>	12,339,335	11,571,813	(2,986,999)
Capital contributions	428,147	264,472	3,557,407
Provision for uncollectible capital contributions	<u>734,583</u>	<u>388,039</u>	<u>(1,027,586)</u>
<b>Change in Net Position</b>	13,502,065	12,224,324	(457,178)
<b>Net Position, Beginning of Year</b>	<u>210,230,113</u>	<u>198,005,789</u>	<u>198,462,967</u>
<b>Net Position, End of Year</b>	<u>\$ 223,732,178</u>	<u>\$ 210,230,113</u>	<u>\$ 198,005,789</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Management's Discussion and Analysis  
Years Ended December 31, 2025 and 2024**

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***Patient Service Revenues and Nonoperating Revenues***

The District's net patient service revenues in 2025 reflect a 10.9% increase resulting from a 13.4% increase in total surgical volumes over 2024, including an 11.3% increase in orthopedic and spine surgical cases. There was a 9.6% increase in admissions. Average length of stay remained aligned with 2024 and there was a slight increase in average daily census. Net patient revenues were impacted favorably in 2025 and 2024 by the annual price increases of 4.0% and 5.0%, respectively.

The District's outpatient service revenues continue to exceed the inpatient service revenues, with 77.2% of the District's 2025 patient service revenue generated by outpatient services, compared to 82.0% in 2024. The percentage of outpatient services continued to decrease in 2025 as result of significant growth in inpatient spine in 2025.

The payer mix for the District has changed somewhat compared to prior years' experience. The largest portion of the District's patient service revenues has shifted to Medicare being the biggest payer at 46.6% during 2025 and 45.5% during 2024. Payments for services rendered to patients under these programs are less than billed charges; therefore, the District estimates a provision for contractual adjustments to reduce the total charges to estimated receipts, based upon contractual arrangements. Due to the complicated nature of the contracts and the government programs, the actual payments received could differ from the estimates. Commercial plans made up 46.6% of gross patient service revenue during 2025 and 45.2% during 2024.

Notable changes in nonoperating revenues over the past two years resulted from the receipt of investment income and noncapital contributions.

***Operating and Nonoperating Expenses***

In 2025, operating expenses increased by \$18,520,325. Salaries and Benefits contributed to approximately \$7.3 million of the increase primarily driven by the standard 5% annual salary increase and the increase in patient volumes experienced by the District, primarily in high acuity orthopedic surgical volume. Furthermore, approximately \$5 million represented supply expense driven by the above mentioned volume increase. During 2024, operating expenses increased by \$10,406,800 as the District increased staffing to accommodate the additional surgical and inpatient volumes, with additional targeted staffing additions in other impacted departments. The number of agency staff members declined during 2024 to pre-pandemic levels as recruitment and retention improved. Utilization of existing housing inventory was an essential contributor to recruitment efforts, along with nearly thirty additional units leased from the free market and passed through to the staff with rent subsidies determined by income levels. Health insurance costs and consumable supplies, related to volumes, were also higher during 2024.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Management's Discussion and Analysis  
Years Ended December 31, 2025 and 2024**

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***Provision for Uncollectible Accounts & Charity Care***

The collection of receivables from third-party payers and patients is the District's primary source of cash and is, therefore, critical to the District's operating performance. The primary collection risks are related to patients' payment portions (deductibles and copayments) not covered by their primary insurance. The District estimates the allowance for uncollectible accounts based primarily upon the age of patient accounts receivable and the effectiveness of the District's third-party payer collection efforts. Significant changes in payer mix, District operations, economic conditions, and trends in federal and state governmental health care coverage affect the District's collection of patient accounts receivable, cash flows and results of operations.

In 2025, the District reported a provision for uncollectible accounts of \$5,637,032, compared to \$5,744,320 for 2024. The District's low write-off percentage from gross revenues of 2.1% for 2025 and 2.3% for 2024 is a result of a combination of continued outsourcing success through MedAssist (a division of Firstsource Solutions) located in Belleville, Illinois and the District's robust financial assistance program. The District's estimate for allowance for uncollectible accounts is based on MedAssist's analysis, recommendations for modification and implementation of improved billing and collection processes. The provision for uncollectible accounts is included in net patient service revenue.

Patient accounts written-off as charity and indigent care are included in net patient service revenue. Charity and indigent care write-offs for 2025 were \$3,341,529 or 1.2% of gross patient service revenues, compared to \$3,513,971 or 1.4% of gross patient service revenue during 2024. The stabilization in the amount of indigent care over the past years was due to the fact that the State of Colorado was a Medicaid expansion State under the *Affordable Care Act* and consequently, many of the patients who were previously uninsured patients received coverage through Medicaid.

***The District's Change in Net Position***

The District's change in net position increased in 2025 by \$13,502,065 and by \$12,224,324 in 2024.

***The Statement of Cash Flows***

The Statement of cash flows report cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities: operating, noncapital financing, capital and related financing and investing activities.

Changes in the District's cash flows are consistent with changes in operating gains (losses) and nonoperating revenues and expenses for 2025 and 2024 as discussed earlier.

***Budgetary Highlights***

The District is responsible for funding expenses from cash generated through its operations and from the ad valorem taxes received during the calendar year. The District prepares a budget to reflect the expected revenues and expenses generated through its operations. Annual budgets are adopted as required by Colorado statutes. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

The District's Board of Directors approved the 2026 and 2025 budgets during the last quarter of the 2025 and 2024 calendar years, respectively. There were no amendments made to the original budgets presented to the State of Colorado for the calendar years 2025 and 2024.

During 2025, net patient service revenue was \$15,826,959 (10.2%) higher than budget and operating expenses were \$7,519,864 (4.3%) higher than budget. Stronger than expected orthopedic surgical volumes were realized in 2024 as fewer cases migrated to the orthopedic surgery center in Basalt that is jointly owned, with the District in a 25% equity position. The primary reason for the retained cases at the hospital is the lack of key payor contracts at the surgery center. In addition, the District saw increased inpatient spine and total joint replacement cases than

## **Aspen Valley Hospital District d/b/a Aspen Valley Health Management's Discussion and Analysis Years Ended December 31, 2025 and 2024**

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budgeted, as well as a sharp increase in surgical robotics cases utilizing the daVinci Xi that was acquired in 2023. However, the District continues to experience a shift in payor mix to Medicare, resulting in higher than budgeted government related deductions from gross revenue. Operating expense variances were driven primarily by increased supplies related to larger surgical case volumes, and higher than expected health insurance costs for existing and recruited staff. During 2024, net patient service revenue was \$24,872,611 (19.2%) higher than budget. Stronger than expected orthopedic surgical volumes were realized in 2024 as fewer cases migrated to the orthopedic surgery center in Basalt that is jointly owned, with the District in a 25% equity position. The primary reason for the retained cases at the hospital was the lack of key payor contracts at the surgery center. In addition, the District saw increased inpatient spine and total joint replacement cases than budgeted, as well as a sharp increase in surgical robotics cases utilizing the daVinci Xi that was acquired in 2023. The District continued to experience a shift in payor mix to Medicare, resulting in higher than budgeted government related deductions from gross revenue, while operating expenses were \$7,458,717 (4.8%) higher than budget due to increased supplies related to larger surgical case volumes, and higher than expected health insurance costs for existing and recruited staff.

Please see Supplementary Information for the statement of budgeted and actual revenues and expenses for the year ended December 31, 2025.

### ***Economic Factors and Next Year's Budget***

The fiscal year 2026 budget was developed and approved by the board within the context of the District's updated long-range financial plan prepared in collaboration with Kaufman Hall and reflects operating performance materially stronger than assumed in the prior planning period. This improvement is reflected in a favorable change in net position of approximately \$8 million compared to assumptions included in the fiscal year 2025 plan.

The fiscal year 2026 budget assumes continued favorable operating performance following strong results in fiscal year 2025 and fiscal year 2024. Operating assumptions are influenced by surgical and orthopedic volumes maintaining levels above those incorporated in the long-range plan, ongoing payer mix shifts toward Medicare, and continued inflationary pressure across multiple expense categories. The impact of payer mix changes is partially offset by strong commercial reimbursement and anticipated favorable Medicare cost report settlements. Expense growth in fiscal year 2026 is primarily attributable to salaries, benefits, and supplies.

Operating performance for fiscal year 2026 is projected to be below Kaufman Hall's long-term operating EBIDA target of 13.8%, with operating EBIDA budgeted at approximately 11.5%. This variance reflects expense inflation and conservative forecasting assumptions. Notwithstanding this decline from Kaufman Hall's target, fiscal year 2026 operating results remain consistent with investment-grade medians and support Aspen Valley Health's long-term financial sustainability when evaluated over a multi-year period.

Liquidity considerations were incorporated into the fiscal year 2026 budget and capital planning process. Absent additional debt issuance, Days Cash on Hand is projected to decline to approximately 154 days at fiscal year-end. This decline results from planned capital expenditures and increased daily cash operating expenses. Financial modeling indicates that additional debt issuance would increase liquidity, with approximately \$15 million of debt increasing Days Cash on Hand to approximately 187 days, \$20 million increasing Days Cash on Hand to approximately 198 days, and \$30 million restoring liquidity to levels consistent with long-term targets while maintaining balance sheet strength.

The fiscal year 2026 capital budget emphasizes investment aligned with strategic and operational priorities. Planned capital expenditures include routine capital required to support ongoing operations, technology, and infrastructure, as well as workforce housing investments such as project Beaumont. These housing initiatives are considered integral to recruitment and retention efforts. While such investments place near-term pressure on liquidity absent financing, they are expected to support long-term operational stability.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Management's Discussion and Analysis  
Years Ended December 31, 2025 and 2024**

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The District maintains significant debt capacity supported by strong operating margins, low existing leverage, and investment-grade credit metrics. Debt issuance is viewed as a strategic financing mechanism to support planned capital investments and manage liquidity while preserving long-term financial independence.

The fiscal year 2026 budget reflects a forecast-based financial plan intended to support operations during a system transition year while sustaining operating performance, advancing workforce housing initiatives, and maintaining financial flexibility.

The District continues to monitor state and federal legislative and regulatory activity that may impact reimbursement, regulatory requirements, and financial performance. Of particular note is the continued expansion of Medicare Advantage plans into rural markets, which may affect reimbursement levels and payment methodologies. In addition, ongoing legislative activity in Colorado aimed at addressing hospital pricing and cost transparency may affect hospital operations and revenue streams.

As a Critical Access Hospital, Aspen Valley Hospital District benefits from certain regulatory and reimbursement protections; however, the District remains subject to broader healthcare policy changes and market dynamics. Management continues to monitor these developments and their potential impact on future operations and financial results.

