



Aspen Valley Hospital District

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



**forv/s
mazars**

**Aspen Valley Hospital District
Contents
December 31, 2023 and 2022**

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Independent Auditor's Report

Board of Directors
Aspen Valley Hospital District
Aspen, Colorado

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund information of Aspen Valley Hospital District (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Aspen Valley Hospital District'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, as of December 31, 2023 and 2022, 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 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'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'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'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'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
June 4, 2024**

Aspen Valley Hospital District Management's Discussion and Analysis Years Ended December 31, 2023 and 2022

Introduction

As management of Aspen Valley Hospital District (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, 2023 and 2022.

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 decreased in 2023 by \$5,017,270, decreased in 2022 by \$12,689,408, and decreased in 2021 by \$1,273,773, or 6.3%, 13.7% and 1.4%, respectively.
- The District's net position decreased in 2023 by \$457,178 and increased in 2022 and 2021 by \$18,717,999 and \$14,805,445 respectively.
- The District reported an operating loss in 2023 of \$12,956,818 and operating gains in both 2022 and 2021 of \$5,963,982 and \$1,285,756 respectively. The operating loss in 2023 increased by \$18,920,800 or 317.3% over the operating gain in 2022. The operating gain in 2022 increased by \$4,678,226 or 363.9% over the operating gain reported in 2021.
- Net nonoperating revenues decreased by \$133,510 or 1.3% in 2023 and decreased by \$434,287 or 4.1% in 2022.

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, 2023 and 2022.
- 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, 2023 and 2022.
- 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, 2023 and 2022.
- 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
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

The Balance Sheets

The District's total assets and deferred outflows of resources at the end of 2023 were \$268,206,050 compared to \$280,206,395 for 2022 and \$271,773,555 for 2021. The District's net position decreased in 2023 and increased in 2022 and 2021.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Cash, cash equivalents and investments	\$ 74,658,624	\$ 79,675,894	\$ 92,365,302
Patient accounts receivable, net	23,100,324	23,825,983	14,594,920
Other current assets	12,342,149	14,933,804	14,269,655
Capital assets, net	121,481,993	129,466,331	127,140,814
Lease assets, net	3,913,539	4,519,128	5,004,955
Contributions receivables	5,159,157	3,978,149	3,269,711
Assets restricted for capital acquisition	13,674,188	10,384,619	4,944,830
Other noncurrent assets	5,865,641	7,282,748	4,863,025
Net pension asset	-	4,529,069	2,143,102
Total assets	<u>260,195,615</u>	<u>278,595,725</u>	<u>268,596,314</u>
Deferred Outflows of Resources	<u>8,010,435</u>	<u>1,610,670</u>	<u>3,177,241</u>
Total assets and deferred outflows of resources	<u>\$ 268,206,050</u>	<u>\$ 280,206,395</u>	<u>\$ 271,773,555</u>
Liabilities			
Bonds payable and financed capital purchases	\$ 32,657,343	\$ 36,966,827	\$ 40,944,300
Lease liabilities	3,177,274	3,915,448	4,230,537
Net pension liability	3,301,283	-	-
Other current and noncurrent liabilities	26,705,874	25,987,819	32,537,799
Total liabilities	<u>65,841,774</u>	<u>66,870,094</u>	<u>77,712,636</u>
Deferred Inflows of Resources	<u>4,358,487</u>	<u>14,873,334</u>	<u>14,315,951</u>
Net Position			
Net investment in capital assets	81,936,949	85,598,051	80,567,542
Restricted expendable	21,230,686	16,678,236	10,509,152
Unrestricted	94,838,154	96,186,680	88,668,274
Total net position	<u>198,005,789</u>	<u>198,462,967</u>	<u>179,744,968</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 268,206,050</u>	<u>\$ 280,206,395</u>	<u>\$ 271,773,555</u>

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

Capital Asset and Debt Administration

At the end of 2023, the District had \$265,067,285 invested in capital assets, gross of total accumulated depreciation of \$143,585,292, as detailed in *Note 5* to the financial statements. During 2023, the District began offering orthopedic spinal surgical services and it invested in the acquisition of a Globus Excelsius GPS surgical robot which ensures surgical precision in very complex spinal surgeries. The District also invested in a da Vinci Xi surgical robot which has become the standard of care for minimally invasive abdominal surgeries. Lastly, during 2023, the District initiated the expansion of the Aspen Primary Care Clinic. In 2022, the District had \$256,291,369 invested in capital assets, gross of total accumulated depreciation of \$126,825,038. During this same year, the District implemented a new Electronic Health Record system, Epic, while it also expanded its Primary Care Clinic located in the hospital campus and upgraded other areas of the facility. In 2021, the District had \$240,904,994 invested in capital assets, gross of total accumulated depreciation of \$113,764,180. During that same year, the District expended \$12,244,495 on capital additions, adding a fourth operating room and other facilities upgrades.

Outstanding Debt Securities

On September 2, 2020, the District refunded its Taxable General Obligation Direct Pay Build America Bonds – Series 2010B in the amount of \$31,180,000, through the issuance of its General Obligation Refunding Bonds, Series 2020 in the amount of \$26,125,000. This refunding generated savings for our community of \$4,993,835 over the remaining life of the bonds. As discussed below, on November 2, 2010, the electors of the District approved increased ad valorem property taxes to pay debt service on these bonds as they constitute general obligations of the District. The proceeds from the bonds were used to refund the Taxable General Obligation Direct Pay Build America Bonds – Series 2010B and to pay expenses related to the issuance of the bonds.

On August 11, 2016, the District refunded its Revenue Bonds – Series 2007 in the amount of \$9,071,742, through the issuance of its Refunding Note – Series 2016 in the amount of \$9,015,000. The proceeds from the bonds were used to refund the Revenue Bonds – Series 2007, to fund the Reserve Fund for the Refunding Note – Series 2016 and to pay expenses related to the issuance of the Note.

On August 28, 2012, the District refunded its Variable Rate Demand Revenue Bonds – Series 2003 (which included an irrevocable letter of credit), in the amount of \$11,715,000, through the issuance of its Refunding Revenue Bonds – Series 2012 in the amount of \$10,040,000. The proceeds from the bonds were used to refund Variable Rate Demand Revenue Bonds – Series 2003 to fund the Reserve Fund for the Refunding Revenue Bonds – Series 2012 and to pay expenses related to the issuance of the bonds.

At the November 2, 2010 election, the electors of the District approved the issuance of general obligation bonds to be held by the District in an amount not to exceed \$50,000,000, with a total repayment cost not to exceed \$86,850,000 and a maximum annual repayment cost not to exceed \$4,363,000. The electors also approved increased ad valorem property taxes to pay debt service on such bonds, provided that the annual amount of such taxes do not exceed \$4,363,000. As a result of the favorable election, on December 15, 2010, the District issued two General Obligation Bonds: Series 2010A Tax-Exempt General Obligation Bonds in the amount of \$12,045,000 and Series 2010B Taxable General Obligation Direct Pay Build America Bonds in the amount of \$37,955,000. The bonds constitute general obligations of the District. As approved in the election, all of the taxable property located in the District is subject to the levy of the ad valorem tax to pay the principal and interest on the bonds, without limitation as to rate and in an amount sufficient to pay the bonds when due. The bonds were issued in order to finance the modernization and expansion of the District's facility to meet contemporary standards for treatment and technology, enhancing the quality, safety and privacy of patient care and rightsizing and reconfiguring of the facility to meet the present and future health care needs of the community. The District's Master Facility Plan Phase II Expansion and Renovation Project was approved by the City of Aspen on July 12, 2010, and construction began during the month of December 2010 and was completed during 2015. The District commenced construction of the third phase of the Master Facilities Plan in April of 2015 and completed it at the end of 2017. The third phase of the Master Facilities Plan was funded from both cash reserves and philanthropy. The District will commence construction on its fourth and final phase of the Master Facilities Plan in April 2024 as all the philanthropic funds needed to fund this last phase were raised through the completion of the \$60 million capital campaign achieved in January 2024. The completion date for Phase Four is expected to be May 2025.

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

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, provider relief funds (*CARES Act*) and other COVID-19 funds. 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
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

	2023	2022	2021
Operating Revenues			
Net patient service revenue	\$ 135,336,504	\$ 129,864,987	\$ 107,267,959
Other	5,421,865	5,388,277	3,226,855
Total operating revenues	<u>140,758,369</u>	<u>135,253,264</u>	<u>110,494,814</u>
Operating Expenses			
Salaries and wages	47,420,336	42,770,600	40,479,499
Contract labor	13,213,188	11,500,313	4,024,364
Supplies and other	73,829,316	60,298,807	51,080,823
Depreciation	18,092,043	13,567,396	11,999,681
Amortization	1,160,304	1,152,166	1,624,691
Total operating expenses	<u>153,715,187</u>	<u>129,289,282</u>	<u>109,209,058</u>
Operating Gain (Loss)	<u>(12,956,818)</u>	<u>5,963,982</u>	<u>1,285,756</u>
Nonoperating Revenues (Expenses)			
Ad valorem taxes	8,430,792	8,527,027	7,692,068
Investment income	2,487,532	423,193	370,030
Interest expense	(1,091,413)	(1,162,896)	(1,142,693)
Community assistance programs	(455,496)	(431,916)	(462,835)
Noncapital contributions	2,365,596	2,832,526	1,467,141
Change in equity interests	(1,802,399)	(119,617)	(737,634)
Gain on sale of capital assets	35,207	35,012	12,749
Provider Relief Funds (CARES Act) and other COVID-19 funding	-	-	3,338,790
Total nonoperating revenues	<u>9,969,819</u>	<u>10,103,329</u>	<u>10,537,616</u>
Excess of Revenues Over Expenses Before Capital Contributions and Provision (Credit) for Uncollectible Capital Contributions	<u>(2,986,999)</u>	<u>16,067,311</u>	<u>11,823,372</u>
Capital contributions	3,557,407	2,450,864	4,276,521
Provision (credit) for uncollectible capital contributions	<u>(1,027,586)</u>	<u>199,824</u>	<u>(1,294,448)</u>
Change in Net Position	<u>(457,178)</u>	<u>18,717,999</u>	<u>14,805,445</u>
Net Position, Beginning of Year	<u>198,462,967</u>	<u>179,744,968</u>	<u>164,939,523</u>
Net Position, End of Year	<u>\$ 198,005,789</u>	<u>\$ 198,462,967</u>	<u>\$ 179,744,968</u>

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

Patient Service Revenues and Nonoperating Revenues

The District's net patient service revenues in 2023 reflect a 4.2% increase resulting from a 10.8% increase in patient census (10.8% increase in daily census and 7.5% increase in length of stay), a 28.4% increase in inpatient surgeries and a 5.4% increase in emergency room visits. The 2022 year reflects a 21.1% increase as a result of multiple factors including a 12.2% increase in surgeries (23.1% inpatient and 11.1% outpatient), a 12.7% increase in clinic visits and a 6.9% increase in emergency room visits. In 2021, The District's net patient service revenues reflect a 15.1% increase as a result of the 39.5% growth in orthopedic related activity stemming from a new partnership with The Steadman Clinic and the dissolution of our previously employed orthopedic group, OrthoAspen, effective December 1, 2020; the expansion of our primary care and specialty clinics; and rebounding tourism over the summer and fall; and immigration into the Aspen area. These factors more than off-set the significantly decreased activity levels during the 2021 ski season (January through April) that was greatly impacted by continuing COVID-19 restrictions. Net patient revenues were impacted favorably in 2023 and 2022 by the annual price increases of 6.0% and 5.0% respectively, along with increases in clinic revenues from our primary care clinic and the expanded hours of the After-Hours Clinic and the Snowmass Clinic. These clinics generated net revenues of \$3,438,248, \$2,921,938 and \$2,557,168 the years 2023, 2022 and 2021, respectively.

