

Grand River Hospital District doing business as Grand River Health

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2024 and 2023

**Grand River Hospital District
doing business as Grand River Health
Table of Contents**

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1-3
<i>BASIC FINANCIAL STATEMENTS:</i>	
Statements of net position	4-5
Statements of revenues, expenses, and changes in net position	6
Statements of cash flows	7-8
Notes to basic financial statements	9-23
<i>SUPPLEMENTARY INFORMATION:</i>	
Budget and actual revenues and expenses	24



INDEPENDENT AUDITORS' REPORT

Board of Directors
Grand River Hospital District
doing business as Grand River Health
Rifle, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Grand River Hospital District doing business as Grand River Health (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2024, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Other Matter – Predecessor Auditor

The financial statements of the District for the year ended December 31, 2023, were audited by FORVIS, LLP, who expressed an unmodified opinion on those statements on April 9, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the 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.

Auditors' 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 auditors' 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, including omissions, 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 the 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 the 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

Management has not presented the management's discussion and analysis that GAAP require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The statement of budgeted and actual revenues and expenses (supplementary information) is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

D3A PLLC

Spokane Valley, Washington
July 8, 2025

Grand River Hospital District
doing business as Grand River Health
Statements of Net Position
December 31, 2024 and 2023

ASSETS	2024	2023
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,378,717	\$ 1,886,815
Investments	62,749,845	52,091,504
Receivables:		
Patient accounts	10,175,671	10,862,558
Other	1,689,326	750,301
Property taxes	22,166,889	27,378,655
Estimated third-party payor settlements	1,582,155	391,228
Inventories	2,749,092	2,890,568
Prepaid expenses	1,674,995	1,188,131
Total current assets	104,166,690	97,439,760
<i>Noncurrent assets</i>		
Cash and cash equivalents restricted for Memorial Trust Fund	384,600	383,562
Cash and cash equivalents restricted for bond repayment	6,645,857	2,770,736
Investment in joint ventures	2,054,980	1,980,512
Depreciable capital assets, net	133,134,449	132,354,895
Nondepreciable capital assets	8,312,643	15,424,476
Split-dollar life insurance notes receivable	6,667,668	-
Total noncurrent assets	157,200,197	152,914,181
Total assets	\$ 261,366,887	\$ 250,353,941

See accompanying notes to basic financial statements.

Grand River Hospital District
doing business as Grand River Health
Statements of Net Position (Continued)
December 31, 2024 and 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2024	2023
<i>Current liabilities</i>		
Accounts payable	\$ 2,015,297	\$ 2,992,803
Capital accounts payable	-	525,049
Accrued compensation and related liabilities	7,578,162	6,664,986
Accrued interest payable	304,157	319,720
Estimated third-party payor settlements	1,270,000	948,721
Current maturities of long-term debt	3,920,000	4,538,485
Total current liabilities	15,087,616	15,989,764
<i>Noncurrent liabilities</i>		
Long-term debt, net of current maturities	77,435,302	80,555,302
Total liabilities	92,522,918	96,545,066
<i>Deferred inflows of resources</i>		
Deferred property tax levy	22,054,893	27,074,913
<i>Net position</i>		
Net investment in capital assets	60,891,790	62,685,584
Restricted for Memorial Trust Fund	384,600	383,562
Restricted for bond repayment	6,645,857	2,770,736
Unrestricted, restated	78,866,829	60,894,080
Total net position	146,789,076	126,733,962
Total liabilities, deferred inflows of resources, and net position	\$ 261,366,887	\$ 250,353,941

See accompanying notes to basic financial statements.