***Contacting the District's Financial Management***

This management discussion and analysis report is designed to provide interested parties with a general overview of the District's financial activity and to demonstrate the District's accountability for its management of the District's finances. Questions about this report should be directed to David Brain, Aspen Valley Hospital District's Chief Financial Officer, at 0401 Castle Creek Road, Aspen, Colorado 81611.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Balance Sheets  
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 93,739,224	\$ 89,643,517
Patient accounts receivable, net of allowance; 2025 - \$2,254,653, 2024 - \$1,690,846	26,113,973	26,291,210
Estimated amounts due from third-party payers	51,844	336,110
Property tax levy receivable	11,444,631	11,737,470
Other receivables	2,243,363	1,587,463
Leases receivable	313,948	323,093
Inventories	3,592,838	3,460,771
Prepaid expenses	1,765,569	2,544,254
<b>Total Current Assets</b>	<u>139,265,390</u>	<u>135,923,888</u>
<b>Noncurrent Cash and Investments</b>		
Restricted by donors for capital acquisitions	6,288,855	8,959,050
Restricted by donors for specific operating activities	96,081	81,261
Contributions receivable, net	2,381,245	4,407,662
Held by trustee for debt service	2,525,288	2,440,877
	<u>11,291,469</u>	<u>15,888,850</u>
<b>Capital Assets, Net</b>	<u>124,039,166</u>	<u>128,184,336</u>
<b>Lease Assets, Net</b>	<u>2,074,555</u>	<u>3,057,171</u>
<b>Other Assets</b>		
Equity interests in joint ventures	2,645,909	2,274,814
Leases receivable	379,363	693,311
Other	512,492	478,472
	<u>3,537,764</u>	<u>3,446,597</u>
<b>Total Assets</b>	<u>280,208,344</u>	<u>286,500,842</u>
<b>Deferred Outflows of Resources</b>		
Pensions	7,734,610	6,933,744
Unamortized loss on refunding's of prior bond issuances	136,638	193,919
	<u>7,871,248</u>	<u>7,127,663</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 288,079,592</u>	<u>\$ 293,628,505</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Balance Sheets  
December 31, 2025 and 2024**

**(Continued)**

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 4,400,633	\$ 4,698,162
Current portion of lease liabilities	952,726	1,194,699
Accounts payable	8,338,204	12,859,622
Accrued salaries, benefits and payroll taxes	4,366,335	5,386,359
Other accrued liabilities	3,496,012	3,582,450
Construction payable	-	348,001
Estimated amounts due to third-party payers	2,124,805	7,543,029
<b>Total Current Liabilities</b>	<u>23,678,715</u>	<u>35,612,322</u>
<b>Long-term Debt</b>		
Bonds payable	21,493,216	25,608,827
Financed capital purchases	917,427	2,350,354
	<u>22,410,643</u>	<u>27,959,181</u>
<b>Long-term Liabilities</b>		
Lease liabilities	1,488,645	2,170,165
Net pension liability	2,091,685	1,894,876
	<u>3,580,330</u>	<u>4,065,041</u>
<b>Total Liabilities</b>	<u>49,669,688</u>	<u>67,636,544</u>
<b>Deferred Inflows of Resources</b>		
Leases	644,944	959,794
Deferred property tax levy	11,444,631	11,737,470
Pensions	2,588,151	3,064,584
<b>Total Deferred Inflows of Resources</b>	<u>14,677,726</u>	<u>15,761,848</u>
<b>Net Position</b>		
Net investment in capital assets	96,997,712	95,065,218
Restricted - expendable for		
Debt service	2,525,288	2,440,877
Capital acquisitions	8,670,100	13,366,712
Specific operating activities	96,081	81,261
Unrestricted	115,442,997	99,276,045
<b>Total Net Position</b>	<u>223,732,178</u>	<u>210,230,113</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 288,079,592</u>	<u>\$ 293,628,505</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Operating Revenues</b>		
Net patient service revenue	\$ 171,040,681	\$ 154,271,297
Other	6,943,117	5,676,063
<b>Total Operating Revenues</b>	<b>177,983,798</b>	<b>159,947,360</b>
<b>Operating Expenses</b>		
Salaries and wages	64,215,854	57,982,722
Contract labor	5,488,834	5,216,453
Supplies and other	93,797,434	81,951,493
Depreciation	17,845,135	17,794,221
Amortization	1,295,055	1,177,098
<b>Total Operating Expenses</b>	<b>182,642,312</b>	<b>164,121,987</b>
<b>Operating Loss</b>	<b>(4,658,514)</b>	<b>(4,174,627)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Ad valorem taxes	11,471,877	11,392,503
Investment income	3,091,544	2,881,874
Interest expense	(728,723)	(996,779)
Community assistance programs	(922,591)	(738,839)
Noncapital contributions	3,679,902	2,785,368
Change in equity interests in joint ventures	401,095	368,340
Gain on sale of capital assets	4,745	53,973
<b>Total Nonoperating Revenues</b>	<b>16,997,849</b>	<b>15,746,440</b>
<b>Excess of Revenues Over Expenses Before Capital Contributions and Provision for Uncollectible Capital Contributions</b>	<b>12,339,335</b>	<b>11,571,813</b>
Capital contributions	428,147	264,472
Provision for uncollectible capital contributions	734,583	388,039
<b>Change in Net Position</b>	<b>13,502,065</b>	<b>12,224,324</b>
<b>Net Position, Beginning of Year</b>	<b>210,230,113</b>	<b>198,005,789</b>
<b>Net Position, End of Year</b>	<b>\$ 223,732,178</b>	<b>\$ 210,230,113</b>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Statements of Cash Flows  
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from and on behalf of patients	\$ 166,302,213	\$ 157,435,831
Payments to suppliers	(104,110,002)	(81,888,914)
Payments to employees	(66,316,368)	(57,496,967)
Other receipts, net	6,766,566	6,620,829
<b>Net Cash Provided by Operating Activities</b>	<u>2,642,409</u>	<u>24,670,779</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Ad valorem taxes	8,238,363	8,489,329
Community assistance programs	(1,059,315)	(667,070)
Noncapital contributions	3,679,902	2,785,368
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>10,858,950</u>	<u>10,607,627</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Ad valorem taxes	3,186,262	2,860,665
Purchases of capital assets	(14,047,966)	(24,148,563)
Proceeds from sale of capital assets	4,745	53,973
Principal payments on long-term debt	(5,148,324)	(5,334,643)
Interest payments on long-term debt	(1,265,404)	(1,568,305)
Principal payments received on leases receivable	323,093	365,632
Interest payments received on leases receivable	32,371	34,880
Principal paid on leases payable	(1,235,932)	(1,290,033)
Interest paid on leases payable	(136,152)	(183,230)
Capital contributions	3,189,147	1,404,006
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(15,098,160)</u>	<u>(27,805,618)</u>
<b>Cash Flows From Investing Activities</b>		
Investment income	3,121,544	2,921,764
<b>Net Cash Provided by Investing Activities</b>	<u>3,121,544</u>	<u>2,921,764</u>
<b>Increase in Cash and Cash Equivalents</b>	1,524,743	10,394,552
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>101,124,705</u>	<u>90,730,153</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 102,649,448</u>	<u>\$ 101,124,705</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Statements of Cash Flows  
Years Ended December 31, 2025 and 2024**

**(Continued)**

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheets</b>		
Cash and cash equivalents	\$ 93,739,224	\$ 89,643,517
Restricted by donors for capital acquisitions	6,288,855	8,959,050
Restricted by donors for specific operating activities	96,081	81,261
Held by trustee for debt service	2,525,288	2,440,877
<b>Total Cash and Cash Equivalents</b>	<u>\$ 102,649,448</u>	<u>\$ 101,124,705</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (4,658,514)	\$ (4,174,627)
Depreciation	17,845,135	17,794,221
Amortization	1,295,055	1,177,098
Provision for uncollectible accounts	5,637,032	5,744,320
Change in operating assets and liabilities		
Patient accounts receivable	(5,459,795)	(8,935,206)
Other receivables	(608,648)	777,506
Inventories	(132,067)	38,759
Prepaid expenses	778,685	(721,882)
Other assets	(34,020)	27,059
Accounts payable	(4,455,726)	5,728,445
Accrued salaries, benefits and payroll taxes	(1,020,024)	1,049,376
Other accrued liabilities	(15,406)	716,209
Estimated amounts due from and to third-party payers	(5,133,958)	6,377,753
Deferred inflows of resources - leases	(314,850)	(364,631)
Net pension asset/liability	(1,080,490)	(563,621)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,642,409</u>	<u>\$ 24,670,779</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital asset acquisitions included in current liabilities	\$ -	\$ 348,001
Lease obligation incurred for lease assets	\$ 312,439	\$ 320,730
Amortization of loss on refunding	\$ 57,281	\$ 70,508
Amortization of bond premiums	\$ 697,743	\$ 790,384
Change in equity interests in joint ventures	\$ 401,095	\$ (146,769)

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
 Statements of Fiduciary Net Position  
 December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Investments		
Large U.S. equity	\$ 14,362,529	\$ 11,154,306
Small/Mid U.S. equity	2,421,259	1,884,756
International equity	7,266,720	5,579,118
Fixed income	15,921,500	14,388,915
Other	<u>2,848,229</u>	<u>2,455,324</u>
<b>Total Investments</b>	<u>42,820,237</u>	<u>35,462,419</u>
<b>Total Assets</b>	<u>42,820,237</u>	<u>35,462,419</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 42,820,237</u>	<u>\$ 35,462,419</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Statements of Changes in Fiduciary Net Position  
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 3,482,400	\$ 2,630,002
<b>Total Contributions</b>	<u>3,482,400</u>	<u>2,630,002</u>
Investment income:		
Net increase in fair value of investments	5,378,966	2,992,364
Less investment expense	<u>(19,303)</u>	<u>(17,485)</u>
Net income from investments	<u>5,359,663</u>	<u>2,974,879</u>
<b>Total Additions</b>	<u>8,842,063</u>	<u>5,604,881</u>
<b>Deductions</b>		
Benefit payments	1,348,280	2,037,363
Administrative expense	<u>135,965</u>	<u>135,015</u>
<b>Total Deductions</b>	<u>1,484,245</u>	<u>2,172,378</u>
Net increase in net position	<u>7,357,818</u>	<u>3,432,503</u>
<b>Net Position Restricted for Pensions</b>		
Beginning of year	<u>35,462,419</u>	<u>32,029,916</u>
End of year	<u>\$ 42,820,237</u>	<u>\$ 35,462,419</u>

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations and Reporting Entity***

Aspen Valley Hospital District d/b/a Aspen Valley Health (District), a political subdivision of the State of Colorado, operates the Aspen Valley Hospital (Hospital), a 25-bed acute care facility that is designated by Medicare as a critical access hospital (CAH) located in Aspen, Colorado; Whitcomb Terrace, an assisted living facility; and various employee housing complexes. The District is governed by a Board of Directors consisting of five members elected by the residents of the District. The District is not a component unit of another governmental entity.

Aspen Valley Hospital District Clinics, PLLC d/b/a Aspen Valley Hospital Center for Medical Care (ACMC), is a legally separate component unit of the District. ACMC is a wholly-owned subsidiary of the District and the District is the sole member of ACMC. As a wholly-owned subsidiary of the District, the governance of ACMC is vested in the District's Board of Directors. ACMC is organized and operated exclusively for providing medical care to patients. The exclusive purposes and objectives of ACMC is the promotion and enhancement of the health care and related services available to residents of and visitors to the Roaring Fork Valley in the State of Colorado. All of the net earnings of ACMC inure to the benefit of the District. ACMC is considered a component unit of the District and is presented in the District's financial statements using the blending method. Separate financial statements of ACMC are not available.

Mid-Valley Imaging Center, LLC (MIC) has been organized as a Colorado limited liability company to operate one or more imaging centers in Basalt, Colorado, and the surrounding area. The District has 100% ownership interest in MIC. The Governing Body is comprised of five members. Such five members shall be described as follows: Hospital Chairperson of the Board of Directors, Hospital Director, Hospital Chief Executive Officer, Hospital Chief Financial Officer and a Medical Director of MIC as appointed by the Governing Body. The purpose of the District's interest in MIC is to further enhance the services provided by the District. The MIC is considered a component unit of the District and is presented in the District's financial statements using the blending presentation method. Separate financial statements of MIC are not available.

Aspen Valley Hospital Foundation (Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation's primary function is to raise and hold funds to support the District and its programs. The District is the sole corporate member of the Foundation and its bylaws grant control to the District through the establishment of a seven-member Executive Committee with majority voting members being comprised of the District's Officers and Board Members. The Executive Committee exercises total effective control over the affairs of the Foundation and exercises full powers of the Foundation's Board when convened outside of Board Meetings. Any amendments to the bylaws, must be approved by the District. The board of the Foundation is appointed by the District and has a minimum of three Directors; two of which are District Board of Directors members and one is the Hospital's Chief Executive Officer. Any other Directors beyond these three are not appointed by the District, but rather a Nominating Committee. The Treasurer of the Foundation is the Chief Financial Officer of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the District. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District and is presented in the District's financial statements using the blending method. Separate financial statements of the Foundation are not available.