The District's outpatient service revenues continue to exceed the inpatient service revenues, with 84.7% of the District's 2023 patient service revenue generated by outpatient services, compared to 88.7% in 2022 and 87.4% in 2021. The significant shift to outpatient revenues is primarily the result of the increased demand for orthopedic services from The Steadman Clinic, along with increased activity noted above. The departments contributing most to outpatient revenues during these years were Outpatient Surgeries, Emergency Room, Laboratory, Diagnostic Imaging and Outpatient Clinics.

The payer mix for the District has changed somewhat compared to prior years' experience. The largest portion of the District's patient service revenues continues to be derived from commercial plans, 50.1% during 2023, 54.1% during 2022 and 52.9% during 2021. In addition, the District derived 38.1% of gross revenues from Medicare in 2023 compared to 33.6% in 2022 and 33.2% during 2021. 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.

Notable changes in nonoperating revenues over the past three years resulted from the receipt of investment income, Provider Relief Funds through the CARES Act and other sources along with noncapital contributions.

Operating and Nonoperating Expenses

In 2023, operating expenses increased by \$24,425,905 due to multiple factors: the continued increased costs of labor due to the need to hire agency staff to fill vacancies created by employed staff that moved away to take on traveling positions with significantly higher wages (a trend that began in 2022), the increase in permanent staffing wages to maintain recruitment and retention, the recruitment of a new spine surgeon to our valley, the planned support of our new Electronic Health Record, Epic, the increase in employee benefits driven by high cost catastrophic claims and lastly, the overall inflationary pressures. During 2022, operating expenses increased by \$20,080,224 mainly as a result of the before mentioned increased costs of labor due to agency staff utilization, the increase in supply costs due to the national supply chain challenges and shortages and lastly, other inflationary pressures. In 2021, operating expenses decreased \$1,778,853 mainly as a result of the transition of our employed orthopedic practice, OrthoAspen, to The Steadman Clinic.

During 2023, nonoperating expenses increased primarily due to the change in equity interests from our Mid-Valley Imaging Center and the Steadman Philippon Surgery Center. In 2022, nonoperating expenses decreased due to the community assistance programs requiring a smaller subsidy than in 2021 and also from not having any changes in equity interests during the year. In 2021 nonoperating expenses decreased as a result of incurring less interest expense as not issuing or refinancing debt.

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

The capital contributions and pledges during 2023 were higher than in 2022 due to the completion of the Aspen Valley Hospital Foundation \$60 million Capital Campaign for the Master Facilities Plan and a multi-year large donation for our on-call rooms construction project. The provision for uncollectible pledges reflects the discounting of our multi-year pledges along with reserves for all outstanding pledges. As a result, the provision increased by \$1,227,410 in 2023 compared to 2022. In 2022, the Foundation received a larger amount of pledge payments than new multi-year pledges. This resulted in a decrease in the provision of \$1,494,272 in 2022 compared to 2021.

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 2023, the District reported a provision for uncollectible accounts of \$4,847,114, compared to \$5,136,818 for 2022 and \$3,694,020 for 2021. The District's low write-off percentage from gross revenues of 2.4% for 2023 and 2.6% for 2022 and 2.2% for 2021 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 2023 were \$2,033,371 or 1.0% of gross patient service revenues, compared to \$1,429,021 or 0.7% of gross patient service revenue during 2022 and \$2,265,699 or 1.4% of gross patient service revenue for 2021. 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. In January 2020, the U.S. Department of Health and Human Services declared a Public Health Emergency in response to the Coronavirus pandemic which led to Congress passing legislation that ensured continuous coverage for anyone enrolled in Medicaid (regardless of continued eligibility) for the duration of the Public Health Emergency. The Public Health Emergency ended in May 2023 and the District expects an increase in the amounts written-off as charity and indigent care in 2024 due to the redetermination of eligibility for Medicaid participants that will result in coverage lapses.

The District's Change in Net Position

The District's change in net position decreased in 2023 by \$457,178 or 0.2% over the prior year. In 2022 it increased by \$18,717,999 or 10.4% over 2021 and it increased by \$14,805,445 or 9.0% in 2021.

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 2023, 2022 and 2021, discussed earlier.

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

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 2024 and 2023 budgets during the last quarter of the 2023 and 2022 calendar years, respectively. There were no amendments made to the original budgets presented to the State of Colorado for the calendar years 2023 and 2022.

During 2023, net patient service revenue was \$32,822,723 (32.0%) higher than budget and operating expenses were \$17,922,436 (13.4%) higher than budget. The increase in revenues since 2021 resulted from the change in our orthopedic group from our employed physicians to the world-renowned physicians of The Steadman Clinic, effective December 1, 2020, and the demand for their services. The increase in expenses during 2023 resulted primarily from the increased costs of agency staffing to fill vacancies, increases in demand related to supplies and implants used in orthopedic surgical cases and the new spine service line and the increase in employee benefits driven by high cost catastrophic claims. During 2022, net patient service revenue was \$30,709,214 (31.0%) higher than budget as explained above, while operating expenses were \$8,510,502 (7.1%) higher than budget due to the increase in costs or agency staffing and demand related to supplies and implants used in orthopedic surgical cases.

Please see Supplementary Information for the statement of budgeted and actual revenues and expenses for the year ended December 31, 2023.

Economic Factors and Next Year's Budget

During 2023, the District continued to experience changes in its payer mix resulting in commercial insurance representing 50.1% of gross patient revenues compared to 54.1% in 2022 and 52.9% in 2021. Medicare revenues were 38.1% of gross patient revenues in 2023 and 33.6% of gross revenues in 2022 and 33.2% in 2021. Revenues related to indigent care have remained stable over the past 3 years with a slight increase in 2023 representing 1.0% of gross patient revenues, 0.7% of gross patient revenues in 2022 and 1.4% of gross patient revenues in 2021. The stabilization in the amount of indigent care over the past few years was due to the fact that the State of Colorado is a Medicaid expansion State under the *Affordable Care Act*. Consequently, many of the patients who were previously uninsured patients were still covered under Medicaid. In January 2020, the U.S. Department of Health and Human Services declared a Public Health Emergency in response to the Coronavirus pandemic. Congress then passed legislation that ensured continuous coverage for anyone enrolled in Medicaid for the duration of the Public Health Emergency which ended in May 2023. This means that in our State, many of the previously covered patients will lose their coverage based on a redetermination of eligibility. Additionally, the Colorado Hospital Discounted Care legislation, which became effective on September 1, 2022, limits Colorado hospitals' ability to collect for services provided to patients who meet the statutory criteria of household incomes that are less than 250.0% of the Federal Poverty Level. The reimbursement from these programs is lower than Medicaid and as a result, the District expects to continue to see an increase in amounts written-off as charity and indigent care in 2024. The Medicaid revenues as a percentage of gross patient service revenues for 2023 totaled 6.4% compared to 2022 at 6.5% of gross patient service revenues and 2021 at 7.5%. During 2023, the District experienced an 18.9% increase in operating expenses resulting from the continued increase in costs of labor due to the high utilization of agency staffing at a much higher rate of compensation than regularly employed staff which began in 2022, the offering of our new orthopedic spine surgical service line, commensurate increased surgical supply and implant demand with higher surgical volumes, and our first full year of depreciation related to the implementation of our new Electronic Health Record, Epic. During 2022, the District experienced an 18.4% increase in operating expenses resulting from mainly the unexpected increase in agency staffing utilization due to the large number of vacancies from employees leaving to work as travelers at much higher rates of compensation, an increase in costs of supplies due to national supply chain challenges and inflationary

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022**

pressures, increased surgical supply and implant utilization associated with increased orthopedic surgical volumes, and the depreciation related to the implementation of our new Electronic Health Record, Epic, which went live on October 1, 2022. During 2021, the District saw a 1.6% decrease in operating expenses resulting from the restructuring of its owned orthopedic clinic, OrthoAspen, which resulted in the District contracting with The Steadman Clinic to take care of the orthopedic needs of its patients.

In an effort to continue to expand access to quality health care services for the entire community, the District continues to offer telemedicine visits to patients and has maintained its expanded clinic hours implemented in 2019. Additionally, the District continued to extend price concessions to local self-funded employers and commercial payers with products available to local insureds.

The District continues to outsource its billing office to MedAssist. This arrangement continues to result in the extraordinary management of accounts receivable and resulting cash collections. With the implementation of Epic as our new Electronic Health Record on October 1, 2022, AVH continued to experience increased net days in accounts receivable as of the end of the year, which totaled 62 days compared to years before this implementation. Due to the young nature of the accounts receivable, the District is not concerned regarding this increase in days. Historically, the District's net days in patient accounts receivable for the three years prior to the implementation averaged 49 days.

Four of the largest self-insured employers in Aspen, Colorado, joined together in 2012 to form the Valley Health Alliance (Alliance). Today, this group has expanded throughout the valley and beyond, and now it is comprised of six self-funded employers representing 7,000 insured lives. The Alliance has as its objective, the development of programs and protocols that will lower healthcare costs through population health management while improving the access to quality healthcare. During 2020, the Alliance was successful in partnering with an insurance company to create lower premium insurance plan offerings in the Roaring Fork Valley for individual members through the Connect for Health Colorado exchange, therefore serving its vision to lower the costs of healthcare in our community. In 2023, one of the products created by the Alliance continued to offer lower premium costs to the community as compared to the only option previously available on the exchange for the third consecutive year following its introduction in 2021.