Grand River Hospital District
doing business as Grand River Health
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Operating revenues</i>		
Net patient service revenue	\$ 106,139,712	\$ 89,779,430
340B contract pharmacy program revenue	4,301,911	4,028,006
Other revenues	1,823,855	883,383
Total operating revenues	112,265,478	94,690,819
<i>Operating expenses</i>		
Salaries and wages	58,930,798	53,752,281
Employee benefits	11,961,670	6,889,915
Professional fees and other purchased services	6,827,637	8,771,398
Supplies	16,566,384	15,420,390
Depreciation	9,901,337	10,733,639
Utilities	1,493,968	1,689,831
Repairs and maintenance	9,140,798	8,703,559
Provider fees	2,011,345	1,928,005
Other	4,811,389	4,123,965
Total operating expenses	121,645,326	112,012,983
<i>Operating loss</i>	(9,379,848)	(17,322,164)
<i>Nonoperating revenues (expenses)</i>		
Taxation for operations	17,114,511	12,468,997
Taxation for bond principal and interest	11,954,432	10,566,848
Tax collection expense	(616,792)	(393,065)
Investment income	3,832,217	3,145,473
Contributions	168,184	128,649
Interest expense	(3,017,590)	(3,196,090)
Total nonoperating revenues, net	29,434,962	22,720,812
Change in net position	20,055,114	5,398,648
Net position, beginning of year, restated	126,733,962	121,335,314
Net position, end of year, restated	\$ 146,789,076	\$ 126,733,962

See accompanying notes to basic financial statements.

Grand River Hospital District
doing business as Grand River Health
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 110,258,862	\$ 91,767,720
Other receipts	884,830	798,171
Payments to and on behalf of employees	(76,646,960)	(60,832,609)
Payments to suppliers and contractors	(41,374,415)	(40,749,362)
Net cash from operating activities	(6,877,683)	(9,016,080)
<i>Cash flows from noncapital financing activities</i>		
Taxation for operations	17,306,257	12,278,724
Payments for tax collection	(616,792)	(393,065)
Contributions	168,184	128,649
Net cash from noncapital financing activities	16,857,649	12,014,308
<i>Cash flows from capital and related financing activities</i>		
Purchase of capital assets	(4,094,107)	(9,894,159)
Principal paid on long-term debt	(3,735,000)	(3,555,000)
Taxation for bond principal and interest	11,954,432	10,566,848
Interest paid	(3,836,638)	(4,014,387)
Net cash from capital and related financing activities	288,687	(6,896,698)
<i>Cash flows from investing activities</i>		
Purchase of investments	(8,000,000)	(6,000,000)
Sales of investments	1,099,408	4,619,822
Net cash from investing activities	(6,900,592)	(1,380,178)
Net change in cash and cash equivalents	3,368,061	(5,278,648)
Cash and cash equivalents, beginning of year	5,041,113	10,319,761
Cash and cash equivalents, end of year	\$ 8,409,174	\$ 5,041,113

See accompanying notes to basic financial statements.

Grand River Hospital District
doing business as Grand River Health
Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents in current assets	\$ 1,378,717	\$ 1,886,815
Cash and cash equivalents restricted for Memorial Trust Fund	384,600	383,562
Cash and cash equivalents restricted for bond repayment	6,645,857	2,770,736
Total cash and cash equivalents	\$ 8,409,174	\$ 5,041,113
<i>Reconciliation of Operating Loss to Net Cash From Operating Activities</i>		
Operating loss	\$ (9,379,848)	\$ (17,322,164)
<i>Adjustments to reconcile operating loss to net cash from operating activities</i>		
Provision for bad debts	9,464,694	9,540,141
Depreciation	9,901,337	10,733,639
(Increase) decrease in assets:		
Receivables:		
Patient accounts, net	(8,777,807)	(11,034,148)
Other	(939,025)	(85,212)
Estimated third-party payor settlements	(1,190,927)	129,772
Inventories	141,476	83,604
Prepaid expenses	(486,864)	(309,803)
Split-dollar life insurance notes receivable	(6,667,668)	-
Increase (decrease) in liabilities:		
Accounts payable	(177,506)	113,985
Accrued compensation and related liabilities	913,176	(190,413)
Estimated third-party payor settlements	321,279	(675,481)
Net cash from operating activities	\$ (6,877,683)	\$ (9,016,080)