Mid-Valley Healthcare Solutions, LLC (MVHCS) has been organized as a Colorado limited liability company in 2020. The District is the sole member of MVHCS. The Governing Body is comprised of five members. Such five members shall be described as follows: Hospital Chairperson of the Board of Directors, Hospital Director, Hospital Chief Executive Officer, Hospital Chief Financial Officer and Hospital Chief Medical Officer. The purpose of MVHCS is to hold a 25% equity investment in Basalt Orthopedic Surgery Center, LLC (BOSC). The other 75% equity interest holders are Vail Health Services, Orthopedic Care Partners Management, LLC, and The Steadman Clinic, which each have an equal 25% equity interest. MVHCS meets the definition of an investment as defined in GASB Statement No. 72, *Fair Value Measurement and Application*, and thus the equity interest is reported as

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Notes to Financial Statements  
December 31, 2025 and 2024**

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equity interest in joint venture in the accompanying balance sheets and measured using the equity method of accounting. MVHCS is not considered to be a component unit of the District in accordance with GASB Statement No. 90, *Majority Equity Interests*. Separate financial statements of MVHCS are not available.

***Basis of Accounting and Presentation***

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific such as county appropriations, ad valorem taxes, investment income, and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

The District's government-wide financial statements (balance sheets and statements of revenues, expenses and changes in net position and statements of cash flows) are comprised of an enterprise fund and blended component units that use proprietary fund reporting. The only other fund of the District is a fiduciary fund (employee retirement fund) that is excluded from the government-wide financial statements and is presented separately as fund financial statements. The District utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of money market accounts with financial institutions.

***Investments, Equity Interests, and Investment Income***

Investments in money market investments (U.S. Treasury agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition) and in nonnegotiable certificates of deposit are carried at amortized cost. The equity interest in MVHCS is reported using the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income consists predominantly of interest income.

Noncurrent cash and investments are assets restricted by donors for capital acquisitions, restricted by donors for specific operating activities, contributions receivable restricted by donors, and held by trustees under the Bond Indenture Agreements for debt service. The internally designated funds remain under the control of the District's Board of Directors, which may at its discretion later use the funds for other purposes.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Notes to Financial Statements  
December 31, 2025 and 2024**

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***Patient Accounts Receivable***

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

***Inventories***

Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	7 – 25 years
Buildings	5 – 40 years
Fixed equipment	5 – 20 years
Moveable equipment	3 – 20 years
Employee housing	5 – 25 years

***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

***Capital and Lease Asset Impairment***

The Hospital evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation or accumulated amortization is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2025 and 2024.

***Deferred Outflows of Resources***

The District reports consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheets.

***Bond Premium and Loss on Refunding***

Bond premiums are being amortized over the life of the related debt using the effective interest method. The unamortized bond premiums are included as an addition to revenue bonds payable and are reflected as both current and long-term in the balance sheets. The losses on refunding are being amortized over the term of the related bonds using the straight-line method, which approximates the interest method. The unamortized losses on refunding are included as a deferred outflow of resources in the balance sheets. The amortization of both the bond premiums and the losses on refunding are recorded as a reduction and an addition to interest expense, respectively.

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

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***Compensated Absences***

District policies permit employees to accumulate vacation and sick leave benefits that may be realized as paid time off (PTO) or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as PTO benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

***Risk Management***

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; professional liability; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

***Defined Benefit Pension Plan***

The District has a single-employer defined benefit pension plan, the Cash Balance Retirement Plan, (the Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Inflows of Resources***

The District reports acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets.

***Guarantee***

The District has guaranteed the debt of various loan agreements entered into by BOSC. The District is the sole member of MVHCS, and MVHCS holds a 25% equity interest in BOSC. The aggregate amount of the loan agreements is \$6,351,972. The District's share of the guarantee is \$1,587,993. In accordance with accounting principles generally accepted in the United States of America, no liability is required to be recorded for this arrangement.

***Net Position***

Net position of the Hospital is classified in three components on its balance sheets.

- Net investment in capital assets consists of capital and lease assets net of accumulated depreciation and amortization, and reduced by the outstanding balances of borrowings and lease liabilities used to finance the purchase, use or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Notes to Financial Statements  
December 31, 2025 and 2024**

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- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

***Net Patient Service Revenue***

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and bad debts expense. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

***Charity Care***

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Net patient service revenue is reported net of charity care. Charges excluded from revenue under the District's charity care policy were \$3,341,529 and \$3,513,971 for 2025 and 2024, respectively.

***Other Operating Revenues***

Other operating revenues are revenues generated from ongoing operations (*i.e.*, exchange transactions) that do not meet the definition of patient service revenues.

***Ad Valorem Taxes***

The District received approximately 3% and 3% of its sources of funds from ad valorem taxes related to the general operating mill levy in both years ending 2025 and 2024, respectively. These funds were used to support the operating and capital needs of the District. The District received approximately 1% of its sources of funds from ad valorem taxes related to the general obligation bond and interest mill levy in 2025 and 2024.

Taxes are recorded as receivables when levied. Deferred inflows of resources are recorded when the taxes are levied and recognized as tax revenues in the following fiscal year.

***Income Taxes***

As a political subdivision of the State of Colorado, the District is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

**Note 2. Deposits and Investments**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The *Colorado Public Deposit Protection Act* requires financial institutions to collateralize any uninsured public deposits. Any excess of deposits over the FDIC limit that are not insured are covered by collateral pledged by the financial institution in accordance with the *Colorado Public Deposit Protection Act*.

At December 31, 2025 and 2024, \$750,000 of the District's bank balances of \$106,469,167 and \$106,561,449 were insured by FDIC coverage, respectively. The remainder of the District's bank balances of \$105,719,167 and \$105,811,449, respectively, were protected by the *Colorado Public Deposit Protection Act* noted above.

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Investments**

The District may legally invest in direct obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies. It may also invest fiduciary funds in other investments. At December 31, 2025 and 2024, investments, not including fiduciary fund assets, amounted to \$2,502,966 and \$2,418,555, respectively. Investments under bond agreements, with the exception of those included in deposits, were invested in direct obligations of the U.S. Government through pooled investments (*i.e.*, money markets). These investments are carried at amortized cost and have maturities of less than one year.

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2025</u>	<u>2024</u>
Carrying value		
Deposits	\$ 100,143,228	\$ 98,702,896
Investments	2,502,966	2,418,555
Fiduciary fund assets	42,820,237	35,462,419
Cash on hand and change funds	3,254	3,254
	<u>\$ 145,469,685</u>	<u>\$ 136,587,124</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 93,739,224	\$ 89,643,517
Restricted by donors for capital acquisitions	6,288,855	8,959,050
Restricted by donors for specific operating activities	96,081	81,261
Held by trustee for debt service	2,525,288	2,440,877
Held by trustee under pension plan agreement (fiduciary fund assets)	42,820,237	35,462,419
	<u>\$ 145,469,685</u>	<u>\$ 136,587,124</u>

**Note 3. Patient Accounts Receivable**

The District grants credit without collateral to its patients, most of whom are insured under third-party payer agreements. Patient accounts receivable, net consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Medicare	\$ 7,717,591	\$ 6,574,159
Medicaid	294,257	345,305
Blue Cross	5,037,388	4,188,598
Other third-party payers	13,242,325	15,302,592
Self-pay	2,077,065	1,571,402
	<u>28,368,626</u>	<u>27,982,056</u>
Less allowance for uncollectible accounts	2,254,653	1,690,846
	<u>\$ 26,113,973</u>	<u>\$ 26,291,210</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
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**Note 4. Leases Receivable**

The Hospital leases a portion of its space to various third parties, the terms of which expire on February 28, 2032. Payments increase annually based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement.

Revenue recognized under lease contracts during the years ended December 31, 2025 and 2024, were \$355,464 and \$400,512, respectively, which includes both lease revenue and interest.

**Note 5. Capital and Lease Assets**

Capital assets activity for the years ended December 31 was:

	2025				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 267,057	\$ -	\$ -	\$ -	\$ 267,057
Land improvements	27,671,864	-	-	1,045,467	28,717,331
Buildings	83,389,898	-	-	9,152,506	92,542,404
Fixed equipment	76,097,898	-	-	5,870,079	81,967,977
Moveable equipment	65,631,141	105,912	-	11,623,872	77,360,925
Employee housing	14,336,156	-	-	4,112,319	18,448,475
Construction in progress	22,146,961	13,594,053	-	(31,804,243)	3,936,771
	<u>289,540,975</u>	<u>13,699,965</u>	<u>-</u>	<u>-</u>	<u>303,240,940</u>
Less accumulated depreciation					
Land improvements	16,203,608	1,311,557	-	-	17,515,165
Buildings	42,727,433	3,679,073	-	-	46,406,506
Fixed equipment	45,878,789	4,237,709	-	-	50,116,498
Moveable equipment	47,754,156	8,176,055	-	-	55,930,211
Employee housing	8,792,653	440,741	-	-	9,233,394
	<u>161,356,639</u>	<u>17,845,135</u>	<u>-</u>	<u>-</u>	<u>179,201,774</u>
Capital assets, net	<u>\$ 128,184,336</u>	<u>\$ (4,145,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,039,166</u>

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	<b>2024</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	
Land	\$ 267,057	\$ -	\$ -	\$ -	\$ 267,057
Land improvements	27,671,864	-	-	-	27,671,864
Buildings	80,034,786	3,310,612	-	44,500	83,389,898
Fixed equipment	76,068,148	29,750	-	-	76,097,898
Moveable equipment	61,659,971	3,657,681	(22,874)	336,363	65,631,141
Employee housing	14,260,042	76,114	-	-	14,336,156
Construction in progress	5,105,417	17,422,407	-	(380,863)	22,146,961
	<u>265,067,285</u>	<u>24,496,564</u>	<u>(22,874)</u>	<u>-</u>	<u>289,540,975</u>
Less accumulated depreciation					
Land improvements	14,747,016	1,456,592	-	-	16,203,608
Buildings	39,395,717	3,331,716	-	-	42,727,433
Fixed equipment	41,549,888	4,328,901	-	-	45,878,789
Moveable equipment	39,566,003	8,211,027	(22,874)	-	47,754,156
Employee housing	8,326,668	465,985	-	-	8,792,653
	<u>143,585,292</u>	<u>17,794,221</u>	<u>(22,874)</u>	<u>-</u>	<u>161,356,639</u>
Capital assets, net	<u>\$ 121,481,993</u>	<u>\$ 6,702,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,184,336</u>

Lease assets activity for the years ended December 31 was:

	<b>2025</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	
Buildings	\$ 6,049,514	\$ 171,618	\$ (553,733)	\$ -	\$ 5,667,399
Moveable equipment	1,390,632	140,821	(281,642)	-	1,249,811
	<u>7,440,146</u>	<u>312,439</u>	<u>(835,375)</u>	<u>-</u>	<u>6,917,210</u>
Less accumulated amortization					
Buildings	3,556,881	937,050	(553,733)	-	3,940,198
Moveable equipment	826,094	358,005	(281,642)	-	902,457
	<u>4,382,975</u>	<u>1,295,055</u>	<u>(835,375)</u>	<u>-</u>	<u>4,842,655</u>
Lease assets, net	<u>\$ 3,057,171</u>	<u>\$ (982,616)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074,555</u>

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	<b>2024</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	
Buildings	\$ 5,740,594	\$ 308,920	\$ -	\$ -	\$ 6,049,514
Moveable equipment	1,402,187	11,810	(23,365)	-	1,390,632
	<u>7,142,781</u>	<u>320,730</u>	<u>(23,365)</u>	<u>-</u>	<u>7,440,146</u>
Less accumulated amortization					
Buildings	2,633,894	922,987	-	-	3,556,881
Moveable equipment	595,348	254,111	(23,365)	-	826,094
	<u>3,229,242</u>	<u>1,177,098</u>	<u>(23,365)</u>	<u>-</u>	<u>4,382,975</u>
Lease assets, net	<u>\$ 3,913,539</u>	<u>\$ (856,368)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,057,171</u>

**Note 6. Taxes, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

At an election on November 2, 2010, the District voters approved a TABOR question (Ballot Issue 5A), which permanently waived the limits of TABOR and the Annual Levy Law for the District.