During our Strategic Planning Session held in August 2023, the District's management presented a 5-year Financial Plan developed with the assistance of the healthcare consulting group Kaufman Hall, to the District's Board of Directors, which defines the financial goals for the District over the next 5 years. This plan became our basis for developing the District's 2024 budget, which resulted in gross patient service revenues for 2024 being budgeted to increase by approximately 9% over 2023, generating an anticipated net loss after contributions for 2024 of \$5.9 million, and a cash margin of 6% as required by our new Financial Plan. After expending cash reserves in accordance with the 2024 capital budget, including finalizing construction of the last phase of the Master Facilities Plan, Phase 4, expanding the employee housing units for on-call staff and allowing for the expansion of our midvalley primary care clinic, the District is estimated to have 182 days of cash on hand at the end of 2024 (with a starting position of 198 days).

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 Ginette Sebenaler, Aspen Valley Hospital District's Chief Financial Officer, at 0401 Castle Creek Road, Aspen, Colorado 81611.

Aspen Valley Hospital District
Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 74,658,624	\$ 79,675,894
Patient accounts receivable, net of allowance; 2023 - \$1,519,048, 2022 - \$1,176,325	23,100,324	23,825,983
Estimated amounts due from third-party payers	4,332,156	374,422
Property tax levy receivable	-	8,539,513
Other receivables	2,322,460	988,452
Leases receivable	365,631	414,686
Inventories	3,499,530	3,004,799
Prepaid expenses	1,822,372	1,611,932
	<u>110,101,097</u>	<u>118,435,681</u>
Noncurrent Cash and Investments		
Restricted by donors for capital acquisitions	13,674,188	10,384,619
Restricted by donors for specific operating activities	77,186	85,515
Contributions receivable, net	5,159,157	3,978,149
Held by trustee for debt service	2,320,155	2,229,953
	<u>21,230,686</u>	<u>16,678,236</u>
Capital Assets, Net	<u>121,481,993</u>	<u>129,466,331</u>
Lease Assets, Net	<u>3,913,539</u>	<u>4,519,128</u>
Other Assets		
Equity interests in joint ventures	1,946,364	3,098,763
Leases receivable	1,016,405	1,382,036
Net pension asset	-	4,529,069
Other	505,531	486,481
	<u>3,468,300</u>	<u>9,496,349</u>
Total assets	<u>260,195,615</u>	<u>278,595,725</u>
Deferred Outflows of Resources		
Pensions	7,746,008	1,262,972
Unamortized loss on refunding's of prior bond issuances	264,427	347,698
	<u>8,010,435</u>	<u>1,610,670</u>
Total assets and deferred outflows of resources	<u>\$ 268,206,050</u>	<u>\$ 280,206,395</u>

See Notes to Financial Statements

	2023	2022
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 6,125,027	\$ 5,977,882
Current portion of lease liabilities	1,156,893	964,655
Accounts payable	7,059,408	8,843,170
Accrued salaries, benefits and payroll taxes	4,336,983	3,828,222
Other accrued liabilities	2,866,241	2,192,054
Estimated amounts due to third-party payers	5,161,322	4,059,979
Advance from Medicare	-	51,857
Total current liabilities	<u>26,705,874</u>	<u>25,917,819</u>
Long-term Debt		
Bonds payable	29,686,570	33,726,953
Financed capital purchases	<u>2,970,773</u>	<u>3,239,874</u>
	<u>32,657,343</u>	<u>36,966,827</u>
Long-term Liabilities		
Contributions payable	-	70,000
Lease liabilities	3,177,274	3,915,448
Net pension liability	<u>3,301,283</u>	<u>-</u>
	<u>6,478,557</u>	<u>3,985,448</u>
Total liabilities	<u>65,841,774</u>	<u>66,870,094</u>
Deferred Inflows of Resources		
Leases	1,324,425	1,747,134
Deferred property tax levy	-	8,539,513
Pensions	<u>3,034,062</u>	<u>4,586,687</u>
Total deferred inflows of resources	<u>4,358,487</u>	<u>14,873,334</u>
Net Position		
Net investment in capital assets	81,936,949	85,598,051
Restricted - expendable for		
Debt service	2,320,155	2,229,953
Capital acquisitions	18,833,345	14,362,768
Specific operating activities	77,186	85,515
Unrestricted	<u>94,838,154</u>	<u>96,186,680</u>
Total net position	<u>198,005,789</u>	<u>198,462,967</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 268,206,050</u>	<u>\$ 280,206,395</u>

Aspen Valley Hospital District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Net patient service revenue	\$ 135,336,504	\$ 129,864,987
Other	5,421,865	5,388,277
Total operating revenues	<u>140,758,369</u>	<u>135,253,264</u>
Operating Expenses		
Salaries and wages	47,420,336	42,770,600
Contract labor	13,213,188	11,500,313
Supplies and other	73,829,316	60,298,807
Depreciation	18,092,043	13,567,396
Amortization	1,160,304	1,152,166
Total operating expenses	<u>153,715,187</u>	<u>129,289,282</u>
Operating Income (Loss)	<u>(12,956,818)</u>	<u>5,963,982</u>
Nonoperating Revenues (Expenses)		
Ad valorem taxes	8,430,792	8,527,027
Investment income	2,487,532	423,193
Interest expense	(1,091,413)	(1,162,896)
Community assistance programs	(455,496)	(431,916)
Noncapital contributions	2,365,596	2,832,526
Change in equity interests in joint ventures	(1,802,399)	(119,617)
Gain on sale of capital assets	35,207	35,012
Total nonoperating revenues	<u>9,969,819</u>	<u>10,103,329</u>
Excess (Deficiency) of Revenues Over Expenses		
Before Capital Contributions and Provision		
(Credit) for Uncollectible Capital Contributions	(2,986,999)	16,067,311
Capital contributions	3,557,407	2,450,864
Provision (credit) for uncollectible capital contributions	<u>(1,027,586)</u>	<u>199,824</u>
Change in Net Position	(457,178)	18,717,999
Net Position, Beginning of Year	<u>198,462,967</u>	<u>179,744,968</u>
Net Position, End of Year	<u>\$ 198,005,789</u>	<u>\$ 198,462,967</u>

Aspen Valley Hospital District
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 133,198,874	\$ 109,347,881
Payments to suppliers	(89,440,732)	(68,852,567)
Payments to employees	(47,116,884)	(42,599,571)
Other receipts, net	4,121,428	5,238,490
Net cash provided by operating activities	<u>762,686</u>	<u>3,134,233</u>
Cash Flows From Noncapital Financing Activities		
Ad valorem taxes	5,391,359	5,441,286
Community assistance programs	(420,329)	(361,166)
Noncapital contributions	2,365,596	2,832,526
Net cash provided by noncapital financing activities	<u>7,336,626</u>	<u>7,912,646</u>
Cash Flows From Capital and Related Financing Activities		
Ad valorem taxes	2,997,459	3,082,995
Purchases of capital assets	(8,195,562)	(13,893,367)
Proceeds from sale of capital assets	48,564	35,875
Principal payments on long-term debt	(5,209,259)	(4,687,577)
Interest payments on long-term debt	(1,677,191)	(1,870,523)
Principal payments received on leases receivable	414,686	398,449
Interest payments received on leases receivable	46,875	59,076
Principal paid on leases payable	(1,100,651)	(1,097,556)
Interest paid on leases payable	(256,406)	(218,456)
Capital contributions	1,348,813	1,942,250
Net cash used in capital and related financing activities	<u>(11,582,672)</u>	<u>(16,248,834)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	-	9,696,873
Investment income	2,487,532	423,193
Purchase of equity interests in joint ventures	(650,000)	(2,450,000)
Net cash provided by investing activities	<u>1,837,532</u>	<u>7,670,066</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(1,645,828)</u>	<u>2,468,111</u>
Cash and Cash Equivalents, Beginning of Year	<u>92,375,981</u>	<u>89,907,870</u>
Cash and Cash Equivalents, End of Year	<u>\$ 90,730,153</u>	<u>\$ 92,375,981</u>

Aspen Valley Hospital District
Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	\$ 74,658,624	\$ 79,675,894
Restricted by donors for capital acquisitions	13,674,188	10,384,619
Restricted by donors for specific operating activities	77,186	85,515
Held by trustee for debt service	2,320,155	2,229,953
Total cash and cash equivalents	<u>\$ 90,730,153</u>	<u>\$ 92,375,981</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (12,956,818)	\$ 5,963,982
Depreciation	18,092,043	13,567,396
Amortization	1,160,304	1,152,166
Provision for uncollectible accounts	4,847,114	5,136,818
Change in operating assets and liabilities		
Patient accounts receivable	(4,121,455)	(14,367,881)
Other receivables	(1,292,034)	(73,747)
Inventories	(494,731)	(218,208)
Prepaid expenses	(210,440)	(59,503)
Other assets	(19,050)	(55,900)
Accounts payable	(1,888,929)	3,541,981
Accrued salaries, benefits and payroll taxes	508,761	473,265
Other accrued liabilities	674,187	94,392
Estimated amounts due from and to third-party payers	(2,908,248)	(11,295,243)
Deferred inflows of resources - leases	(422,709)	(423,049)
Net pension asset/liability	(205,309)	(302,236)
Net cash provided by operating activities	<u>\$ 762,686</u>	<u>\$ 3,134,233</u>
Noncash Investing, Capital and Financing Activities		
Long-term debt incurred for purchase of capital assets	\$ 1,925,500	\$ 2,000,409
Lease obligation incurred for lease assets	\$ 554,715	\$ 666,339
Additions to leases receivable	\$ -	\$ 462,456
Amortization of loss on refunding	\$ 83,271	\$ 95,720
Amortization of bond premiums	\$ 878,580	\$ 962,727
Change in equity interests in joint ventures	\$ (1,610,537)	\$ (406,086)

**Aspen Valley Hospital District
Statements of Fiduciary Net Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Investments		
Large U.S. equity	\$ 10,259,618	\$ 8,888,605
Small/Mid U.S. equity	1,838,627	1,567,384
International equity	5,178,164	4,567,119
Fixed income	12,466,177	11,528,568
Other	<u>2,287,330</u>	<u>2,382,893</u>
Total investments	<u>32,029,916</u>	<u>28,934,569</u>
Total assets	<u>32,029,916</u>	<u>28,934,569</u>
Net Position Restricted for Pensions	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>

Aspen Valley Hospital District
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions		
Contributions:		
Employer	\$ 2,081,124	\$ 584,991
Total contributions	<u>2,081,124</u>	<u>584,991</u>
Investment income:		
Net increase (decrease) in fair value of investments	3,793,161	(5,045,853)
Less investment expense	<u>(16,226)</u>	<u>(17,008)</u>
Net income (loss) from investments	<u>3,776,935</u>	<u>(5,062,861)</u>
Total additions	<u>5,858,059</u>	<u>(4,477,870)</u>
Deductions		
Benefit payments	2,632,097	2,813,438
Administrative expense	<u>130,615</u>	<u>132,571</u>
Total deductions	<u>2,762,712</u>	<u>2,946,009</u>
Net increase (decrease) in net position	<u>3,095,347</u>	<u>(7,423,879)</u>
Net Position Restricted for Pensions		
Beginning of year	<u>28,934,569</u>	<u>36,358,448</u>
End of year	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>

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

Nature of Operations and Reporting Entity

Aspen Valley Hospital District (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; Mountain Oaks, Beaumont Lodge and Castle Creek Meadows, all 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%

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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 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, 2023 and 2022, 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
Notes to Financial Statements
December 31, 2023 and 2022**

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, 2023 and 2022.