See accompanying notes to basic financial statements.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements
Years Ended December 31, 2024 and 2023

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Grand River Hospital District doing business as Grand River Health (the District) owns and operates Grand River Medical Center, a 25-bed acute care hospital (the Hospital) in Rifle, Colorado. Additionally, the District operates Grand River Health Care Center (Nursing Home), Grand River Health Clinics and Grand River Health Clinic West. 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. The District is governed by a Board of Directors (the Board) consisting of seven community members elected by the residents of the District. The District is not a component unit of another governmental entity.

As required by GAAP, the basic financial statements present the District – the primary government – and its component unit. The component unit discussed below is included in the District’s reporting entity because of the significance of its operations and financial relationship with the District. The Grand River Hospital District Memorial Trust Fund (the Trust Fund) is a component unit of the District since its trustees are appointed from the District’s Board.

The Trust Fund was established for the purpose of receiving and holding bequests and gifts to be distributed to the Hospital and the Nursing Home. Trustees of the Trust Fund are responsible for the appropriate disposition of funds. The Trust Fund’s restricted resources are distributed to the Hospital or the Nursing Home as required to comply with purposes specified by donors. The Trust Fund’s unrestricted resources are distributed to the Hospital or the Nursing Home in amounts and for purposes determined by the trustees. The Trust Fund is presented as a blended component unit of the District. The assets, liabilities, revenues, and expenses are included in the District’s financial statements. As of December 31, 2024 and 2023, the Trust Fund’s total assets were \$384,600 and \$383,562, respectively.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources and deferred inflows 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.

Enterprise fund accounting – The District’s accounting policies conform to GAAP as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Inventories – Supply inventories are stated at cost, determined using the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operations of the District.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include prepaid insurance, prepaid equipment maintenance expenses, and other expenses.

Capital assets – It is the District’s policy to capitalize property and equipment over \$5,000 and having a useful life of at least two years; lesser amounts are expensed. Capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation.

Estimated useful lives are as follows:

Land improvements	5 to 15 years
Buildings and improvements	5 to 40 years
Fixed equipment	5 to 40 years
Major moveable equipment	2 to 20 years

Compensated absences – Accrued compensation and related liabilities includes accruals for compensated absences. The District’s policies permit most employees to accumulate vacation benefits that may be realized as paid time off, or in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits and are earned whether the employee is expected to realize the benefit as time off or in cash. The District also permits employees not eligible for vacation benefits to accrue paid sick leave. Accruals for vacation are fully vested and are calculated by multiplying the vacation hours earned by the employee wage rates for each employee. Accruals for sick leave are not vested and are estimated based on the amount of the accrued hours expected to be used by the employees. For all accruals for compensated absences, payroll-related expenses, such as employer payroll taxes and retirement contributions, that relate to the compensated absences, are also estimated and accrued.

Net position – The net position of the District is classified into three components. *Net investment in capital assets* consists of the District’s capital assets net of accumulated depreciation and amortization and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is composed of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. *Unrestricted net position* is composed of remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position*.

Operating revenues and expenses – The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities, associated with providing healthcare services – the District’s principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District’s policy to use restricted resources before unrestricted resources.

Grants and contributions – From time to time, the District receives grants from the state of Colorado and others as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted for capital acquisitions are reported after nonoperating revenues and expenses. Grants that are restricted for specific projects or purposes related to the District’s operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Change in accounting principles – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to update the recognition and measurement guidance for compensated absences. Under the new standard, compensated absences should be accrued if the leave is attributable to services already rendered, accumulates over time, and is more likely than not to be used.

The District adopted Statement No. 101 during the year ended December 31, 2024. In accordance with professional standards, the District restated prior periods to ensure consistent presentation of accruals for compensated absences. This resulted in additional accrued paid time off of \$402,000 being recognized at December 31, 2024, 2023, and 2022. Net position as of December 31, 2022, decreased by \$402,000. The change in accounting principle had no impact on change in net position in 2024 or 2023.