**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
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***Revenue Bonds – Series 2012***

Hospital Refunding Revenue Bonds – Series 2012 (Series 2012 bonds) payable in increasing varying annual installments through April 15, 2033, bearing interest rates of 2.125% to 3.75% payable semiannually. The Series 2012 bonds are issued pursuant to and are secured by the Bond Resolution. The bonds are limited obligations payable solely from the net revenues derived from operations of the District.

Upon issuance and delivery of the Series 2012 bonds, the District defeased its outstanding Series 2003 bonds. Proceeds from the bonds were used to pay the principal, interest, and redemption premiums on the defeased bonds on September 4, 2012. This advance refunding transaction resulted in an extinguishment of debt since the District was legally released from its obligation on the Series 2003 bonds at the time of defeasance. There are no Series 2003 bonds outstanding which have not been called as of December 31, 2025 and 2024.

The advance refunding of the Series 2003 bonds resulted in an overall future economic benefit for the District. However, an accounting loss of \$194,770 on the extinguishment of the long-term debt was recorded in 2012. This loss on refunding is shown as a deferred outflow of resources in the balance sheets and is being amortized using the straight-line method over the life of the Series 2012 bonds.

***Refunding Revenue Note – Series 2016***

Refunding Revenue Note – Series 2016 (Series 2016 notes) payable in increasing varying annual installments through October 15, 2026, bearing interest rate of 2.210% payable semiannually. The Series 2016 note is issued pursuant to and is secured by the Bond Resolution. The note is a limited obligation payable solely from the net revenues derived from operations of the District.

Upon issuance and delivery of the Series 2016 note, the District defeased its outstanding Series 2007 bonds. Proceeds from the bonds were used to pay the principal, interest, and redemption premiums on the defeased bonds on August 8, 2016. This advance refunding transaction resulted in an extinguishment of debt since the District was legally released from its obligation on the Series 2007 bonds at the time of defeasance. There are no Series 2007 bonds outstanding which have not been called as of December 31, 2025.

The advance refunding of the Series 2007 bonds resulted in an overall future economic benefit for the District. However, an accounting loss of \$507,685 on the extinguishment of the long-term debt was recorded in 2016. This loss on refunding is shown as a deferred outflow of resources in the balance sheets and is being amortized using the straight-line method over the life of the Series 2016 note.

***General Obligation Refunding Bonds – Series 2020***

The District issued General Obligation Refunding Bonds, Series 2020 (Series 2020 bonds), for the purpose of refunding the Series 2010 bonds and to pay the costs of issuance of the 2020 bonds. The 2020 bonds are payable in increasing varying annual installments through December 1, 2030, bearing an interest rate of 5% payable semiannually. The Series 2020 bonds are general obligations of the District payable from revenues derived from the voter-approved ad valorem tax appropriations.

The advance refunding of the Series 2010 bonds resulted in an overall future economic benefit of approximately \$4,800,000 for the District. However, an accounting loss of \$260,867 on the extinguishment of the long-term debt was recorded in 2020. This loss on refunding is shown as a deferred outflow of resources in the balance sheets and is being amortized using the straight-line method over the life of the Series 2020 bonds.

***Financed Capital Purchases***

Financed capital purchases are in the form of a note payable to vendor, with a maturity date of January 2030. Principal and interest is payable monthly. The interest rate is 2.10%. The note is secured by certain capital assets.

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**Debt Service Requirements**

Debt service requirements on long-term debt and financed capital purchases as of December 31, 2025, are as follows:

<b>Year Ending December 31,</b>	<b>General Obligation and Revenue Bonds Payable</b>		<b>Financed Capital Purchases</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 3,515,000	\$ 1,154,234	\$ 285,022	\$ 22,518
2027	3,660,000	1,007,500	291,066	16,475
2028	3,840,000	824,500	297,237	10,304
2029	4,025,000	632,500	303,540	4,001
2030	4,225,000	431,250	25,584	45
2031-2033	4,400,000	447,250	-	-
	<u>\$ 23,665,000</u>	<u>\$ 4,497,234</u>	<u>\$ 1,202,449</u>	<u>\$ 53,343</u>

**Lease Liabilities**

The District leases buildings and equipment, the terms of which expire in various years through 2029. Payments are based on the lease agreements in each specific lease.

The following is a schedule by year of payments under the leases as of December 31, 2025:

<b>Year Ending December 31</b>	<b>Total to Be Paid</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 1,046,191	\$ 952,726	\$ 93,465
2027	733,508	676,075	57,433
2028	646,121	621,843	24,278
2029	195,362	190,727	4,635
	<u>\$ 2,621,182</u>	<u>\$ 2,441,371</u>	<u>\$ 179,811</u>

**Note 8. Professional Liability Claims**

The District purchases professional liability insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of professional liability claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, an accrual of \$170,872 and \$0 has been recorded as of December 31, 2025 and 2024, respectively. It is reasonably possible that this estimate could change materially in the near term. The District is subject to the provisions of the *Colorado Government Immunity Act* which provides a limitation on the liability of the District.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
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**Note 9. Employee Health Claims**

The District partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for all claims in excess of \$200,000 for the years ended December 31, 2025 and 2024, respectively, per individual participant and aggregate stop-loss at predetermined amounts annually. Other accrued liabilities on the balance sheet include an accrual for claims which have been incurred but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors.

Activity in the District’s accrued employee health claims liability during 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,749,437	\$ 1,473,231
Current year claims incurred and changes in estimates for claims incurred in prior years	11,667,878	9,538,009
Claims and expenses paid	<u>(11,830,315)</u>	<u>(9,261,803)</u>
Balance, end of year	<u>\$ 1,587,000</u>	<u>\$ 1,749,437</u>

**Note 10. Net Patient Service Revenue**

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

*Medicare.* The District is licensed as a CAH. Under this reimbursement system, inpatient acute care and swing-bed services rendered to Medicare program beneficiaries are paid under cost reimbursement methodologies. Outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and cost reimbursement methodologies. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of an annual cost report by the District and audit thereof by the Medicare administrative contractor.

*Medicaid.* Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The District is reimbursed for cost-reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor.

*Other.* The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements is primarily discounts from established charges.

Approximately 44% and 43% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2025 and 2024, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

## **Note 11. Charity Care**

The costs of charity care provided under the District's charity care policy were approximately \$1,914,000 and \$2,012,000 for 2025 and 2024, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges from the 2025 and 2024 interim Medicare cost reports, respectively, to the gross uncompensated charges.

## **Note 12. Fiduciary Funds**

### ***Investments***

Fiduciary fund assets included in the Cash Balance Retirement Plan (the Plan) of \$42,820,237 and \$35,462,419 at December 31, 2025 and 2024, respectively, are invested in PSAs and are reported at estimated fair value using NAV per share of the PSAs as the practical expedient of fair value. PSAs can be redeemed on a daily basis. Securities traded on a national international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at estimated fair value utilizing an income approach to valuation. None of the funds are subject to concentration of credit risk, custodial credit risk or foreign currency risk.

## **Note 13. Pension Plans**

### ***Defined Contribution Plan***

The District provides a 401(a) governmental money purchase pension plan covering substantially all employees who are scheduled to work more than 20 hours per week or 5 months per year. Contribution expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the 401(a) plan. The 401(a) plan is administered by the District's governing body. The 401(a) plan provides retirement and death benefits to 401(a) plan members and their beneficiaries. Benefit and contribution provisions are contained in the 401(a) plan document and were established and can be amended by action of the District's governing body. The District does not have the ability to direct the use, exchange, or employment of the 401(a) plan assets. The service capacity of the 401(a) plan assets are owned by the individual participants. The District's contribution for each eligible employee is calculated as of the contribution date and is equal to 50% of the employee's elective deferral contributions. The District's contributions, for purposes of all employees, excluding the Chief Executive Officer, does not exceed 2.5% of their annual compensation; 5% for purposes of the Chief Executive Officer. Contribution expense to the 401(a) plan was \$952,734 and \$1,143,655 for the years ended December 31, 2025 and 2024, respectively. The District does not control the plan assets.

### ***Deferred Compensation Plan***

The District provides a 457(b) plan to substantially all employees of the District. The employees may contribute up to 100% of their salary to the 457(b) plan. The employees' total salary deferral is limited by the Internal Revenue Service (IRS) annually. Employees are always 100% vested in the contributions they choose to defer. If an employee is 50 years old or older and has met the annual IRS deferral limit, the employee may contribute a catch-up deferral that is also limited by the IRS annually. The District does not have the ability to direct the use, exchange, or employment of the 457(b) plan assets. The service capacity of the 457(b) plan assets are owned by the individual participants. Contributions from employees to the 457(b) plan were \$4,929,499 and \$4,632,778 for the years ended December 31, 2025 and 2024, respectively. The District does not make contributions to the 457(b) plan. The District does not control the plan assets.

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**Note 14. Defined Benefit Plan**

***Plan Description***

*Plan administration.* The District administers the Plan providing retirement benefits to full-time and half-time employees and their beneficiaries. This Plan is a single-employer defined benefit pension plan wherein a separate cash balance account is established for each employee upon becoming a member of the Plan.

Management of the Plan consists of the Retirement Committee, which consists of such number of individuals as appointed by the Board of Directors or Chief Executive Officer of the Hospital, but in no case is less than three.

*Plan membership.* Pension plan membership consisted of the following, which includes employees covered by the benefit terms, at December 31:

	<b>2025</b>	<b>2024</b>
Inactive plan members or beneficiaries currently receiving benefits	26	26
Inactive plan members entitled to but not yet receiving benefits	303	310
Active plan members	455	425
	784	761

***Benefits Provided***

The Plan provides retirement benefits. Normal retirement benefits are attained at age 65, with a monthly annuity payable for life equal to the actuarial equivalent of the projected cash balance account projected with interest to the normal retirement date assuming that the interest credit rate in effect for future years will be the rate in effect on the date of determination. Plan members are allowed to obtain early retirement benefit after six years of vesting services. The benefit for early retirement is equal to the actuarial equivalent of the participant’s accrued benefit on his early retirement age. Death benefits are payable as a monthly annuity to the spouse, deferred to participant’s earliest retirement date if later than date of death in the amount of the present value of the participant’s accrued benefit payable in the normal form. A single lump sum may be elected at any time in lieu of the life annuity.

***Contributions***

An employee’s benefit under the Plan, subject to certain limitations, is based on the amounts contributed to the employee’s separate account and an annual minimum guaranteed investment rate of return. All investment risks of the Plan are borne by the District. The District makes annual contributions equal to 7.5% of earned salaries for employees who have earned 1,000 qualifying hours during the plan year. Employees vest in District contributions on a graded scale after the employee is credited with a second year of service. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The contribution requirements of the plan members and the District are established and may be amended by the District. Plan participants are not permitted to contribute to the Plan.

Contributions to the Plan for years ended December 31, 2025 and 2024, were \$3,482,400 and \$2,630,002, respectively.

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***Pension Reporting***

GASB 67 sets forth the requirements for governmental pension plan financial statement reporting, including pension plan financial statements included as a pension trust fund of a government. Accordingly, GASB 67 applies to the District’s reporting of its statements of fiduciary net position, statements of changes in fiduciary net position, certain notes to the financial statements, and certain required supplementary information (RSI). GASB 68, adopted in 2015, sets forth the pension reporting requirements for the District in its balance sheets, statements of revenues, expenses and changes in net position, statements of cash flows, certain notes to the financial statements and certain RSI. Because different measurement dates are used for GASB 67 and GASB 68 (GASB 68 is one year earlier than GASB 67), GASB 68 disclosures will correspond to the District’s basic financial statements, except for the fiduciary fund statements reported under GASB 67.