Subscription Assets

Effective January 1, 2023, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the SBITA term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset. This Statement required a retrospective transition method using the facts and circumstances that existed at the beginning of the earliest year presented. The District's SBITA's that were in effect during the years ended December 31, 2023 and 2022, are immaterial to the financial statements, and as a result, there are no subscription assets or subscription liabilities recorded on the balance sheets.

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.

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 \$14,995,978. The District's share of the guarantee is \$4,998,659. In accordance with accounting principles generally accepted in the United States of America, no liability is required to be recorded for this arrangement.

**Aspen Valley Hospital District
Notes to Financial Statements
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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.
- 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 \$2,033,371 and \$ 1,429,021 for 2023 and 2022, 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 2% and 3% of its sources of funds from ad valorem taxes related to the general operating mill levy in both years ending 2023 and 2022, 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 2023 and 2022.

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.

Due to the passing of Colorado Senate Bill 23B-001, the certification of the 2023 tax levy was delayed until January 3, 2024.

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, 2023 and 2022, \$750,000 of the District's bank balances of \$95,626,208 and \$98,178,732 were insured by FDIC coverage, respectively. The remainder of the District's bank balances of \$94,876,208 and \$97,428,732, respectively, were protected by the *Colorado Public Deposit Protection Act* noted above.

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, 2023 and 2022, investments, not including fiduciary fund assets, amounted to \$2,320,155 and \$2,229,953, 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>2023</u>	<u>2022</u>
Carrying value		
Deposits	\$ 88,406,744	\$ 90,142,774
Investments	2,320,155	2,229,953
Fiduciary fund assets	32,029,916	28,934,569
Cash on hand and change funds	3,254	3,254
	<u>\$ 122,760,069</u>	<u>\$ 121,310,550</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 74,658,624	\$ 79,675,894
Restricted by donors for capital acquisitions	13,674,188	10,384,619
Restricted by donors for specific operating activities	77,186	85,515
Held by trustee for debt service	2,320,155	2,229,953
Held by trustee under pension plan agreement (fiduciary fund assets)	32,029,916	28,934,569
	<u>\$ 122,760,069</u>	<u>\$ 121,310,550</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>2023</u>	<u>2022</u>
Medicare	\$ 4,013,369	\$ 5,257,469
Medicaid	341,611	322,592
Blue Cross	3,936,461	3,911,935
Other third-party payers	14,177,530	13,785,710
Self-pay	<u>2,150,401</u>	<u>1,724,602</u>
	24,619,372	25,002,308
Less allowance for uncollectible accounts	<u>1,519,048</u>	<u>1,176,325</u>
	<u>\$ 23,100,324</u>	<u>\$ 23,825,983</u>

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, 2023 and 2022, were \$461,561 and \$457,525, respectively, which includes both lease revenue and interest.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

Note 5. Capital and Lease Assets

Capital assets activity for the years ended December 31 was:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 267,057	\$ -	\$ -	\$ -	\$ 267,057
Land improvements	27,671,864	-	-	-	27,671,864
Buildings	79,831,028	191,938	-	11,820	80,034,786
Fixed equipment	75,953,991	114,157	-	-	76,068,148
Moveable equipment	52,444,568	6,948,818	(1,345,146)	3,611,731	61,659,971
Employee housing	13,727,215	311,272	-	221,555	14,260,042
Construction in progress	6,395,646	2,554,877	-	(3,845,106)	5,105,417
	<u>256,291,369</u>	<u>10,121,062</u>	<u>(1,345,146)</u>	<u>-</u>	<u>265,067,285</u>
Less accumulated depreciation					
Land improvements	13,146,161	1,600,855	-	-	14,747,016
Buildings	35,978,122	3,417,595	-	-	39,395,717
Fixed equipment	36,720,104	4,829,784	-	-	41,549,888
Moveable equipment	33,107,348	7,790,444	(1,331,789)	-	39,566,003
Employee housing	7,873,303	453,365	-	-	8,326,668
	<u>126,825,038</u>	<u>18,092,043</u>	<u>(1,331,789)</u>	<u>-</u>	<u>143,585,292</u>
Capital assets, net	<u>\$ 129,466,331</u>	<u>\$ (7,970,981)</u>	<u>\$ (13,357)</u>	<u>\$ -</u>	<u>\$ 121,481,993</u>

**Aspen Valley Hospital District
Notes to Financial Statements
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	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 267,057	\$ -	\$ -	\$ -	\$ 267,057
Land improvements	27,671,864	-	-	-	27,671,864
Buildings	79,336,026	324,431	-	170,571	79,831,028
Fixed equipment	75,089,361	864,630	-	-	75,953,991
Moveable equipment	36,143,433	9,441,718	(507,401)	7,366,818	52,444,568
Employee housing	13,663,564	24,870	-	38,781	13,727,215
Construction in progress	8,733,689	5,238,127	-	(7,576,170)	6,395,646
	<u>240,904,994</u>	<u>15,893,776</u>	<u>(507,401)</u>	<u>-</u>	<u>256,291,369</u>
Less accumulated depreciation					
Land improvements	11,491,551	1,654,610	-	-	13,146,161
Buildings	32,493,415	3,484,707	-	-	35,978,122
Fixed equipment	31,893,156	4,826,948	-	-	36,720,104
Moveable equipment	30,447,473	3,166,413	(506,538)	-	33,107,348
Employee housing	7,438,585	434,718	-	-	7,873,303
	<u>113,764,180</u>	<u>13,567,396</u>	<u>(506,538)</u>	<u>-</u>	<u>126,825,038</u>
Capital assets, net	<u>\$ 127,140,814</u>	<u>\$ 2,326,380</u>	<u>\$ (863)</u>	<u>\$ -</u>	<u>\$ 129,466,331</u>

Lease assets activity for the years ended December 31 was:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Buildings	\$ 5,185,879	\$ 554,715	\$ -	\$ -	\$ 5,740,594
Moveable equipment	2,070,608	-	(668,421)	-	1,402,187
	<u>7,256,487</u>	<u>554,715</u>	<u>(668,421)</u>	<u>-</u>	<u>7,142,781</u>
Less accumulated amortization					
Buildings	1,738,382	895,512	-	-	2,633,894
Moveable equipment	998,977	264,792	(668,421)	-	595,348
	<u>2,737,359</u>	<u>1,160,304</u>	<u>(668,421)</u>	<u>-</u>	<u>3,229,242</u>
Lease assets, net	<u>\$ 4,519,128</u>	<u>\$ (605,589)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,913,539</u>

**Aspen Valley Hospital District
Notes to Financial Statements
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	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Buildings	\$ 5,051,744	\$ 134,135	\$ -	\$ -	\$ 5,185,879
Moveable equipment	1,577,902	532,204	(39,498)	-	2,070,608
	<u>6,629,646</u>	<u>666,339</u>	<u>(39,498)</u>	<u>-</u>	<u>7,256,487</u>
Less accumulated amortization					
Buildings	867,073	871,309	-	-	1,738,382
Moveable equipment	757,618	280,857	(39,498)	-	998,977
	<u>1,624,691</u>	<u>1,152,166</u>	<u>(39,498)</u>	<u>-</u>	<u>2,737,359</u>
Lease assets, net	<u>\$ 5,004,955</u>	<u>\$ (485,827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,519,128</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 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
Notes to Financial Statements
December 31, 2023 and 2022**

Note 7. Long-term Obligations

The following is a summary of long-term obligation transactions for the District for the years ended December 31:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
2012 revenue bonds	\$ 9,655,000	\$ -	\$ (75,000)	\$ 9,580,000	\$ 70,000
2016 refunding revenue note	4,025,000	-	(970,000)	3,055,000	1,000,000
2020 general obligation refunding bonds	19,735,000	-	(2,075,000)	17,660,000	2,180,000
Unamortized premium on Series 2012 bonds	337,806	-	(41,937)	295,869	41,708
Unamortized premium on Series 2020 bonds	3,972,728	-	(836,643)	3,136,085	748,676
Financed capital purchases	5,219,175	1,925,500	(2,089,259)	5,055,416	2,084,643
	<u>42,944,709</u>	<u>1,925,500</u>	<u>(6,087,839)</u>	<u>38,782,370</u>	<u>6,125,027</u>
Total long-term debt					
Other long-term liabilities					
Contributions payable	70,000	-	(70,000)	-	-
Lease liabilities	4,880,103	554,715	(1,100,651)	4,334,167	1,156,893
	<u>4,950,103</u>	<u>554,715</u>	<u>(1,170,651)</u>	<u>4,334,167</u>	<u>1,156,893</u>
Total other long-term liabilities					
	<u>4,950,103</u>	<u>554,715</u>	<u>(1,170,651)</u>	<u>4,334,167</u>	<u>1,156,893</u>
Total long-term obligations	<u>\$ 47,894,812</u>	<u>\$ 2,480,215</u>	<u>\$ (7,258,490)</u>	<u>\$ 43,116,537</u>	<u>\$ 7,281,920</u>

**Aspen Valley Hospital District
Notes to Financial Statements
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	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
2012 revenue bonds	\$ 9,725,000	\$ -	\$ (70,000)	\$ 9,655,000	\$ 75,000
2016 refunding revenue note	4,980,000	-	(955,000)	4,025,000	970,000
2020 general obligation refunding bonds	21,715,000	-	(1,980,000)	19,735,000	2,075,000
Unamortized premium on Series 2012 bonds	379,950	-	(42,144)	337,806	41,938
Unamortized premium on Series 2020 bonds	4,893,311	-	(920,583)	3,972,728	836,643
Financed capital purchases	4,901,343	2,000,409	(1,682,577)	5,219,175	1,979,301
Total long-term debt	46,594,604	2,000,409	(5,650,304)	42,944,709	5,977,882
Other long-term liabilities					
Contributions payable	70,000	-	-	70,000	-
Lease liabilities	5,311,320	666,339	(1,097,556)	4,880,103	964,655
Total other long-term liabilities	5,381,320	666,339	(1,097,556)	4,950,103	964,655
Total long-term obligations	<u>\$ 51,975,924</u>	<u>\$ 2,666,748</u>	<u>\$ (6,747,860)</u>	<u>\$ 47,894,812</u>	<u>\$ 6,942,537</u>

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, 2023 and 2022.