Reclassifications – Certain items included in the accompanying 2023 financial statements have been reclassified to conform with the 2024 presentation with no effect on the previously reported change in net position.

Subsequent events – The District has evaluated subsequent events through July 8, 2025, the date on which the financial statements were available to be issued.

2. Bank Deposits and Investments:

Deposits – The Colorado Public Deposit Protection Act (CPDPA) requires financial institutions to collateralize any uninsured public deposits. The bank balance at each institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any excess of deposits over the FDIC limit not insured is covered by collateral pledged by the financial institution in accordance with the CPDPA.

Custodial credit risk is the risk that, in the event of a depository institution failure, the District’s deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

2. Bank Deposits and Investments (continued):

Investments – Colorado State statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, banker’s acceptance notes, commercial paper, corporate securities, repurchase agreements, money market funds, and guaranteed investment contracts. All investments must be held by the District, in its name, or in the custody of a third-party on behalf of the local government.

The District invests in commercial paper, U.S. agencies obligations, U.S. Treasury notes, and money market mutual funds. All funds are pooled, and a designated custodian provides safekeeping and depository service in connection with direct investment and withdrawal functions. Management believes there is no significant custodial, interest rate, or foreign currency risk exposure.

Concentration of credit risk – Concentration of credit risk is defined as the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates could adversely affect an investment’s fair value.

The District’s investments consisted of:

2024				
	Fair Value	Investment Maturities (in Years)		
		Less Than One	One to Five	
Commercial paper	\$ 25,692,111	\$ 14,974,825	\$ 10,717,286	
U.S. agencies obligations	21,562,758	12,627,647	8,935,111	
U.S. Treasury notes	15,058,652	-	15,058,652	
Money market mutual funds	436,324	436,324	-	
	\$ 62,749,845	\$ 28,038,796	\$ 34,711,049	
2023				
	Fair Value	Investment Maturities (in Years)		
		Less Than One	One to Five	
Commercial paper	\$ 9,056,191	\$ 9,056,191	\$ -	
U.S. agencies obligations	23,191,358	23,191,358	-	
U.S. Treasury notes	14,270,441	14,270,441	-	
Money market mutual funds	5,573,514	5,573,514	-	
	\$ 52,091,504	\$ 52,091,504	\$ -	

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

2. Bank Deposits and Investments (continued):

Interest rate risk (continued) – The District’s investment ratings are based on Moody’s Investor’s Service ratings. AAA is the highest credit quality rating issued by Moody’s Investor Service. The District’s investments in commercial paper ranged from AA3 to AA1. Investments in money market mutual funds are not rated.

Fair value measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Investments in money market mutual funds are valued using quoted market prices (Level 1 inputs). Investments in U.S. Treasury notes, U.S. agencies obligations, and commercial paper are valued using observable inputs from similar investments (Level 2 inputs).

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and a provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District’s allowance for uncollectible accounts has not significantly changed from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

3. Patient Accounts Receivable (continued):

Patient accounts receivable reported as current assets by the District were as follows:

	2024	2023
Receivable from patients and their insurance carriers	\$ 15,241,233	\$ 15,070,466
Receivable from Medicare	4,091,150	4,499,257
Receivable from Medicaid	984,750	1,359,998
Total patient accounts receivable	20,317,133	20,929,721
Less allowance for uncollectible accounts	10,141,462	10,067,163
Patient accounts receivable, net	\$ 10,175,671	\$ 10,862,558

4. Split-Dollar Life Insurance Notes Receivable:

In 2024, the District began offering a new retirement benefit to leadership and physicians at the Hospital. The benefit is structured to provide tax-free retirement, life insurance, and potential loans to participating employees.