***GASB STATEMENT NO. 67 (GASB 67)***

***Investments***

*Investment policy.* The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the District Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. It also allows the use of derivatives.

Principal Financial Advisors, Inc., a registered investment advisor and wholly-owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation for the Plan. The following was the Board’s adopted asset allocation policy as of December 31:

<b>Asset Class</b>	<b>2025 Target Allocation</b>	<b>2024 Target Allocation</b>
U.S. equity - Large cap	32%	32%
U.S. equity - Mid cap	4%	4%
U.S. equity - Small cap	2%	2%
Non-U.S. equity	16%	16%
U.S. private real estate	7%	7%
High yield bond	2%	3%
Core bond	27%	31%
Long government/credit bond	10%	5%
Total	<u>100%</u>	<u>100%</u>

*Concentrations.* The following are investments (other than those issued or explicitly guaranteed by the U.S. Government), in any one organization, that represent five percent or more of the Plan’s fiduciary net position at December 31:

	<b>2025</b>	<b>2024</b>
Principal Financial Group	<u>\$ 42,820,237</u>	<u>\$ 35,462,419</u>

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Separate accounts held at the Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts are not rated.

*Rate of return.* The money-weighted rate of return is calculated as a rate of return on the plan investments incorporating the timing and amount of cash flows, net of investment expense. For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on plan investments was 14.54% and 9.35%, respectively.

***Net Pension Liability of the District***

The components of the net pension liability of the District were as follows at December 31:

	<u>2025</u>	<u>2024</u>
Total pension liability	\$ 41,476,529	\$ 37,554,104
Plan fiduciary net position	<u>(42,820,237)</u>	<u>(35,462,419)</u>
District's net pension (asset) liability	<u>\$ (1,343,708)</u>	<u>\$ 2,091,685</u>
Plan fiduciary net position as percentage of the total pension liability	103.24%	94.43%

*Actuarial assumptions.* The 2025 total pension liability was determined by an actuarial valuation as of December 31, 2024, rolled forward to December 31, 2025, and the 2024 total pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, respectively:

	<u>2025</u>	<u>2024</u>
Long-term inflation, wage base, and compensation limit	2.40%	2.40%
Salary increases	Table S-5 from Actuary's Pension Handbook plus 1.00%	
Investment rate of return	6.00%	6.00%

Mortality rates for the year ended 2025 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

Mortality rates for the year ended 2024 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

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The long-term expected rate of return on pension plan investments was determined by using the actual weighted average asset allocation for the four quarterly dates from March 31, 2025 to December 31, 2025. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table as of December 31:

<b>Asset Class</b>	<b>2025 Long-term Expected Rate of Return</b>	<b>2024 Long-term Expected Rate of Return</b>
U.S. equity - Large cap	7.41%	7.80%
U.S. equity - Mid cap	8.35%	8.35%
U.S. equity - Small cap	8.86%	8.70%
Developed market Ex-U.S. equity	7.37%	8.00%
U.S. private real estate	7.17%	6.85%
High yield bond	5.54%	6.30%
Core bond	4.67%	4.40%
Long government/credit bond	6.18%	5.60%

*Discount rate.* The discount rate used to measure the total pension liability at December 31, 2025 and 2024, was 6.00%. The Plan's fiduciary net position and benefit payments were projected to determine the discount rate. Projected fiduciary net position includes expected employer contributions, projected benefit and administrative payments and expected investment return. Projected benefit payments are based on plan provisions and participant data as of the measurement date and include the effects of automatic cost-of-living adjustments, projected salary changes, and projected service credits. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the District, calculated using the discount rate of 6.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate as of:

	<b>December 31, 2025</b>		
	<b>1% Decrease (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
District's net pension (asset) liability	\$ 1,292,304	\$ (1,343,708)	\$ (3,642,420)

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
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**GASB STATEMENT NO. 68 (GASB 68)**

**Net Pension (Asset) Liability of the District**

*Actuarial assumptions.* The net pension (asset) liability reported as of December 31, 2025 and 2024, was measured as of December 31, 2024 and 2023, respectively, using the total pension (asset) liability that was determined by actuarial valuations as of December 31, 2023 and 2022, respectively, rolled forward to December 31, 2024 and 2023, respectively, using the following actuarial assumptions:

	<u>2025</u>	<u>2024</u>
Long-term inflation, wage base, and compensation limit	2.40%	2.40%
Salary increases	Table S-5 from Actuary's Pension Handbook plus 1.00%	
Investment rate of return	6.00%	6.00%

Mortality rates for the year ended 2024 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

Mortality rates for the year ended 2023 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

The long-term expected rate of return on pension plan investments was determined by using the actual weighted average asset allocation for the four quarterly dates from March 31, 2024 to December 31, 2024. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table as of December 31, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
U.S. equity - Large cap	32%	7.80%
U.S. equity - Mid cap	4%	8.35%
U.S. equity - Small cap	2%	8.70%
Non-U.S. equity	16%	8.00%
U.S. private real estate	7%	6.85%
High yield bond	3%	6.30%
Core bond	36%	4.40%
	<u>100%</u>	

*Discount rate.* The discount rate used to measure the total pension (asset) liability at December 31, 2025 and 2024, was 6.00%. The Plan's fiduciary net position and benefit payments were projected to determine the discount rate. Projected fiduciary net position includes expected employer contributions, projected benefit, and administrative payments, and expected investment return. Projected benefit payments are based on plan provisions and participant data as of the measurement date and include the effects of automatic cost-of-living adjustments, projected salary changes, and projected service credits. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Notes to Financial Statements  
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members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in the Net Pension (Asset) Liability***

	<b>December 31, 2025</b>		
	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
<b>Balances, Beginning of Year</b>	\$ 33,924,792	\$ 32,029,916	\$ 1,894,876
<b>Changes for the Year</b>			
Service cost	1,506,629	-	1,506,629
Interest	2,057,492	-	2,057,492
Benefit payments	(2,037,363)	(2,037,363)	-
Differences between expected and actual experience	1,944,600	-	1,944,600
Changes in benefit terms	157,954	-	157,954
Employer contributions	-	2,630,002	(2,630,002)
Net investment income	-	2,974,879	(2,974,879)
Administrative expenses	-	(135,015)	135,015
<b>Net Changes</b>	<b>3,629,312</b>	<b>3,432,503</b>	<b>196,809</b>
<b>Balances, End of Year</b>	<b>\$ 37,554,104</b>	<b>\$ 35,462,419</b>	<b>\$ 2,091,685</b>
	<b>December 31, 2024</b>		
	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
<b>Balances, Beginning of Year</b>	\$ 32,235,852	\$ 28,934,569	\$ 3,301,283
<b>Changes for the Year</b>			
Service cost	1,395,348	-	1,395,348
Interest	1,959,453	-	1,959,453
Benefit payments	(2,632,097)	(2,632,097)	-
Differences between expected and actual experience	110,732	-	110,732
Changes in assumptions	855,504	-	855,504
Employer contributions	-	2,081,124	(2,081,124)
Net investment income	-	3,776,935	(3,776,935)
Administrative expenses	-	(130,615)	130,615
<b>Net Changes</b>	<b>1,688,940</b>	<b>3,095,347</b>	<b>(1,406,407)</b>
<b>Balances, End of Year</b>	<b>\$ 33,924,792</b>	<b>\$ 32,029,916</b>	<b>\$ 1,894,876</b>

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*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the District, calculated using the discount rate of 6.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate as of:

	<b>December 31, 2025</b>		
	<b>1% Decrease (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
District's net pension liability	\$ 4,607,080	\$ 2,091,685	\$ (98,697)

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

For the years ended December 31, 2025 and 2024, the District recognized pension expense of \$2,401,910 and \$2,066,381, respectively. At December 31, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>December 31, 2025</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,460,712	\$ 21,290
Changes in assumptions	34,292	-
Net differences between projected and actual earnings on pension plan investments	2,757,206	2,566,861
District's contributions subsequent to the measurement date	3,482,400	-
<b>Total</b>	<b>\$ 7,734,610</b>	<b>\$ 2,588,151</b>

	<b>December 31, 2024</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 79,454	\$ 117,078
Changes in assumptions	88,480	8,357
Net differences between projected and actual earnings on pension plan investments	4,135,808	2,939,149
District's contributions subsequent to the measurement date	2,630,002	-
<b>Total</b>	<b>\$ 6,933,744</b>	<b>\$ 3,064,584</b>

At December 31, 2025, the District reported \$3,482,400 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at December 31, 2026.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Notes to Financial Statements  
December 31, 2025 and 2024**

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2026	\$ 851,820
2027	1,296,238
2028	(270,822)
2029	<u>(213,177)</u>
	<u>\$ 1,664,059</u>

***Payable to the Pension Plan***

At December 31, 2025 and 2024, there are no reported payables for the outstanding amount of contributions to the Plan required for the years ended December 31, 2025 and 2024.

**Note 15. Contingencies**

***Professional Liability Claims***

Estimates related to the accrual for professional liability claims are described in Notes 1 and 8.

***Employee Health Claims***

Estimates related to the accrual for employee health claims are described in Notes 1 and 9.

***General Litigation***

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**Note 16. Condensed Combining Information**

The following tables include condensed combining balance sheet information for the District and its component units as of December 31, 2025 and 2024:

	2025					
	Aspen Valley Hospital	Blended Component Units			Eliminations	Total
		Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation		
<b>Assets and Deferred</b>						
<b>Outflows of Resources</b>						
Current assets	\$ 175,618,454	\$ 13,300,033	\$ 599,072	\$ 2,889,336	\$ (53,141,505)	\$ 139,265,390
Noncurrent cash and investments	8,219,716	-	-	3,071,753	-	11,291,469
Capital assets, net	123,994,658	-	44,508	-	-	124,039,166
Lease assets, net	1,275,168	631,381	168,006	-	-	2,074,555
Other assets	3,537,764	-	-	-	-	3,537,764
<b>Total assets</b>	<b>312,645,760</b>	<b>13,931,414</b>	<b>811,586</b>	<b>5,961,089</b>	<b>(53,141,505)</b>	<b>280,208,344</b>
Deferred outflows of resources	7,871,248	-	-	-	-	7,871,248
<b>Total assets and deferred outflows of resources</b>	<b>\$ 320,517,008</b>	<b>\$ 13,931,414</b>	<b>\$ 811,586</b>	<b>\$ 5,961,089</b>	<b>\$ (53,141,505)</b>	<b>\$ 288,079,592</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
Current liabilities	\$ 23,117,033	\$ 52,889,996	\$ 813,191	\$ -	\$ (53,141,505)	\$ 23,678,715
Long-term debt	22,410,643	-	-	-	-	22,410,643
Long-term liabilities	2,906,849	563,715	109,766	-	-	3,580,330
<b>Total liabilities</b>	<b>48,434,525</b>	<b>53,453,711</b>	<b>922,957</b>	<b>-</b>	<b>(53,141,505)</b>	<b>49,669,688</b>
Deferred inflows of resources	14,677,726	-	-	-	-	14,677,726
<b>Net position</b>	<b>257,404,757</b>	<b>(39,522,297)</b>	<b>(111,371)</b>	<b>5,961,089</b>	<b>-</b>	<b>223,732,178</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 320,517,008</b>	<b>\$ 13,931,414</b>	<b>\$ 811,586</b>	<b>\$ 5,961,089</b>	<b>\$ (53,141,505)</b>	<b>\$ 288,079,592</b>