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.

**Aspen Valley Hospital District
Notes to Financial Statements
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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, 2023.

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 notes payable to bank and/or vendor, with varying maturity dates through 2030. Principal and interest is payable monthly. Interest rates range from 2.10% to 4.50%. The notes are secured by certain capital assets.

Debt Service Requirements

Debt service requirements on long-term debt and financed capital purchases as of December 31, 2023, are as follows:

Year Ending December 31,	General Obligation and Revenue Bonds Payable		Financed Capital Purchases	
	Principal	Interest	Principal	Interest
2024	\$ 3,250,000	\$ 1,427,554	\$ 2,084,643	\$ 113,736
2025	3,380,000	1,293,916	620,419	58,490
2026	3,515,000	1,154,234	642,016	28,436
2027	3,660,000	1,007,500	664,460	22,518
2028	3,840,000	824,500	714,754	16,475
2029-2033	12,650,000	1,511,000	329,124	14,350
	<u>\$ 30,295,000</u>	<u>\$ 7,218,704</u>	<u>\$ 5,055,416</u>	<u>\$ 254,005</u>

**Aspen Valley Hospital District
Notes to Financial Statements
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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, 2023:

<u>Year Ending December 31</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,323,449	\$ 1,156,893	\$ 166,556
2025	1,260,421	1,143,554	116,867
2026	867,564	794,307	73,257
2027	626,465	581,569	44,896
2028	488,957	469,043	19,914
Thereafter	193,436	188,801	4,635
	<u>\$ 4,760,292</u>	<u>\$ 4,334,167</u>	<u>\$ 426,125</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 \$100,000 has been recorded as of December 31, 2023 and 2022. 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.

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, 2023 and 2022, 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.

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Notes to Financial Statements
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Activity in the District's accrued employee health claims liability during 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 833,362	\$ 770,118
Current year claims incurred and changes in estimates for claims incurred in prior years	9,071,467	5,732,354
Claims and expenses paid	<u>(8,431,598)</u>	<u>(5,669,110)</u>
Balance, end of year	<u>\$ 1,473,231</u>	<u>\$ 833,362</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 40% and 33% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2023 and 2022, 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 \$1,332,000 and \$786,000 for 2023 and 2022, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges from the 2023 and 2022 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 \$32,029,916 and \$28,934,569 at December 31, 2023 and 2022, 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 \$842,112 and \$739,411 for the years ended December 31, 2023 and 2022, 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 \$3,397,000 and \$3,380,612 for the years ended December 31, 2023 and 2022, respectively. The District does not make contributions to the 457(b) plan. The District does not control the plan assets.

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:

	<u>2023</u>	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefits	24	20
Inactive plan members entitled to but not yet receiving benefits	307	285
Active plan members	<u>354</u>	<u>354</u>
	<u>685</u>	<u>659</u>

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, 2023 and 2022, were \$2,081,124 and \$584,991, respectively.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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:

Asset Class	2023 Target Allocation	2022 Target Allocation
U.S. equity - Large cap	32%	31%
U.S. equity - Mid cap	4%	4%
U.S. equity - Small cap	2%	2%
Non-U.S. equity	16%	16%
Real estate (direct property)	7%	8%
Core bond	36%	36%
High yield	3%	3%
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:

	2023	2022
Principal Financial Group	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>

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

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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, 2023 and 2022, the annual money-weighted rate of return on plan investments was 13.22% and (14.40%), respectively.

Net Pension Liability of the District

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

	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 33,924,792	\$ 32,235,852
Plan fiduciary net position	<u>(32,029,916)</u>	<u>(28,934,569)</u>
District's net pension liability	<u>\$ 1,894,876</u>	<u>\$ 3,301,283</u>
Plan fiduciary net position as percentage of the total pension liability	94.41%	89.76%

Actuarial assumptions. The 2023 total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023, and the 2022 total pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, respectively:

	<u>2023</u>	<u>2022</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 2023 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

Mortality rates for the year ended 2022 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

**Aspen Valley Hospital District
Notes to Financial Statements
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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, 2023 to December 31, 2023. 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:

Asset Class	2023 Long-term Expected Rate of Return	2022 Long-term Expected Rate of Return
U.S. equity - Large cap	7.80%	7.70%
U.S. equity - Mid cap	8.35%	8.00%
U.S. equity - Small cap	8.70%	8.55%
Non-U.S. equity	8.00%	8.00%
Real estate (direct property)	0.00%	5.35%
U.S. Private Real Estate	6.85%	0.00%
Core bond	6.30%	4.20%
High yield	4.40%	6.10%

Discount rate. The discount rate used to measure the total pension liability at December 31, 2023 and 2022, 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:

	December 31, 2023		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's net pension liability	\$ 4,123,698	\$ 1,894,876	\$ (39,031)

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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, 2023 and 2022, was measured as of December 31, 2022 and 2021, respectively, using the total pension (asset) liability that was determined by actuarial valuations as of December 31, 2021 and 2020, respectively, rolled forward to December 31, 2022 and 2021, respectively, using the following actuarial assumptions:

	<u>2023</u>	<u>2022</u>
Long-term inflation, wage base, and compensation limit	2.40%	2.25%
Salary increases	Table S-5 from Actuary's Pension Handbook plus 1.00%	
Investment rate of return	6.00%	5.20%

Mortality rates for the year ended 2022 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

Mortality rates for the year ended 2021 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, 2022 to December 31, 2022. 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, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
U.S. equity - Large cap	31%	7.70%
U.S. equity - Mid cap	4%	8.00%
U.S. equity - Small cap	2%	8.55%
Non-U.S. equity	16%	8.00%
Real estate (direct property)	8%	5.35%
Core bond	36%	4.20%
High yield	3%	6.10%
	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension (asset) liability at December 31, 2023 and 2022, was 6.00% and 5.20%, respectively. 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.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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:

	December 31, 2023		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's net pension liability	\$ 5,349,245	\$ 3,301,283	\$ 1,514,580

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

For the years ended December 31, 2023 and 2022, the District recognized pension expense of \$1,875,815 and \$282,755, respectively. At December 31, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,575	\$ 242,780
Changes in assumptions	142,899	58,119
Net differences between projected and actual earnings on pension plan investments	5,514,410	2,733,163
District's contributions subsequent to the measurement date	2,081,124	-
Total	<u>\$ 7,746,008</u>	<u>\$ 3,034,062</u>

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,844	\$ 299,464
Changes in assumptions	4,900	109,438
Net differences between projected and actual earnings on pension plan investments	632,237	4,177,785
District's contributions subsequent to the measurement date	584,991	-
Total	<u>\$ 1,262,972</u>	<u>\$ 4,586,687</u>

At December 31, 2023, the District reported \$2,081,124 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, 2024.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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:	
2024	\$ (180,588)
2025	517,400
2026	915,406
2027	<u>1,378,604</u>
	<u>\$ 2,630,822</u>

Payable to the Pension Plan

At December 31, 2023 and 2022, there are no reported payables for the outstanding amount of contributions to the Plan required for the years ended December 31, 2023 and 2022.

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
Notes to Financial Statements
December 31, 2023 and 2022**

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, 2023 and 2022:

	2023					
	Blended Component Units					
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total
Assets and Deferred						
Outflows of Resources						
Current assets	\$ 139,056,762	\$ 6,024,872	\$ 562,077	\$ 1,062,793	\$ (36,605,407)	\$ 110,101,097
Noncurrent cash and investments	12,135,258	-	-	9,095,428	-	21,230,686
Capital assets, net	120,906,245	-	575,748	-	-	121,481,993
Lease assets, net	2,700,728	1,099,855	112,956	-	-	3,913,539
Other assets	3,983,409	-	-	-	(515,109)	3,468,300
Total assets	278,782,402	7,124,727	1,250,781	10,158,221	(37,120,516)	260,195,615
Deferred outflows of resources	8,010,435	-	-	-	-	8,010,435
Total assets and deferred outflows of resources	\$ 286,792,837	\$ 7,124,727	\$ 1,250,781	\$ 10,158,221	\$ (37,120,516)	\$ 268,206,050
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities	\$ 26,405,535	\$ 36,210,524	\$ 695,222	\$ -	\$ (36,605,407)	\$ 26,705,874
Long-term debt	32,657,343	-	-	-	-	32,657,343
Long-term liabilities	5,394,564	1,043,543	40,450	-	-	6,478,557
Total liabilities	64,457,442	37,254,067	735,672	-	(36,605,407)	65,841,774
Deferred inflows of resources	4,358,487	-	-	-	-	4,358,487
Net position	217,976,908	(30,129,340)	515,109	10,158,221	(515,109)	198,005,789
Total liabilities, deferred inflows of resources and net position	\$ 286,792,837	\$ 7,124,727	\$ 1,250,781	\$ 10,158,221	\$ (37,120,516)	\$ 268,206,050