Under the plan, the District purchases two whole life insurance policies. The first is a cash accumulation policy that builds a large cash surrender value through premium payments and market returns. The District pays the premiums on behalf of the employee and records a note receivable for the eventual repayment of those premiums from the employee.

The second policy is a cost recovery policy for which the District also makes the premium payments. The employee is the beneficiary and insured. The District records a note receivable for these payments as well. The District's note receivable is collateralized by this second policy, which the employee may not cancel unless the note owed to the District has been repaid. The note receivable will be repaid with the proceeds of the insurance policy upon death of the beneficiary, and the remaining proceeds will go to the estate of the employee. Both notes accumulate interest based on IRS rates.

The balance of the District's notes receivable under this plan was \$6,667,668 at December 31, 2024.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

5. Investment in Joint Ventures:

The District has investments in various joint ventures with ownership ranging between 2 percent and 12 percent. The main purpose of these investments are to share services with other members, and not primarily to generate income or cash, therefore, management has elected to use the equity method of accounting to record and report each of the joint ventures.

The District's joint venture investments are as follows:

2024			
	Ownership Percentage	\$	Equity Interest
Healthcare Management, LLC	12%	\$	806,800
Careflight of the Rockies, LLC	4%		383,338
Cardiac Catherization Laboratories Program at St. Mary's Hospital & Medical Center	2%		864,842
Total investment in joint ventures		\$	2,054,980

2023			
	Ownership Percentage	\$	Equity Interest
Healthcare Management, LLC	12%	\$	809,613
Careflight of the Rockies, LLC	4%		463,932
Cardiac Catherization Laboratories Program at St. Mary's Hospital & Medical Center	2%		706,967
Total investment in joint ventures		\$	1,980,512

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

6. Capital Assets:

A schedule of changes in capital assets follows:

	Balance				Balance
	December 31,				December 31,
	2023	Additions	Retirements	Transfers	2024
<i>Nondepreciable capital assets</i>					
Land	\$ 6,829,930	\$ -	\$ -	\$ -	\$ 6,829,930
Construction in progress	8,594,546	3,570,508	-	(10,682,341)	1,482,713
Total nondepreciable capital assets	15,424,476	3,570,508	-	(10,682,341)	8,312,643
<i>Depreciable capital assets</i>					
Land improvements	4,170,956	-	-	20,330	4,191,286
Buildings and improvements	148,370,676	-	-	7,011,484	155,382,160
Fixed equipment	22,730,106	-	-	416,416	23,146,522
Major moveable equipment	51,411,258	-	(160,841)	3,234,111	54,484,528
Total depreciable capital assets	226,682,996	-	(160,841)	10,682,341	237,204,496
<i>Less accumulated depreciation for</i>					
Land improvements	1,074,286	346,447	-	-	1,420,733
Buildings and improvements	43,052,204	5,823,298	-	-	48,875,502
Fixed equipment	5,552,376	1,255,460	-	-	6,807,836
Major moveable equipment	44,649,235	2,476,132	(159,391)	-	46,965,976
Total accumulated depreciation	94,328,101	9,901,337	(159,391)	-	104,070,047
Total depreciable capital assets, net	132,354,895	(9,901,337)	(1,450)	10,682,341	133,134,449
Capital assets, net	\$ 147,779,371	\$ (6,330,829)	\$ (1,450)	\$ -	\$ 141,447,092

Construction in progress at December 31, 2024, consisted of various projects to be completed throughout 2025, with no significant additional costs to complete.