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

	2024					
	Blended Component Units					
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total
<b>Assets and Deferred</b>						
<b>Outflows of Resources</b>						
Current assets	\$ 167,974,389	\$ 9,230,210	\$ 609,513	\$ 2,824,562	\$ (44,714,786)	\$ 135,923,888
Noncurrent cash and investments	7,944,273	-	-	7,944,577	-	15,888,850
Capital assets, net	127,937,247	-	247,089	-	-	128,184,336
Lease assets, net	2,095,540	865,618	96,013	-	-	3,057,171
Other assets	3,446,597	-	-	-	-	3,446,597
Total assets	309,398,046	10,095,828	952,615	10,769,139	(44,714,786)	286,500,842
Deferred outflows of resources	7,127,663	-	-	-	-	7,127,663
Total assets and deferred outflows of resources	<u>\$ 316,525,709</u>	<u>\$ 10,095,828</u>	<u>\$ 952,615</u>	<u>\$ 10,769,139</u>	<u>\$ (44,714,786)</u>	<u>\$ 293,628,505</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
Current liabilities	\$ 35,283,818	\$ 44,298,369	\$ 744,921	\$ -	\$ (44,714,786)	\$ 35,612,322
Long-term debt	27,959,181	-	-	-	-	27,959,181
Long-term liabilities	3,251,629	813,412	-	-	-	4,065,041
Total liabilities	66,494,628	45,111,781	744,921	-	(44,714,786)	67,636,544
Deferred inflows of resources	15,761,848	-	-	-	-	15,761,848
Net position	234,269,233	(35,015,953)	207,694	10,769,139	-	210,230,113
Total liabilities, deferred inflows of resources and net position	<u>\$ 316,525,709</u>	<u>\$ 10,095,828</u>	<u>\$ 952,615</u>	<u>\$ 10,769,139</u>	<u>\$ (44,714,786)</u>	<u>\$ 293,628,505</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its component units for the years ended December 31, 2025 and 2024:

	<b>2025</b>					
	<b>Blended Component Units</b>					<b>Total</b>
	<b>Aspen Valley Hospital</b>	<b>Aspen Valley Hospital District Clinics, PLLC</b>	<b>Mid-Valley Imaging Center, LLC</b>	<b>Aspen Valley Hospital Foundation</b>	<b>Eliminations</b>	
Operating revenues	\$ 174,274,310	\$ 4,506,727	\$ (16,272)	\$ -	\$ (780,967)	\$ 177,983,798
Operating expenses	172,057,274	9,187,818	300,497	1,877,690	(780,967)	182,642,312
Operating income (loss)	2,217,036	(4,681,091)	(316,769)	(1,877,690)	-	(4,658,514)
Nonoperating revenues (expenses)	11,312,734	174,747	(2,296)	5,512,664	-	16,997,849
Excess (deficiency) of revenues over expenses	13,529,770	(4,506,344)	(319,065)	3,634,974	-	12,339,335
Other	9,605,754	-	-	(8,443,024)	-	1,162,730
Change in net position	23,135,524	(4,506,344)	(319,065)	(4,808,050)	-	13,502,065
Net position, beginning of year	234,269,233	(35,015,953)	207,694	10,769,139	-	210,230,113
Net position, end of year	<u>\$ 257,404,757</u>	<u>\$ (39,522,297)</u>	<u>\$ (111,371)</u>	<u>\$ 5,961,089</u>	<u>\$ -</u>	<u>\$ 223,732,178</u>

	<b>2024</b>					
	<b>Blended Component Units</b>					<b>Total</b>
	<b>Aspen Valley Hospital</b>	<b>Aspen Valley Hospital District Clinics, PLLC</b>	<b>Mid-Valley Imaging Center, LLC</b>	<b>Aspen Valley Hospital Foundation</b>	<b>Eliminations</b>	
Operating revenues	\$ 156,741,668	\$ 3,656,624	\$ 53,900	\$ -	\$ (504,832)	\$ 159,947,360
Operating expenses	154,113,384	8,486,709	358,201	1,668,525	(504,832)	164,121,987
Operating income (loss)	2,628,284	(4,830,085)	(304,301)	(1,668,525)	-	(4,174,627)
Nonoperating revenues (expenses)	10,747,746	(56,528)	(3,114)	4,543,227	515,109	15,746,440
Excess (deficiency) of revenues over expenses	13,376,030	(4,886,613)	(307,415)	2,874,702	515,109	11,571,813
Other	2,916,295	-	-	(2,263,784)	-	652,511
Change in net position	16,292,325	(4,886,613)	(307,415)	610,918	515,109	12,224,324
Net position, beginning of year	217,976,908	(30,129,340)	515,109	10,158,221	(515,109)	198,005,789
Net position, end of year	<u>\$ 234,269,233</u>	<u>\$ (35,015,953)</u>	<u>\$ 207,694</u>	<u>\$ 10,769,139</u>	<u>\$ -</u>	<u>\$ 210,230,113</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

The following tables include condensed combining statements of cash flows information for the District and its component units for the years ended December 31, 2025 and 2024:

	<b>2025</b>					
	<b>Blended Component Units</b>					<b>Total</b>
	<b>Aspen Valley Hospital</b>	<b>Aspen Valley Hospital District Clinics, PLLC</b>	<b>Mid-Valley Imaging Center, LLC</b>	<b>Aspen Valley Hospital Foundation</b>	<b>Eliminations</b>	
Net cash provided by (used in):						
Operating activities	\$ (1,341,498)	\$ 3,959,738	\$ 57,980	\$ (33,811)	\$ -	\$ 2,642,409
Noncapital financing activities	7,363,636	-	-	3,495,314	-	10,858,950
Capital and related financing activities	(17,946,383)	(291,700)	(49,224)	3,189,147	-	(15,098,160)
Investing activities	12,426,917	216,750	-	(9,522,123)	-	3,121,544
Increase in cash and cash equivalents	502,672	3,884,788	8,756	(2,871,473)	-	1,524,743
Cash and cash equivalents, beginning of year	85,447,390	8,774,135	556,748	6,346,432	-	101,124,705
Cash and cash equivalents, end of year	<u>\$ 85,950,062</u>	<u>\$ 12,658,923</u>	<u>\$ 565,504</u>	<u>\$ 3,474,959</u>	<u>\$ -</u>	<u>\$ 102,649,448</u>
	<b>2024</b>					
	<b>Blended Component Units</b>					
	<b>Aspen Valley Hospital</b>	<b>Aspen Valley Hospital District Clinics, PLLC</b>	<b>Mid-Valley Imaging Center, LLC</b>	<b>Aspen Valley Hospital Foundation</b>	<b>Eliminations</b>	<b>Total</b>
Net cash provided by (used in):						
Operating activities	\$ 20,810,013	\$ 3,684,390	\$ 50,431	\$ 125,945	\$ -	\$ 24,670,779
Noncapital financing activities	7,936,589	-	-	2,671,038	-	10,607,627
Capital and related financing activities	(28,929,958)	(232,631)	(47,035)	1,404,006	-	(27,805,618)
Investing activities	5,681,118	(2)	-	(2,759,352)	-	2,921,764
Increase (decrease) in cash and cash equivalents	5,497,762	3,451,757	3,396	1,441,637	-	10,394,552
Cash and cash equivalents, beginning of year	79,949,628	5,322,378	553,352	4,904,795	-	90,730,153
Cash and cash equivalents, end of year	<u>\$ 85,447,390</u>	<u>\$ 8,774,135</u>	<u>\$ 556,748</u>	<u>\$ 6,346,432</u>	<u>\$ -</u>	<u>\$ 101,124,705</u>

***Required Supplementary Information***

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios**  
**Cash Balance Retirement Plan**  
**GASB Statement No. 67**  
**Years Ended December 31**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Total Pension Liability</b>			
Service cost	\$ 1,957,922	\$ 1,506,629	\$ 1,395,348
Interest	2,338,917	2,057,492	1,959,453
Differences between expected and actual experience	875,101	1,944,600	110,732
Changes in assumptions	-	-	-
Changes in benefit terms	98,765	157,954	855,504
Benefit payments	<u>(1,348,280)</u>	<u>(2,037,363)</u>	<u>(2,632,097)</u>
<b>Net Change in Total Pension Liability</b>	3,922,425	3,629,312	1,688,940
<b>Total Pension Liability -Beginning</b>	<u>37,554,104</u>	<u>33,924,792</u>	<u>32,235,852</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 41,476,529</u>	<u>\$ 37,554,104</u>	<u>\$ 33,924,792</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 3,482,400	\$ 2,630,002	\$ 2,081,124
Contributions - other	-	-	-
Net investment income (expense)	5,359,663	2,974,879	3,776,935
Benefit payments	(1,348,280)	(2,037,363)	(2,632,097)
Administrative expense	<u>(135,965)</u>	<u>(135,015)</u>	<u>(130,615)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	7,357,818	3,432,503	3,095,347
<b>Plan Fiduciary Net Position - Beginning</b>	<u>35,462,419</u>	<u>32,029,916</u>	<u>28,934,569</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 42,820,237</u>	<u>\$ 35,462,419</u>	<u>\$ 32,029,916</u>
<b>District's Net Pension (Asset) Liability - Ending (a) - (b)</b>	<u>\$ (1,343,708)</u>	<u>\$ 2,091,685</u>	<u>\$ 1,894,876</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	103.24%	94.43%	94.41%
<b>Covered Payroll</b>	\$ 46,900,014	\$ 40,956,699	\$ 33,861,347
<b>District's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	-2.87%	5.11%	5.60%
<b>Long-term Inflation, Wage Base, and Compensation Limit</b>	2.40%	2.40%	2.40%

**Notes to Schedule:**

The covered payroll shown in this statement is the reported payroll for the measurement period.

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios**  
**Cash Balance Retirement Plan**  
**GASB Statement No. 67**  
**Years Ended December 31**

(Continued)

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,494,143	\$ 1,557,931	\$ 1,422,852	\$ 1,433,736	\$ 1,338,539	\$ 1,117,611	\$ 1,020,686
1,652,754	1,660,033	1,843,314	1,757,931	1,638,650	1,834,455	1,695,279
(119,555)	(282,912)	27,000	(300,418)	294,722	(434,374)	314,061
192,569	6,409	(204,973)	(9,268)	1,639	(272,791)	(22,423)
-	-	-	-	29,611	-	(9,803)
<u>(2,813,438)</u>	<u>(2,676,860)</u>	<u>(1,764,387)</u>	<u>(1,086,492)</u>	<u>(1,356,934)</u>	<u>(1,281,502)</u>	<u>(1,421,746)</u>
406,473	264,601	1,323,806	1,795,489	1,946,227	963,399	1,576,054
<u>31,829,379</u>	<u>31,564,778</u>	<u>30,240,972</u>	<u>28,445,483</u>	<u>26,499,256</u>	<u>25,535,857</u>	<u>23,959,803</u>
<u>\$ 32,235,852</u>	<u>\$ 31,829,379</u>	<u>\$ 31,564,778</u>	<u>\$ 30,240,972</u>	<u>\$ 28,445,483</u>	<u>\$ 26,499,256</u>	<u>\$ 25,535,857</u>
\$ 584,991	\$ 1,354,525	\$ 1,651,833	\$ 2,148,306	\$ 1,952,317	\$ 1,827,477	\$ 1,555,740
-	-	-	-	-	-	8,354
(5,062,861)	4,105,624	3,509,826	4,681,502	(1,572,858)	3,271,296	1,329,355
(2,813,438)	(2,676,860)	(1,764,387)	(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)
<u>(132,571)</u>	<u>(132,721)</u>	<u>(132,056)</u>	<u>(132,111)</u>	<u>(132,271)</u>	<u>(134,831)</u>	<u>(68,397)</u>
(7,423,879)	2,650,568	3,265,216	5,611,205	(1,109,746)	3,682,440	1,403,306
<u>36,358,448</u>	<u>33,707,880</u>	<u>30,442,664</u>	<u>24,831,459</u>	<u>25,941,205</u>	<u>22,258,765</u>	<u>20,855,459</u>
<u>\$ 28,934,569</u>	<u>\$ 36,358,448</u>	<u>\$ 33,707,880</u>	<u>\$ 30,442,664</u>	<u>\$ 24,831,459</u>	<u>\$ 25,941,205</u>	<u>\$ 22,258,765</u>
<u>\$ 3,301,283</u>	<u>\$ (4,529,069)</u>	<u>\$ (2,143,102)</u>	<u>\$ (201,692)</u>	<u>\$ 3,614,024</u>	<u>\$ 558,051</u>	<u>\$ 3,277,092</u>
89.76%	114.23%	106.79%	100.67%	87.29%	97.89%	87.17%
\$ 31,812,683	\$ 30,885,159	\$ 35,094,297	\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424
10.38%	-14.66%	-6.11%	-0.60%	10.82%	1.84%	12.53%
2.40%	2.25%	2.25%	2.25%	2.00%	2.00%	2.25%