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

	2022					
	Blended Component Units					
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total
Assets and Deferred						
Outflows of Resources						
Current assets	\$ 144,324,100	\$ 3,065,392	\$ 558,185	\$ 713,946	\$ (30,225,942)	\$ 118,435,681
Noncurrent cash and investments	9,032,695	-	-	7,645,541	-	16,678,236
Capital assets, net	128,520,092	41,832	904,407	-	-	129,466,331
Lease assets, net	3,055,620	1,333,609	129,899	-	-	4,519,128
Other assets	9,819,596	-	-	-	(323,247)	9,496,349
Total assets	294,752,103	4,440,833	1,592,491	8,359,487	(30,549,189)	278,595,725
Deferred outflows of resources	1,610,670	-	-	-	-	1,610,670
Total assets and deferred outflows of resources	\$ 296,362,773	\$ 4,440,833	\$ 1,592,491	\$ 8,359,487	\$ (30,549,189)	\$ 280,206,395
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities	\$ 25,662,439	\$ 29,294,309	\$ 1,187,013	\$ -	\$ (30,225,942)	\$ 25,917,819
Long-term debt	36,966,827	-	-	-	-	36,966,827
Long-term liabilities	2,656,197	1,247,020	82,231	-	-	3,985,448
Total liabilities	65,285,463	30,541,329	1,269,244	-	(30,225,942)	66,870,094
Deferred inflows of resources	14,873,334	-	-	-	-	14,873,334
Net position	216,203,976	(26,100,496)	323,247	8,359,487	(323,247)	198,462,967
Total liabilities, deferred inflows of resources and net position	\$ 296,362,773	\$ 4,440,833	\$ 1,592,491	\$ 8,359,487	\$ (30,549,189)	\$ 280,206,395

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

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, 2023 and 2022:

2023						
	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Operating revenues	\$ 137,739,053	\$ 3,451,135	\$ 1,537	\$ -	\$ (433,356)	\$ 140,758,369
Operating expenses	144,430,075	7,413,057	506,634	1,798,777	(433,356)	153,715,187
Operating loss	(6,691,022)	(3,961,922)	(505,097)	(1,798,777)	-	(12,956,818)
Nonoperating revenues	3,149,229	(66,922)	696,959	4,216,919	(191,862)	9,969,819
Excess (deficiency) of revenues over expenses	(1,376,297)	(4,028,844)	191,862	2,418,142	(191,862)	(2,986,999)
Other	3,149,229	-	-	(619,408)	-	2,529,821
Change in net position	1,772,932	(4,028,844)	191,862	1,798,734	(191,862)	(457,178)
Net position, beginning of year	216,203,976	(26,100,496)	323,247	8,359,487	(323,247)	198,462,967
Net position, end of year	<u>\$ 217,976,908</u>	<u>\$ (30,129,340)</u>	<u>\$ 515,109</u>	<u>\$ 10,158,221</u>	<u>\$ (515,109)</u>	<u>\$ 198,005,789</u>

2022						
	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Operating revenues	\$ 132,717,322	\$ 2,924,356	\$ 14,495	\$ -	\$ (402,909)	\$ 135,253,264
Operating expenses	120,571,057	7,314,141	299,329	1,507,664	(402,909)	129,289,282
Operating income (loss)	12,146,265	(4,389,785)	(284,834)	(1,507,664)	-	5,963,982
Nonoperating revenues	2,501,417	(55,576)	(1,635)	7,372,654	286,469	10,103,329
Excess (deficiency) of revenues over expenses	14,647,682	(4,445,361)	(286,469)	5,864,990	286,469	16,067,311
Other	2,924,326	-	-	(273,638)	-	2,650,688
Change in net position	17,572,008	(4,445,361)	(286,469)	5,591,352	286,469	18,717,999
Net position, beginning of year	198,631,968	(21,655,135)	609,716	2,768,135	(609,716)	179,744,968
Net position, end of year	<u>\$ 216,203,976</u>	<u>\$ (26,100,496)</u>	<u>\$ 323,247</u>	<u>\$ 8,359,487</u>	<u>\$ (323,247)</u>	<u>\$ 198,462,967</u>

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2023 and 2022**

The following tables include condensed combining statements of cash flows information for the District and its component units for the years ended December 31, 2023 and 2022:

2023						
	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Net cash provided by (used in):						
Operating activities	\$ (1,580,521)	\$ 2,981,686	\$ (650,432)	\$ 11,953	\$ -	\$ 762,686
Noncapital financing activities	5,018,380	-	-	2,318,246	-	7,336,626
Capital and related financing activities	(12,614,053)	(270,399)	(47,033)	1,348,813	-	(11,582,672)
Investing activities	4,166,127	-	702,211	(3,030,806)	-	1,837,532
Increase (decrease) in cash and cash equivalents	(5,010,067)	2,711,287	4,746	648,206	-	(1,645,828)
Cash and cash equivalents, beginning of year	84,959,695	2,611,091	548,606	4,256,589	-	92,375,981
Cash and cash equivalents, end of year	<u>\$ 79,949,628</u>	<u>\$ 5,322,378</u>	<u>\$ 553,352</u>	<u>\$ 4,904,795</u>	<u>\$ -</u>	<u>\$ 90,730,153</u>
2022						
	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Net cash provided by (used in):						
Operating activities	\$ 3,088,655	\$ (871,121)	\$ 948,287	\$ (31,588)	\$ -	\$ 3,134,233
Noncapital financing activities	5,322,974	20,350	-	2,569,322	-	7,912,646
Capital and related financing activities	(16,983,917)	(255,843)	(944,324)	1,935,250	-	(16,248,834)
Investing activities	10,582,163	-	-	(2,912,097)	-	7,670,066
Increase (decrease) in cash and cash equivalents	2,009,875	(1,106,614)	3,963	1,560,887	-	2,468,111
Cash and cash equivalents, beginning of year	82,949,820	3,717,705	544,643	2,695,702	-	89,907,870
Cash and cash equivalents, end of year	<u>\$ 84,959,695</u>	<u>\$ 2,611,091</u>	<u>\$ 548,606</u>	<u>\$ 4,256,589</u>	<u>\$ -</u>	<u>\$ 92,375,981</u>

Required Supplementary Information

**Aspen Valley Hospital District
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>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 1,395,348	\$ 1,494,143	\$ 1,557,931
Interest	1,959,453	1,652,754	1,660,033
Differences between expected and actual experience	110,732	(119,555)	(282,912)
Changes in assumptions	-	192,569	6,409
Changes in benefit terms	855,504	-	-
Benefit payments	<u>(2,632,097)</u>	<u>(2,813,438)</u>	<u>(2,676,860)</u>
Net change in total pension liability	1,688,940	406,473	264,601
Total pension liability - beginning	<u>32,235,852</u>	<u>31,829,379</u>	<u>31,564,778</u>
Total pension liability - ending (a)	<u>\$ 33,924,792</u>	<u>\$ 32,235,852</u>	<u>\$ 31,829,379</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,081,124	\$ 584,991	\$ 1,354,525
Contributions - other	-	-	-
Net investment income (expense)	3,776,935	(5,062,861)	4,105,624
Benefit payments	(2,632,097)	(2,813,438)	(2,676,860)
Administrative expense	<u>(130,615)</u>	<u>(132,571)</u>	<u>(132,721)</u>
Net change in plan fiduciary net position	3,095,347	(7,423,879)	2,650,568
Plan fiduciary net position - beginning	<u>28,934,569</u>	<u>36,358,448</u>	<u>33,707,880</u>
Plan fiduciary net position - ending (b)	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>	<u>\$ 36,358,448</u>
District's net pension (asset) liability - ending (a) - (b)	<u>\$ 1,894,876</u>	<u>\$ 3,301,283</u>	<u>\$ (4,529,069)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.41%	89.76%	114.23%
Covered payroll	\$ 33,861,347	\$ 31,812,683	\$ 30,885,159
District's net pension (asset) liability as a percentage of covered payroll	5.60%	10.38%	-14.66%
Long-term inflation, wage base, and compensation limit	2.40%	2.40%	2.25%

Notes to Schedule:

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

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,422,852	\$ 1,433,736	\$ 1,338,539	\$ 1,117,611	\$ 1,020,686	\$ 962,923	\$ 1,013,451
1,843,314	1,757,931	1,638,650	1,834,455	1,695,279	1,590,521	1,416,739
27,000	(300,418)	294,722	(434,374)	314,061	50,485	576,188
(204,973)	(9,268)	1,639	(272,791)	(22,423)	(10,786)	379,430
-	-	29,611	-	(9,803)	-	-
<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>	<u>(836,696)</u>	<u>(711,956)</u>
1,323,806	1,795,489	1,946,227	963,399	1,576,054	1,756,447	2,673,852
<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>22,203,356</u>	<u>19,529,504</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>\$ 22,203,356</u>
\$ 1,651,833	\$ 2,148,306	\$ 1,952,317	\$ 1,827,477	\$ 1,555,740	\$ 1,365,917	\$ 1,158,533
-	-	-	-	8,354	-	-
3,509,826	4,681,502	(1,572,858)	3,271,296	1,329,355	(156,525)	1,014,456
(1,764,387)	(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)	(836,696)	(711,956)
<u>(132,056)</u>	<u>(132,111)</u>	<u>(132,271)</u>	<u>(134,831)</u>	<u>(68,397)</u>	<u>(6,220)</u>	<u>(2,130)</u>
3,265,216	5,611,205	(1,109,746)	3,682,440	1,403,306	366,476	1,458,903
<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>20,488,983</u>	<u>19,030,080</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>\$ 20,488,983</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>	<u>\$ 1,714,373</u>
106.79%	100.67%	87.29%	97.89%	87.17%	87.04%	92.28%
\$ 35,094,297	\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173	\$ 20,859,646
-6.11%	-0.60%	10.82%	1.84%	12.53%	13.25%	8.22%
2.25%	2.25%	2.00%	2.00%	2.25%	2.25%	2.25%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 2,081,122	\$ -	\$ 1,354,525	\$ 1,651,833
Contributions in relation to the actuarially determined contribution	<u>2,081,124</u>	<u>584,991</u>	<u>1,354,525</u>	<u>1,651,833</u>
Contribution deficiency (excess)	<u>\$ (2)</u>	<u>\$ (584,991)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 33,861,347	\$ 31,812,683	\$ 30,885,159	\$ 35,094,297
Contributions as a percentage of covered payroll	6.15%	1.84%	4.39%	4.71%
Long-term inflation	2.40%	2.40%	2.25%	2.25%
Investment rate of return	6.00%	6.00%	5.20%	5.20%
Mortality scale	MP-2021	MP-2021	MP-2021	MP-2020