	Balance				Balance
	December 31,				December 31,
	2022	Additions	Retirements	Transfers	2023
<i>Nondepreciable capital assets</i>					
Land	\$ 6,829,930	\$ -	\$ -	\$ -	\$ 6,829,930
Construction in progress	1,711,505	9,675,998	-	(2,792,957)	8,594,546
Total nondepreciable capital assets	8,541,435	9,675,998	-	(2,792,957)	15,424,476
<i>Depreciable capital assets</i>					
Land improvements	3,898,807	-	(18,474)	290,623	4,170,956
Buildings and improvements	148,351,578	-	-	19,098	148,370,676
Fixed equipment	22,249,958	-	(40,410)	520,558	22,730,106
Major moveable equipment	50,095,226	8,300	(654,946)	1,962,678	51,411,258
Total depreciable capital assets	224,595,569	8,300	(713,830)	2,792,957	226,682,996
<i>Less accumulated depreciation for</i>					
Land improvements	775,578	317,182	(18,474)	-	1,074,286
Buildings and improvements	37,524,462	5,527,742	-	-	43,052,204
Fixed equipment	4,363,707	1,229,079	(40,410)	-	5,552,376
Major moveable equipment	41,644,289	3,659,636	(654,690)	-	44,649,235
Total accumulated depreciation	84,308,036	10,733,639	(713,574)	-	94,328,101
Total depreciable capital assets, net	140,287,533	(10,725,339)	(256)	2,792,957	132,354,895
Capital assets, net	\$ 148,828,968	\$ (1,049,341)	\$ (256)	\$ -	\$ 147,779,371

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

7. Healthcare Self-insurance:

The District partially self-insures the cost of employee healthcare benefits as it purchases annual stop-loss insurance coverage for all claims in excess of \$150,000 per individual. An accrual for claims that have been incurred but not reported is included in the statements of net position in accrued compensation and related liabilities. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Changes in the District's claim liability were as follows:

	2024	2023
Claim liability, beginning of year	\$ 551,508	\$ 994,629
Current year claims and changes in estimates	10,013,080	3,201,064
Claims payments	(9,610,677)	(3,644,185)
Claim liability, end of year	\$ 953,911	\$ 551,508

8. Long-term Debt:

A schedule of changes in the District's long-term debt follows:

	Balance December 31, 2023			Balance December 31, 2024			Amounts Due Within One Year
		Additions	Reductions				
General Obligation Bonds, Series 2018	\$ 73,845,000	\$ -	\$ (3,735,000)	\$ 70,110,000	\$ 3,920,000		
Bond premium, 2018	11,248,787	-	(803,485)	10,445,302	-		
Long-term note payable	-	800,000	-	800,000	-		
Total long-term debt	\$ 85,093,787	\$ 800,000	\$ (4,538,485)	\$ 81,355,302	\$ 3,920,000		

	Balance December 31, 2022			Balance December 31, 2023			Amounts Due Within One Year
		Additions	Reductions				
General Obligation Bonds, Series 2018	\$ 77,400,000	\$ -	\$ (3,555,000)	\$ 73,845,000	\$ 3,735,000		
Bond premium, 2018	12,052,272	-	(803,485)	11,248,787	803,485		
Total long-term debt	\$ 89,452,272	\$ -	\$ (4,358,485)	\$ 85,093,787	\$ 4,538,485		

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

8. Long-term Debt (continued):

The terms of the District’s long-term debt are as follows:

- The General Obligation Bonds Series 2018 (the Bonds) in the original amount of \$89,400,000 are secured by the District’s full faith and credit. The bonds mature annually at amounts ranging from \$3,920,000 in 2025 to \$7,195,000 in 2037, with semiannual interest payments at rates ranging from 5 percent to 5.25 percent.
 - The Bonds are general obligations of the District and are secured by an irrevocable pledge of the District to levy and collect taxes each year sufficient to pay the bond principal and interest payments when due. The District’s Board approved the Bonds and a special levy to pay the principal and interest. Tax receipts limited for bond redemption and interest are used to pay the principal and interest each year.
- Note payable to Rocky Mountain Health Maintenance Organization for the repayment of advance funding, in the original amount of \$800,000. The note does not bear interest and the balance is due in March 2026.