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Schedule of the District's Contributions  
Cash Balance Retirement Plan  
GASB Statements No. 67 and No. 68  
Years Ended December 31**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 2,881,535	\$ 2,631,170	\$ 2,081,122	\$ -
Contributions in relation to the actuarially determined contribution	<u>3,482,400</u>	<u>2,630,002</u>	<u>2,081,124</u>	<u>584,991</u>
Contribution deficiency (excess)	<u>\$ (600,865)</u>	<u>\$ 1,168</u>	<u>\$ (2)</u>	<u>\$ (584,991)</u>
Covered payroll	\$ 46,900,014	\$ 40,956,699	\$ 33,861,347	\$ 31,812,683
Contributions as a percentage of covered payroll	7.43%	6.42%	6.15%	1.84%
Long-term inflation	2.40%	2.40%	2.40%	2.40%
Investment rate of return	6.00%	6.00%	6.00%	6.00%
Mortality scale	MP-2021	MP-2021	MP-2021	MP-2021

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	10 years
Asset valuation method	Market value of assets, as of the measurement date
Salary increases	Table S-5 from Actuary Pension Handbook plus 1%
Retirement age	Active and inactive participants are assumed to retire at Normal Retirement Age as defined in Plan Provisions.
Mortality	Pri-2012 Total dataset base rate mortality table

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Schedule of the District's Contributions  
Cash Balance Retirement Plan  
GASB Statements No. 67 and No. 68  
Years Ended December 31**

**(Continued)**

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,354,525	\$ 1,651,833	\$ 2,148,306	\$ 1,766,329	\$ 1,878,025	\$ 1,586,110
<u>1,354,525</u>	<u>1,651,833</u>	<u>2,148,306</u>	<u>1,952,317</u>	<u>1,827,477</u>	<u>1,555,740</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (185,988)</u>	<u>\$ 50,548</u>	<u>\$ 30,370</u>
\$ 30,885,159	\$ 35,094,297	\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424
4.39%	4.71%	6.41%	5.85%	6.03%	5.95%
2.25%	2.25%	2.25%	2.25%	2.00%	2.00%
5.20%	5.20%	6.00%	6.00%	6.00%	7.00%
MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Schedule of Investment Returns  
Cash Balance Retirement Plan  
GASB Statement No. 67  
Years Ended December 31**

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	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	14.54%	9.35%	13.22%	-14.40%

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Schedule of Investment Returns  
Cash Balance Retirement Plan  
GASB Statement No. 67  
Years Ended December 31**

**(Continued)**

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
12.38%	11.51%	18.49%	-5.94%	14.45%	6.41%

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios  
Cash Balance Retirement Plan  
GASB Statement No. 68  
Years Ended December 31**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total Pension Liability</b>				
Service cost	\$ 1,506,629	\$ 1,395,348	\$ 1,494,143	\$ 1,557,931
Interest	2,057,492	1,959,453	1,652,754	1,660,033
Differences between expected and actual experience	1,944,600	110,732	(119,555)	(282,912)
Changes of assumptions	-	-	192,569	6,409
Changes of benefit terms	157,954	855,504	-	-
Benefit payments	<u>(2,037,363)</u>	<u>(2,632,097)</u>	<u>(2,813,438)</u>	<u>(2,676,860)</u>
<b>Net Change in Total Pension Liability</b>	3,629,312	1,688,940	406,473	264,601
<b>Total Pension Liability - Beginning</b>	<u>33,924,792</u>	<u>32,235,852</u>	<u>31,829,379</u>	<u>31,564,778</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 37,554,104</u>	<u>\$ 33,924,792</u>	<u>\$ 32,235,852</u>	<u>\$ 31,829,379</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 2,630,002	\$ 2,081,124	\$ 584,991	\$ 1,354,525
Contributions - other	-	-	-	-
Net investment income	2,974,879	3,776,935	(5,062,861)	4,105,624
Benefit payments	(2,037,363)	(2,632,097)	(2,813,438)	(2,676,860)
Administrative expense	<u>(135,015)</u>	<u>(130,615)</u>	<u>(132,571)</u>	<u>(132,721)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	3,432,503	3,095,347	(7,423,879)	2,650,568
<b>Plan Fiduciary Net Position - Beginning</b>	<u>32,029,916</u>	<u>28,934,569</u>	<u>36,358,448</u>	<u>33,707,880</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 35,462,419</u>	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>	<u>\$ 36,358,448</u>
<b>District's Net Pension (Asset) Liability - Ending (a) - (b)</b>	<u>\$ 2,091,685</u>	<u>\$ 1,894,876</u>	<u>\$ 3,301,283</u>	<u>\$ (4,529,069)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	94.43%	94.41%	89.76%	114.23%
<b>Covered Payroll</b>	\$ 40,956,699	\$ 33,861,347	\$ 31,812,683	\$ 30,885,159
<b>District's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	5.11%	5.60%	10.38%	-14.66%
<b>Long-term Inflation, Wage Base, and Compensation Limit</b>	2.40%	2.40%	2.40%	2.40%

**Notes to Schedule:**

The covered payroll shown in this statement is the reported payroll for the measurement period.

**Aspen Valley Hospital District d/b/a Aspen Valley Health**  
**Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios**  
**Cash Balance Retirement Plan**  
**GASB Statement No. 68**  
**Years Ended December 31**

(Continued)

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$	1,422,852	\$ 1,433,736	\$ 1,338,539	\$ 1,117,611	\$ 1,020,686	\$ 962,923
	1,843,314	1,757,931	1,638,650	1,834,455	1,695,279	1,590,521
	27,000	(300,418)	294,722	(434,374)	314,061	50,485
	(204,973)	(9,268)	1,639	(272,791)	(22,423)	(10,786)
	-	-	29,611	-	(9,803)	-
	(1,764,387)	(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)	(836,696)
	1,323,806	1,795,489	1,946,227	963,399	1,576,054	1,756,447
	30,240,972	28,445,483	26,499,256	25,535,857	23,959,803	22,203,356
\$	<u>31,564,778</u>	<u>\$ 30,240,972</u>	<u>\$ 28,445,483</u>	<u>\$ 26,499,256</u>	<u>\$ 25,535,857</u>	<u>\$ 23,959,803</u>
\$	1,651,833	\$ 2,148,306	\$ 1,952,317	\$ 1,827,477	\$ 1,555,740	\$ 1,365,917
	-	-	-	-	8,354	-
	3,509,826	4,681,502	(1,572,858)	3,271,296	1,329,355	(156,525)
	(1,764,387)	(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)	(836,696)
	(132,056)	(132,111)	(132,271)	(134,831)	(68,397)	(6,220)
	3,265,216	5,611,205	(1,109,746)	3,682,440	1,403,306	366,476
	30,442,664	24,831,459	25,941,205	22,258,765	20,855,459	20,488,983
\$	<u>33,707,880</u>	<u>\$ 30,442,664</u>	<u>\$ 24,831,459</u>	<u>\$ 25,941,205</u>	<u>\$ 22,258,765</u>	<u>\$ 20,855,459</u>
\$	<u>(2,143,102)</u>	<u>\$ (201,692)</u>	<u>\$ 3,614,024</u>	<u>\$ 558,051</u>	<u>\$ 3,277,092</u>	<u>\$ 3,104,344</u>
	106.79%	100.67%	87.29%	97.89%	87.17%	87.04%
\$	35,094,297	\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173
	-6.11%	-0.60%	10.82%	1.84%	12.53%	13.25%
	2.25%	2.25%	2.25%	2.00%	2.00%	2.25%

## ***Supplementary Information***

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Statement of Budgeted and Actual Revenues and Expenses  
Year Ended December 31, 2025**

	<b>Budgeted Amount Original</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Variance</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 155,213,722	\$ 171,040,681	\$ 15,826,959
Other	7,462,634	7,724,084	261,450
Total operating revenues	<u>162,676,356</u>	<u>178,764,765</u>	<u>16,088,409</u>
<b>Operating Expenses</b>	<u>174,025,725</u>	<u>181,545,589</u>	<u>(7,519,864)</u>
<b>Operating Loss</b>	<u>(11,349,369)</u>	<u>(2,780,824)</u>	<u>8,568,545</u>
<b>Nonoperating Revenues (Expenses)</b>			
Ad valorem taxes	11,173,749	11,471,877	298,128
Investment income	1,637,480	3,007,913	1,370,433
Interest expense	(764,356)	(728,723)	35,633
Community assistance programs	(717,572)	(922,591)	(205,019)
Noncapital contributions	20,000	184,588	164,588
Change in equity interest in joint venture	1,000,000	401,095	(598,905)
Gain on sale of capital assets	-	4,745	4,745
Forgiveness of related party debt	-	(1,933,719)	(1,933,719)
Total nonoperating revenues	<u>12,349,301</u>	<u>11,485,185</u>	<u>(864,116)</u>
<b>Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions, Capital Contributions and Transfers</b>			
Contributions and Transfers	999,932	8,704,361	7,704,429
Transfers from related party	9,300,000	9,605,754	305,754
<b>Change in Net Position</b>	<u>\$ 10,299,932</u>	<u>\$ 18,310,115</u>	<u>\$ 8,010,183</u>

**Notes to Schedule:**

Annual budgets are adopted as required by Colorado statutes. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

Budgeted Amount Original and Actual columns only include the financial information for the Hospital, ACMC and MIC and does not include the Foundation.

Budgets are adopted by resolution in total. There were no supplemental budgets adopted during 2025.

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Combining Schedule – Balance Sheet Information  
December 31, 2025**

**Assets and Deferred Outflows of Resources**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
<b>Current Assets</b>						
Cash and cash equivalents	\$ 77,730,346	\$ 12,658,923	\$ 565,504	\$ 2,784,451	\$ -	\$ 93,739,224
Patient accounts receivable, net of allowance; \$2,254,653	25,444,510	640,895	28,568	-	-	26,113,973
Estimated amounts due from third-party payers	51,844	-	-	-	-	51,844
Due from related party	53,141,505	-	-	-	(53,141,505)	-
Property tax levy receivable	11,444,631	-	-	-	-	11,444,631
Other receivables	2,133,478	-	5,000	104,885	-	2,243,363
Leases receivable	313,948	-	-	-	-	313,948
Inventories	3,592,838	-	-	-	-	3,592,838
Prepaid expenses	1,765,354	215	-	-	-	1,765,569
Total current assets	175,618,454	13,300,033	599,072	2,889,336	(53,141,505)	139,265,390
<b>Noncurrent Cash and Investments</b>						
Restricted by donors for capital acquisitions	5,643,001	-	-	645,854	-	6,288,855
Restricted by donors for specific operating activities	51,427	-	-	44,654	-	96,081
Contributions receivable, net	-	-	-	2,381,245	-	2,381,245
Held by trustee for debt service	2,525,288	-	-	-	-	2,525,288
	8,219,716	-	-	3,071,753	-	11,291,469
<b>Capital Assets, Net</b>	123,994,658	-	44,508	-	-	124,039,166
<b>Lease Assets, Net</b>	1,275,168	631,381	168,006	-	-	2,074,555
<b>Other Assets</b>						
Equity interests in joint ventures	2,645,909	-	-	-	-	2,645,909
Leases receivable	379,363	-	-	-	-	379,363
Other	512,492	-	-	-	-	512,492
	3,537,764	-	-	-	-	3,537,764
Total assets	312,645,760	13,931,414	811,586	5,961,089	(53,141,505)	280,208,344
<b>Deferred Outflows of Resources</b>						
Pensions	7,734,610	-	-	-	-	7,734,610
Unamortized loss on refunding's of prior bond issuances	136,638	-	-	-	-	136,638
	7,871,248	-	-	-	-	7,871,248
Total assets and deferred outflows of resources	\$ 320,517,008	\$ 13,931,414	\$ 811,586	\$ 5,961,089	\$ (53,141,505)	\$ 288,079,592