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
Schedule of the District's Contributions
Cash Balance Retirement Plan (Continued)
GASB Statements No. 67 and No. 68
Years Ended December 31**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,148,306	\$ 1,766,329	\$ 1,878,025	\$ 1,586,110	\$ 1,260,846	\$ 1,158,533
<u>2,148,306</u>	<u>1,952,317</u>	<u>1,827,477</u>	<u>1,555,740</u>	<u>1,365,917</u>	<u>1,158,533</u>
<u>\$ -</u>	<u>\$ (185,988)</u>	<u>\$ 50,548</u>	<u>\$ 30,370</u>	<u>\$ (105,071)</u>	<u>\$ -</u>
\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173	\$ 20,859,646
6.41%	5.85%	6.03%	5.95%	5.83%	5.55%
2.25%	2.25%	2.00%	2.00%	2.25%	2.25%
6.00%	6.00%	6.00%	7.00%	7.00%	7.00%
MP-2019	MP-2018	MP-2017	MP-2016	MP-2015	MP-2014

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	13.22%	-14.40%	12.38%	11.51%

**Aspen Valley Hospital District
Schedule of Investment Returns
Cash Balance Retirement Plan (Continued)
GASB Statement No. 67
Years Ended December 31**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
18.49%	-5.94%	14.45%	6.41%	-1.54%	5.34%

**Aspen Valley Hospital District
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**

	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 1,494,143	\$ 1,557,931	\$ 1,422,852	\$ 1,433,736
Interest	1,652,754	1,660,033	1,843,314	1,757,931
Differences between expected and actual experience	(119,555)	(282,912)	27,000	(300,418)
Changes of assumptions	192,569	6,409	(204,973)	(9,268)
Changes of benefit terms	-	-	-	-
Benefit payments	(2,813,438)	(2,676,860)	(1,764,387)	(1,086,492)
Net change in total pension liability	406,473	264,601	1,323,806	1,795,489
Total pension liability - beginning	31,829,379	31,564,778	30,240,972	28,445,483
Total pension liability - ending (a)	\$ 32,235,852	\$ 31,829,379	\$ 31,564,778	\$ 30,240,972
Plan fiduciary net position				
Contributions - employer	\$ 584,991	\$ 1,354,525	\$ 1,651,833	\$ 2,148,306
Contributions - other	-	-	-	-
Net investment income	(5,062,861)	4,105,624	3,509,826	4,681,502
Benefit payments	(2,813,438)	(2,676,860)	(1,764,387)	(1,086,492)
Administrative expense	(132,571)	(132,721)	(132,056)	(132,111)
Net change in plan fiduciary net position	(7,423,879)	2,650,568	3,265,216	5,611,205
Plan fiduciary net position - beginning	36,358,448	33,707,880	30,442,664	24,831,459
Plan fiduciary net position - ending (b)	\$ 28,934,569	\$ 36,358,448	\$ 33,707,880	\$ 30,442,664
District's net pension (asset) liability - ending (a) - (b)	\$ 3,301,283	\$ (4,529,069)	\$ (2,143,102)	\$ (201,692)
Plan fiduciary net position as a percentage of the total pension liability	89.76%	114.23%	106.79%	100.67%
Covered payroll	\$ 31,812,683	\$ 30,885,159	\$ 35,094,297	\$ 33,492,762
District's net pension (asset) liability as a percentage of covered payroll	10.38%	-14.66%	-6.11%	-0.60%
Long-term inflation, wage base, and compensation limit	2.40%	2.40%	2.25%	2.25%

Notes to Schedule:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* was implemented during 2015 and therefore only 2015 through 2023 are the years in which information is available. This schedule will include ten-year trend information once available.

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

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

2019	2018	2017	2016	2015
\$ 1,338,539	\$ 1,117,611	\$ 1,020,686	\$ 962,923	\$ 1,013,451
1,638,650	1,834,455	1,695,279	1,590,521	1,416,739
294,722	(434,374)	314,061	50,485	576,188
1,639	(272,791)	(22,423)	(10,786)	379,430
29,611	-	(9,803)	-	-
(1,356,934)	(1,281,502)	(1,421,746)	(836,696)	(711,956)
1,946,227	963,399	1,576,054	1,756,447	2,673,852
26,499,256	25,535,857	23,959,803	22,203,356	19,529,504
<u>\$ 28,445,483</u>	<u>\$ 26,499,256</u>	<u>\$ 25,535,857</u>	<u>\$ 23,959,803</u>	<u>\$ 22,203,356</u>
\$ 1,952,317	\$ 1,827,477	\$ 1,555,740	\$ 1,365,917	\$ 1,158,533
-	-	8,354	-	-
(1,572,858)	3,271,296	1,329,355	(156,525)	1,014,456
(1,356,934)	(1,281,502)	(1,421,746)	(836,696)	(711,956)
(132,271)	(134,831)	(68,397)	(6,220)	(2,130)
(1,109,746)	3,682,440	1,403,306	366,476	1,458,903
25,941,205	22,258,765	20,855,459	20,488,983	19,030,080
<u>\$ 24,831,459</u>	<u>\$ 25,941,205</u>	<u>\$ 22,258,765</u>	<u>\$ 20,855,459</u>	<u>\$ 20,488,983</u>
<u>\$ 3,614,024</u>	<u>\$ 558,051</u>	<u>\$ 3,277,092</u>	<u>\$ 3,104,344</u>	<u>\$ 1,714,373</u>
87.29%	97.89%	87.17%	87.04%	92.28%
\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173	\$ 20,859,646
10.82%	1.84%	12.53%	13.25%	8.22%
2.25%	2.00%	2.00%	2.25%	2.25%

Supplementary Information

**Aspen Valley Hospital District
Statement of Budgeted and Actual Revenues and Expenses
Year Ended December 31, 2023**

	Budgeted Amount Original	Actual	Favorable (Unfavorable) Variance
Operating Revenues			
Net patient service revenue	\$102,512,244	\$ 135,334,967	\$ 32,822,723
Other	5,888,002	5,855,221	(32,781)
Total operating revenues	<u>108,400,246</u>	<u>141,190,188</u>	<u>32,789,942</u>
Operating Expenses	<u>133,920,696</u>	<u>151,843,132</u>	<u>(17,922,436)</u>
Operating Loss	<u>(25,520,450)</u>	<u>(10,652,944)</u>	<u>14,867,506</u>
Nonoperating Revenues (Expenses)			
Ad valorem taxes	8,103,875	8,430,792	326,917
Investment income	217,425	2,369,109	2,151,684
Interest expense	(893,217)	(1,086,161)	(192,944)
Community assistance programs	(569,412)	(455,496)	113,916
Noncapital contributions	24,167	47,350	23,183
Change in equity interest in joint venture	150,000	(1,802,399)	(1,952,399)
Change in equity interest in MIC	-	(510,349)	(510,349)
Gain on sale of capital assets	-	35,207	35,207
Forgiveness of related party debt	-	(1,780,250)	(1,780,250)
Total nonoperating revenues	<u>7,032,838</u>	<u>5,247,803</u>	<u>(1,785,035)</u>
Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions, Capital Contributions and Transfers	<u>(18,487,612)</u>	<u>(5,405,141)</u>	<u>13,082,471</u>
Transfers from related party	2,800,000	3,149,229	349,229
Change in Net Position	<u><u>\$ (15,687,612)</u></u>	<u><u>\$ (2,255,912)</u></u>	<u><u>\$ 13,431,700</u></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 and ACMC and does not include the MIC or Foundation.

Budgets are adopted by resolution in total. There were no supplemental budgets adopted during 2023.

Aspen Valley Hospital District
Combining Schedule – Balance Sheet Information
December 31, 2023

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	
Current Assets						
Cash and cash equivalents	\$ 67,814,370	\$ 5,322,378	\$ 553,352	\$ 968,524	\$ -	\$ 74,658,624
Patient accounts receivable, net of allowance; 2022 - \$1,176,325, 2021 - \$970,380	22,394,320	702,279	3,725	-	-	23,100,324
Estimated amounts due from third-party payers	4,332,156	-	-	-	-	4,332,156
Due from related party	36,605,407	-	-	-	(36,605,407)	-
Other receivables	2,223,191	-	5,000	94,269	-	2,322,460
Leases receivable	365,631	-	-	-	-	365,631
Inventories	3,499,530	-	-	-	-	3,499,530
Prepaid expenses	1,822,157	215	-	-	-	1,822,372
Total current assets	139,056,762	6,024,872	562,077	1,062,793	(36,605,407)	110,101,097
Noncurrent Cash and Investments						
Restricted by donors for capital acquisitions	9,764,219	-	-	3,909,969	-	13,674,188
Restricted by donors for specific operating activities	50,884	-	-	26,302	-	77,186
Contributions receivable, net	-	-	-	5,159,157	-	5,159,157
Held by trustee for debt service	2,320,155	-	-	-	-	2,320,155
	12,135,258	-	-	9,095,428	-	21,230,686
Capital Assets, Net	120,906,245	-	575,748	-	-	121,481,993
Lease Assets, Net	2,700,728	1,099,855	112,956	-	-	3,913,539
Other Assets						
Equity interests in joint ventures	1,946,364	-	-	-	-	1,946,364
Equity interest in MIC	515,109	-	-	-	(515,109)	-
Leases receivable	1,016,405	-	-	-	-	1,016,405
Other	505,531	-	-	-	-	505,531
	3,983,409	-	-	-	(515,109)	3,468,300
Total assets	278,782,402	7,124,727	1,250,781	10,158,221	(37,120,516)	260,195,615
Deferred Outflows of Resources						
Pensions	7,746,008	-	-	-	-	7,746,008
Unamortized loss on refunding's of prior bond issuances	264,427	-	-	-	-	264,427
	8,010,435	-	-	-	-	8,010,435
Total assets and deferred outflows of resources	\$ 286,792,837	\$ 7,124,727	\$ 1,250,781	\$ 10,158,221	\$ (37,120,516)	\$ 268,206,050

Aspen Valley Hospital District
Combining Schedule – Balance Sheet Information (Continued)
December 31, 2023