Scheduled principal and interest repayments are as follows:

Years Ending December 31,	General Obligation Bonds	
	Principal	Interest
2025	\$ 3,920,000	\$ 3,649,888
2026	4,915,000	3,453,888
2027	4,320,000	3,248,138
2028	4,540,000	3,032,138
2029	4,775,000	2,793,788
2030-2034	27,915,000	9,934,575
2035-2037	20,525,000	1,653,633
	\$ 70,910,000	\$ 27,766,048

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

9. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and writeoffs have not significantly changed from the prior year. The District has not changed its charity care or uninsured discount policies during fiscal years 2024 or 2023. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows.

	2024	2023
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 44,988,293	\$ 35,957,155
Medicaid	17,909,666	19,429,388
Other third-party payors	34,228,362	28,245,959
Patients	15,929,751	12,512,774
Supplemental payments	6,996,539	6,613,000
	120,052,611	102,758,276
Less:		
Charity care	4,448,205	3,438,705
Provision for bad debts	9,464,694	9,540,141
Net patient service revenue	\$ 106,139,712	\$ 89,779,430

The District has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The Hospital has been designated a critical access hospital, and Grand River Health Care Center and Grand River Health Clinic West (the Clinics) as rural health clinics by Medicare. The Hospital and Clinics are reimbursed on a cost basis as defined and limited by the Medicare program. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. Nonrural health clinic physician services are reimbursed on a fee schedule. The District is reimbursed for skilled nursing facility services under a prospective payment system.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

9. Net Patient Service Revenue (continued):

- *Medicaid* – Hospital services rendered to Medicaid program beneficiaries are paid on a prospective payment system. Skilled nursing services are paid on prospectively determined rates per day. Rural health clinic encounters are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by Medicaid. Physician services are reimbursed on a fee schedule.
- *Other* – The District has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Under the Colorado Health Care Affordability Act (Act), the District pays provider fees to the state of Colorado. The provider fees are based on inpatient days and outpatient charges. The District also receives various supplemental payments from the state of Colorado under this Act.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from the Medicare cost report. The costs of caring for charity care patients were approximately \$2,527,000 and \$1,972,000 for the years ended December 31, 2024 and 2023, respectively. The District received approximately \$6,997,000 and \$6,613,000 from supplemental Medicaid payments and the Colorado Indigent Care Program for the years ended December 31, 2024 and 2023, respectively, to subsidize the cost of caring for charity care patients and to cover the gap where cost of caring for Medicaid patients exceeds Medicaid payments.

10. Property Taxes:

The Garfield County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually in December on property values assessed as of the same date. Assessed values are established by the County Assessor at fair market value. A revaluation of all property is required every two years. Ad valorem tax revenue is recognized in the period assessed to the extent such taxes are collected and available for use. The District received approximately 18 percent of its financial support in 2024 and 2023 from ad valorem taxes.

Taxes are due in either two equal installments on February 28 and June 16, or in one installment on April 30. Collections are distributed monthly to the District by the County Treasurer.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

10. Property Taxes (continued):

The District is permitted by law to levy up to \$5.597 per \$1,000 of assessed valuation for general District purposes. Colorado State Law, C.R.S. 39-5-121 and 39-5-128, limits the rate. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the people. The District’s bond levy, approved by the voters in the November 2017 election, will be used to pay the principal and interest on the Bonds. Collections on this levy began in 2018.

The District’s regular and bond levy were as follows:

	2024	2023
Total assessed valuation	\$ 1,833,042,520	\$ 2,823,483,590
Regular tax levy per \$1,000 of total assessed valuation	5.597	5.597
Total regular levy	\$ 10,259,539	\$ 15,790,173
Bond levy per \$1,000 of total assessed valuation	6.450	4.000
Total bond levy	\$ 11,823,124	\$ 11,284,740

Property taxes are recorded as receivables when levied. Since state law allows for the sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

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

11. Deferred Compensation and Defined Contribution Plans:

The District participates in the Grand River Hospital District 457 Deferred Compensation Plan, a deferred compensation retirement plan in accordance with Internal Revenue Code Section 457 (the 457 Plan) administered by One America Financial Partners, Inc. All full-time and part-time employees are eligible to participate in the 457 Plan through pre-tax payroll deductions. All monies are sent to the 457 account that has been set up for the employee each pay period and are vested immediately. The 457 Plan is available for all District employees and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or their heirs until termination, retirement, death, or unforeseen emergency. Total employee contributions to the 457 Plan during 2024 and 2023 were \$3,402,732 and \$3,043,270, respectively.