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Combining Schedule – Balance Sheet Information  
December 31, 2025**

**(Continued)**

**Liabilities, Deferred Inflows of Resources and Net Position**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
<b>Current Liabilities</b>						
Current maturities of long-term debt	\$ 4,400,633	\$ -	\$ -	\$ -	\$ -	\$ 4,400,633
Current portion of lease liabilities	649,794	249,697	53,235	-	-	952,726
Accounts payable	8,266,930	71,247	27	-	-	8,338,204
Accrued salaries, benefits and payroll taxes	4,366,335	-	-	-	-	4,366,335
Other accrued liabilities	3,308,536	184,099	3,377	-	-	3,496,012
Due to related party	-	52,384,953	756,552	-	(53,141,505)	-
Estimated amounts due to third-party payers	2,124,805	-	-	-	-	2,124,805
<b>Total current liabilities</b>	<b>23,117,033</b>	<b>52,889,996</b>	<b>813,191</b>	<b>-</b>	<b>(53,141,505)</b>	<b>23,678,715</b>
<b>Long-term Debt</b>						
Bonds payable	21,493,216	-	-	-	-	21,493,216
Financed capital purchases	917,427	-	-	-	-	917,427
	<b>22,410,643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,410,643</b>
<b>Long-term Liabilities</b>						
Lease liabilities	815,164	563,715	109,766	-	-	1,488,645
Net pension liability	2,091,685	-	-	-	-	2,091,685
	<b>2,906,849</b>	<b>563,715</b>	<b>109,766</b>	<b>-</b>	<b>-</b>	<b>3,580,330</b>
<b>Total liabilities</b>	<b>48,434,525</b>	<b>53,453,711</b>	<b>922,957</b>	<b>-</b>	<b>(53,141,505)</b>	<b>49,669,688</b>
<b>Deferred Inflows of Resources</b>						
Leases	644,944	-	-	-	-	644,944
Deferred property tax levy	11,444,631	-	-	-	-	11,444,631
Pensions	2,588,151	-	-	-	-	2,588,151
	<b>14,677,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,677,726</b>
<b>Net Position</b>						
Net investment in capital assets	97,130,230	(182,031)	49,513	-	-	96,997,712
Restricted - expendable for						
Debt service	2,525,288	-	-	-	-	2,525,288
Capital acquisitions	5,643,001	-	-	3,027,099	-	8,670,100
Specific operating activities	51,427	-	-	44,654	-	96,081
Unrestricted	152,054,811	(39,340,266)	(160,884)	2,889,336	-	115,442,997
<b>Total net position</b>	<b>257,404,757</b>	<b>(39,522,297)</b>	<b>(111,371)</b>	<b>5,961,089</b>	<b>-</b>	<b>223,732,178</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 320,517,008</b>	<b>\$ 13,931,414</b>	<b>\$ 811,586</b>	<b>\$ 5,961,089</b>	<b>\$ (53,141,505)</b>	<b>\$ 288,079,592</b>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Combining Schedule – Revenues, Expenses and Changes  
in Net Position Information  
Year Ended December 31, 2025**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
<b>Operating Revenues</b>						
Net patient service revenue	\$ 166,639,696	\$ 4,417,257	\$ (16,272)	\$ -	\$ -	\$ 171,040,681
Other	7,634,614	89,470	-	-	(780,967)	6,943,117
Total operating revenues	174,274,310	4,506,727	(16,272)	-	(780,967)	177,983,798
<b>Operating Expenses</b>						
Salaries and wages	56,369,630	6,951,237	407	894,580	-	64,215,854
Contract labor	5,315,556	137,778	-	35,500	-	5,488,834
Supplies and other	91,768,342	1,864,566	(2,117)	947,610	(780,967)	93,797,434
Depreciation	17,642,554	-	202,581	-	-	17,845,135
Amortization	961,192	234,237	99,626	-	-	1,295,055
Total operating expenses	172,057,274	9,187,818	300,497	1,877,690	(780,967)	182,642,312
<b>Operating Income (Loss)</b>	2,217,036	(4,681,091)	(316,769)	(1,877,690)	-	(4,658,514)
<b>Nonoperating Revenues (Expenses)</b>						
Ad valorem taxes	11,471,877	-	-	-	-	11,471,877
Investment income	2,791,163	216,750	-	83,631	-	3,091,544
Interest expense	(684,424)	(42,003)	(2,296)	-	-	(728,723)
Community assistance programs	(922,591)	-	-	-	-	(922,591)
Noncapital contributions	184,588	-	-	3,495,314	-	3,679,902
Change in equity interests in joint ventures	401,095	-	-	-	-	401,095
Gain on sale of capital assets	4,745	-	-	-	-	4,745
Forgiveness of related party debt	(1,933,719)	-	-	1,933,719	-	-
Total nonoperating revenues (expenses)	11,312,734	174,747	(2,296)	5,512,664	-	16,997,849
<b>Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions, Provision for Uncollectible Capital Contributions and Transfers</b>	13,529,770	(4,506,344)	(319,065)	3,634,974	-	12,339,335
Capital contributions	-	-	-	428,147	-	428,147
Provision for uncollectible capital contributions	-	-	-	734,583	-	734,583
Transfers from (to) related party	9,605,754	-	-	(9,605,754)	-	-
<b>Change in Net Position</b>	23,135,524	(4,506,344)	(319,065)	(4,808,050)	-	13,502,065
<b>Net Position, Beginning of Year</b>	234,269,233	(35,015,953)	207,694	10,769,139	-	210,230,113
<b>Net Position, End of Year</b>	<u>\$ 257,404,757</u>	<u>\$ (39,522,297)</u>	<u>\$ (111,371)</u>	<u>\$ 5,961,089</u>	<u>\$ -</u>	<u>\$ 223,732,178</u>

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Combining Schedule – Cash Flows Information  
Year Ended December 31, 2025**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
<b>Cash Flows From Operating Activities</b>						
Receipts from and on behalf of patients	\$ 161,848,813	\$ 4,450,475	\$ 2,925	\$ -	\$ -	\$ 166,302,213
Payments to suppliers	(101,126,665)	(2,002,344)	2,117	(983,110)	-	(104,110,002)
Payments to employees	(58,470,144)	(6,951,237)	(407)	(894,580)	-	(66,316,368)
Other receipts (payments), net	(3,593,502)	8,462,844	53,345	1,843,879	-	6,766,566
Net cash provided by (used in) operating activities	(1,341,498)	3,959,738	57,980	(33,811)	-	2,642,409
<b>Cash Flows From Noncapital Financing Activities</b>						
Ad valorem taxes	8,238,363	-	-	-	-	8,238,363
Community assistance programs	(1,059,315)	-	-	-	-	(1,059,315)
Noncapital contributions	184,588	-	-	3,495,314	-	3,679,902
Net cash provided by noncapital financing activities	7,363,636	-	-	3,495,314	-	10,858,950
<b>Cash Flows From Capital and Related Financing Activities</b>						
Ad valorem taxes	3,186,262	-	-	-	-	3,186,262
Purchases of capital assets	(14,047,966)	-	-	-	-	(14,047,966)
Proceeds from sale of capital assets	4,745	-	-	-	-	4,745
Principal payments on long-term debt	(5,148,324)	-	-	-	-	(5,148,324)
Interest payments on long-term debt	(1,265,404)	-	-	-	-	(1,265,404)
Principal payments received on leases receivable	323,093	-	-	-	-	323,093
Interest payments received on leases receivable	32,371	-	-	-	-	32,371
Principal paid on leases payable	(939,307)	(249,697)	(46,928)	-	-	(1,235,932)
Interest paid on leases payable	(91,853)	(42,003)	(2,296)	-	-	(136,152)
Capital contributions	-	-	-	3,189,147	-	3,189,147
Net cash provided by (used in) capital and related financing activities	(17,946,383)	(291,700)	(49,224)	3,189,147	-	(15,098,160)
<b>Cash Flows From Investing Activities</b>						
Investment income	2,821,163	216,750	-	83,631	-	3,121,544
Transfer of equity	9,605,754	-	-	(9,605,754)	-	-
Net cash provided by (used in) investing activities	12,426,917	216,750	-	(9,522,123)	-	3,121,544
<b>Increase in Cash and Cash Equivalents</b>	502,672	3,884,788	8,756	(2,871,473)	-	1,524,743
<b>Cash and Cash Equivalents, Beginning of Year</b>	85,447,390	8,774,135	556,748	6,346,432	-	101,124,705
<b>Cash and Cash Equivalents, End of Year</b>	\$ 85,950,062	\$ 12,658,923	\$ 565,504	\$ 3,474,959	\$ -	\$ 102,649,448

**Aspen Valley Hospital District d/b/a Aspen Valley Health  
Combining Schedule – Cash Flows Information  
Year Ended December 31, 2025**

**(Continued)**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheets</b>						
Cash and cash equivalents	\$ 77,730,346	\$ 12,658,923	\$ 565,504	\$ 2,784,451	\$ -	\$ 93,739,224
Restricted by donors for capital acquisitions	5,643,001	-	-	645,854	-	6,288,855
Restricted by donors for specific operating activities	51,427	-	-	44,654	-	96,081
Held by trustee for debt service	2,525,288	-	-	-	-	2,525,288
<b>Total cash and cash equivalents</b>	<b>\$ 85,950,062</b>	<b>\$ 12,658,923</b>	<b>\$ 565,504</b>	<b>\$ 3,474,959</b>	<b>\$ -</b>	<b>\$ 102,649,448</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>						
Operating income (loss)	\$ 2,217,036	\$ (4,681,091)	\$ (316,769)	\$ (1,877,690)	\$ -	\$ (4,658,514)
Depreciation	17,642,554	-	202,581	-	-	17,845,135
Amortization	961,192	234,237	99,626	-	-	1,295,055
Provision for uncollectible accounts	5,587,659	49,373	-	-	-	5,637,032
Change in operating assets and liabilities						
Patient accounts receivable	(5,244,584)	(234,408)	19,197	-	-	(5,459,795)
Other receivables	(518,808)	-	-	(89,840)	-	(608,648)
Inventories	(132,067)	-	-	-	-	(132,067)
Prepaid expenses	778,685	-	-	-	-	778,685
Other assets	(10,394,458)	8,373,374	53,345	1,933,719	-	(34,020)
Accounts payable	(4,455,726)	-	-	-	-	(4,455,726)
Accrued salaries, benefits and payroll taxes	(1,020,024)	-	-	-	-	(1,020,024)
Other accrued liabilities	(233,659)	218,253	-	-	-	(15,406)
Estimated amounts due from and to third-party payers	(5,133,958)	-	-	-	-	(5,133,958)
Deferred inflows of resources - leases	(314,850)	-	-	-	-	(314,850)
Net pension asset/liability	(1,080,490)	-	-	-	-	(1,080,490)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,341,498)</b>	<b>\$ 3,959,738</b>	<b>\$ 57,980</b>	<b>\$ (33,811)</b>	<b>\$ -</b>	<b>\$ 2,642,409</b>
<b>Noncash Investing, Capital and Financing Activities</b>						
Lease obligation incurred for lease assets	\$ 140,820	\$ -	\$ 171,619	\$ -	\$ -	\$ 312,439
Amortization of loss on refunding	\$ 57,281	\$ -	\$ -	\$ -	\$ -	\$ 57,281
Amortization of bond premiums	\$ 697,743	\$ -	\$ -	\$ -	\$ -	\$ 697,743
Change in equity interests in joint ventures	\$ 401,095	\$ -	\$ -	\$ -	\$ -	\$ 401,095
Forgiveness of related party debt	\$ (1,933,719)	\$ -	\$ -	\$ 1,933,719	\$ -	\$ -