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	
Current Liabilities						
Current maturities of long-term debt	\$ 6,125,027	\$ -	\$ -	\$ -	\$ -	\$ 6,125,027
Current portion of lease liabilities	919,441	195,671	41,781	-	-	1,156,893
Accounts payable	7,059,109	215	84	-	-	7,059,408
Accrued salaries, benefits and payroll taxes	4,336,983	-	-	-	-	4,336,983
Other accrued liabilities	2,803,653	59,211	3,377	-	-	2,866,241
Due to related party	-	35,955,427	649,980	-	(36,605,407)	-
Estimated amounts due to third-party payers	5,161,322	-	-	-	-	5,161,322
Total current liabilities	26,405,535	36,210,524	695,222	-	(36,605,407)	26,705,874
Long-term Debt						
Bonds payable	29,686,570	-	-	-	-	29,686,570
Financed capital purchases	2,970,773	-	-	-	-	2,970,773
	32,657,343	-	-	-	-	32,657,343
Long-term Liabilities						
Lease liabilities	2,093,281	1,043,543	40,450	-	-	3,177,274
Net pension liability	3,301,283	-	-	-	-	3,301,283
	5,394,564	1,043,543	40,450	-	-	6,478,557
Total liabilities	64,457,442	37,254,067	735,672	-	(36,605,407)	65,841,774
Deferred Inflows of Resources						
Leases	1,324,425	-	-	-	-	1,324,425
Pensions	3,034,062	-	-	-	-	3,034,062
	4,358,487	-	-	-	-	4,358,487
Net Position						
Net investment in capital assets	82,076,308	(139,359)	606,473	-	(606,473)	81,936,949
Restricted - expendable for						
Debt service	2,320,155	-	-	-	-	2,320,155
Capital acquisitions	9,764,219	-	-	9,069,126	-	18,833,345
Specific operating activities	50,884	-	-	26,302	-	77,186
Unrestricted	123,765,342	(29,989,981)	(91,364)	1,062,793	91,364	94,838,154
Total net position	217,976,908	(30,129,340)	515,109	10,158,221	(515,109)	198,005,789
Total liabilities, deferred inflows of resources and net position	\$ 286,792,837	\$ 7,124,727	\$ 1,250,781	\$ 10,158,221	\$ (37,120,516)	\$ 268,206,050

**Aspen Valley Hospital District
Combining Schedule – Revenues, Expenses and Changes
in Net Position Information
Year Ended December 31, 2023**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Operating Revenues						
Net patient service revenue	\$ 131,896,713	\$ 3,438,254	\$ 1,537	\$ -	\$ -	\$ 135,336,504
Other	5,842,340	12,881	-	-	(433,356)	5,421,865
Total operating revenues	137,739,053	3,451,135	1,537	-	(433,356)	140,758,369
Operating Expenses						
Salaries and wages	41,461,719	5,140,997	32,158	785,462	-	47,420,336
Contract labor	13,018,776	148,503	-	45,909	-	13,213,188
Supplies and other	71,318,421	1,847,971	128,874	967,406	(433,356)	73,829,316
Depreciation	17,721,552	41,832	328,659	-	-	18,092,043
Amortization	909,607	233,754	16,943	-	-	1,160,304
Total operating expenses	144,430,075	7,413,057	506,634	1,798,777	(433,356)	153,715,187
Operating Loss	(6,691,022)	(3,961,922)	(505,097)	(1,798,777)	-	(12,956,818)
Nonoperating Revenues (Expenses)						
Ad valorem taxes	8,430,792	-	-	-	-	8,430,792
Investment income	2,369,109	-	-	118,423	-	2,487,532
Interest expense	(1,019,239)	(66,922)	(5,252)	-	-	(1,091,413)
Community assistance programs	(455,496)	-	-	-	-	(455,496)
Noncapital contributions	47,350	-	-	2,318,246	-	2,365,596
Change in equity interests in joint ventures	(1,802,399)	-	-	-	-	(1,802,399)
Change in equity interest in MIC	(510,349)	-	702,211	-	(191,862)	-
Gain on sale of capital assets	35,207	-	-	-	-	35,207
Forgiveness of related party debt	(1,780,250)	-	-	1,780,250	-	-
Total nonoperating revenues	5,314,725	(66,922)	696,959	4,216,919	(191,862)	9,969,819
Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions, Provision (Credit) for Uncollectible Capital Contributions and Transfers	(1,376,297)	(4,028,844)	191,862	2,418,142	(191,862)	(2,986,999)
Capital contributions	-	-	-	3,557,407	-	3,557,407
Provision (credit) for uncollectible capital contributions	-	-	-	(1,027,586)	-	(1,027,586)
Transfers from (to) related party	3,149,229	-	-	(3,149,229)	-	-
Change in Net Position	1,772,932	(4,028,844)	191,862	1,798,734	(191,862)	(457,178)
Net Position, Beginning of Year	216,203,976	(26,100,496)	323,247	8,359,487	(323,247)	198,462,967
Net Position, End of Year	\$ 217,976,908	\$ (30,129,340)	\$ 515,109	\$ 10,158,221	\$ (515,109)	\$ 198,005,789

**Aspen Valley Hospital District
Combining Schedule – Cash Flows Information
Year Ended December 31, 2023**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Cash Flows From Operating Activities						
Receipts from and on behalf of patients	\$ 129,961,463	\$ 3,235,020	\$ 2,391	\$ -	\$ -	\$ 133,198,874
Payments to suppliers	(86,302,069)	(1,996,474)	(128,874)	(1,013,315)	-	(89,440,732)
Payments to employees	(41,158,267)	(5,140,997)	(32,158)	(785,462)	-	(47,116,884)
Other receipts (payments), net	(4,081,648)	6,884,137	(491,791)	1,810,730	-	4,121,428
Net cash provided by (used in) operating activities	(1,580,521)	2,981,686	(650,432)	11,953	-	762,686
Cash Flows From Noncapital Financing Activities						
Ad valorem taxes	5,391,359	-	-	-	-	5,391,359
Community assistance programs	(420,329)	-	-	-	-	(420,329)
Noncapital contributions	47,350	-	-	2,318,246	-	2,365,596
Net cash provided by noncapital financing activities	5,018,380	-	-	2,318,246	-	7,336,626
Cash Flows From Capital and Related Financing Activities						
Ad valorem taxes	2,997,459	-	-	-	-	2,997,459
Purchases of capital assets	(8,195,562)	-	-	-	-	(8,195,562)
Proceeds from sale of capital assets	48,564	-	-	-	-	48,564
Principal payments on long-term debt	(5,209,259)	-	-	-	-	(5,209,259)
Interest payments on long-term debt	(1,677,191)	-	-	-	-	(1,677,191)
Principal payments received on leases receivable	414,686	-	-	-	-	414,686
Interest payments received on leases receivable	46,875	-	-	-	-	46,875
Principal paid on leases payable	(855,393)	(203,477)	(41,781)	-	-	(1,100,651)
Interest paid on leases payable	(184,232)	(66,922)	(5,252)	-	-	(256,406)
Capital contributions	-	-	-	1,348,813	-	1,348,813
Net cash provided by (used in) capital and related financing activities	(12,614,053)	(270,399)	(47,033)	1,348,813	-	(11,582,672)
Cash Flows From Investing Activities						
Investment income	2,369,109	-	-	118,423	-	2,487,532
Transfer of equity	3,149,229	-	-	(3,149,229)	-	-
Purchase of equity interests in joint ventures	(650,000)	-	-	-	-	(650,000)
Advances to and investments in equity investee	(702,211)	-	702,211	-	-	-
Net cash provided by (used in) investing activities	4,166,127	-	702,211	(3,030,806)	-	1,837,532
Increase (Decrease) in Cash and Cash Equivalents	(5,010,067)	2,711,287	4,746	648,206	-	(1,645,828)
Cash and Cash Equivalents, Beginning of Year	84,959,695	2,611,091	548,606	4,256,589	-	92,375,981
Cash and Cash Equivalents, End of Year	\$ 79,949,628	\$ 5,322,378	\$ 553,352	\$ 4,904,795	\$ -	\$ 90,730,153

**Aspen Valley Hospital District
Combining Schedule – Cash Flows Information (Continued)
Year Ended December 31, 2023**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Reconciliation of Cash and Cash Equivalents to the Balance Sheets						
Cash and cash equivalents	\$ 67,814,370	\$ 5,322,378	\$ 553,352	\$ 968,524	\$ -	\$ 74,658,624
Restricted by donors for capital acquisitions	9,764,219	-	-	3,909,969	-	13,674,188
Restricted by donors for specific operating activities	50,884	-	-	26,302	-	77,186
Held by trustee for debt service	2,320,155	-	-	-	-	2,320,155
Total cash and cash equivalents	<u>\$ 79,949,628</u>	<u>\$ 5,322,378</u>	<u>\$ 553,352</u>	<u>\$ 4,904,795</u>	<u>\$ -</u>	<u>\$ 90,730,153</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities						
Operating loss	\$ (6,691,022)	\$ (3,961,922)	\$ (505,097)	\$ (1,798,777)	\$ -	\$ (12,956,818)
Depreciation	17,721,552	41,832	328,659	-	-	18,092,043
Amortization	909,607	233,754	16,943	-	-	1,160,304
Provision for uncollectible accounts	4,880,802	(33,688)	-	-	-	4,847,114
Change in operating assets and liabilities						
Patient accounts receivable	(3,907,804)	(214,505)	854	-	-	(4,121,455)
Other receivables	(1,322,514)	-	-	30,480	-	(1,292,034)
Inventories	(494,731)	-	-	-	-	(494,731)
Prepaid expenses	(210,440)	-	-	-	-	(210,440)
Other assets	(8,178,765)	6,871,256	(491,791)	1,780,250	-	(19,050)
Accounts payable	(1,888,929)	-	-	-	-	(1,888,929)
Accrued salaries, benefits and payroll taxes	508,761	-	-	-	-	508,761
Other accrued liabilities	629,228	44,959	-	-	-	674,187
Estimated amounts due from and to third-party payers	(2,908,248)	-	-	-	-	(2,908,248)
Deferred inflows of resources - leases	(422,709)	-	-	-	-	(422,709)
Net pension asset/liability	(205,309)	-	-	-	-	(205,309)
Net cash provided by (used in) operating activities	<u>\$ (1,580,521)</u>	<u>\$ 2,981,686</u>	<u>\$ (650,432)</u>	<u>\$ 11,953</u>	<u>\$ -</u>	<u>\$ 762,686</u>
Noncash Investing, Capital and Financing Activities						
Long-term debt incurred for purchase of capital assets	\$ 1,925,500	\$ -	\$ -	\$ -	\$ -	\$ 1,925,500
Lease obligation incurred for lease assets	\$ 554,715	\$ -	\$ -	\$ -	\$ -	\$ 554,715
Amortization of loss on refunding	\$ 83,271	\$ -	\$ -	\$ -	\$ -	\$ 83,271
Amortization of bond premiums	\$ 878,580	\$ -	\$ -	\$ -	\$ -	\$ 878,580
Change in equity interests in joint ventures	\$ (1,610,537)	\$ -	\$ -	\$ -	\$ -	\$ (1,610,537)
Forgiveness of related party debt	\$ (1,780,250)	\$ -	\$ -	\$ 1,780,250	\$ -	\$ -