The District provides pension benefits through the Grand River Hospital District Employer Retirement Plan (the 401a Plan), a defined contribution plan, under section 401(a) of the Internal Revenue Code. The plan is administered by the District. In a defined contribution plan, benefits depend solely on amounts contributed by the District to the plan plus investment earnings. After one year of service, the District will match 3 percent of salary for full-time and part-time employees who have contributed to the 457 Plan, and 5 percent of salary after five years of service. Total employer contributions to the 401a Plan during 2024 and 2023 were \$1,779,979 and \$1,568,979, respectively.

Benefit terms including contribution requirements are established and may be amended by the District.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

12. Risk Management and Contingencies:

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

Medical malpractice claims – The District has its professional liability insurance with Copic Insurance (Copic). The Copic policy provides protection on a “claims-made” basis whereby only malpractice claims reported to the insurance carriers in the current year are covered by the current policies. If there are unreported incidents which result in a malpractice claim in the current year, such claims would be covered in the year the claim was reported to the insurance carrier only if the District purchased claims-made insurance in that year or the District purchased “tail” insurance to cover claims incurred before but reported to the insurance carrier after cancellation or expiration of a claims-made policy.

The malpractice insurance provides \$1,000,000 per claim with an additional aggregate limit of \$3,000,000. The policy has a \$100,000 deductible per claim.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year. Further, the District is subject to provisions of the Colorado Governmental Immunity Act which provides a limitation on the liability of the District.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

Taxpayer’s Bill of Rights – Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

Grand River Hospital District
doing business as Grand River Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

13. Concentration of Credit Risk:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are area residents and are insured under third-party agreements. The following is the mix of receivables from patients and third-party payors:

	2024	2023
Medicare	31 %	31 %
Medicaid	13	16
Other third-party payors	26	26
Patients	30	27
	100 %	100 %

Physicians – The District is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on District operations.

SUPPLEMENTARY INFORMATION

Grand River Hospital District
doing business as Grand River Health
Budget and Actual Revenues and Expenses
Year Ended December 31, 2024

	Actual	Preliminary and Final Approved Budget	Favorable (Unfavorable) Variance
<i>Operating revenues</i>			
Net patient service revenue	\$ 106,139,712	\$ 103,258,571	\$ 2,881,141
340(B) contract pharmacy and other revenue	6,125,766	4,808,000	1,317,766
Total operating revenues	112,265,478	108,066,571	4,198,907
<i>Operating expenses</i>			
Salaries and wages	58,930,798	57,359,337	(1,571,461)
Employee benefits	11,961,670	18,420,819	6,459,149
Professional fees and other purchased services	6,827,637	7,977,056	1,149,419
Supplies	16,566,384	15,813,452	(752,932)
Depreciation	9,901,337	9,429,047	(472,290)
Utilities	1,493,968	1,800,916	306,948
Other	15,963,532	14,741,100	(1,222,432)
Total operating expenses	121,645,326	125,541,727	3,896,401
<i>Operating loss</i>	(9,379,848)	(17,475,156)	8,095,308
<i>Nonoperating revenues (expenses)</i>			
Taxation	28,452,151	27,674,913	777,238
Investment income	3,832,217	2,090,000	1,742,217
Contributions	168,184	9,000	159,184
Interest expense	(3,017,590)	(4,390,136)	1,372,546
Total nonoperating revenues, net	29,434,962	25,383,777	4,051,185
Change in net position	\$ 20,055,114	\$ 7,908,621	\$ 12,146,493

See accompanying independent auditors' report.