



NOTICE OF REGULAR BOARD MEETING OF THE  
UPPER SAN JUAN HEALTH SERVICE DISTRICT d/b/a PAGOSA SPRINGS MEDICAL CENTER

**Tuesday, June 23, 2026, at 5:00 p.m. MDT**

The Board Room (direct access – northeast entrance)  
95 South Pagosa Blvd., Pagosa Springs, CO 81147

The public may attend in person or via Teams.

Join on the web: <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>

Meeting ID: 214 642 159 533 32

Passcode: M8yR6fg6

## AGENDA

### 1) CALL TO ORDER; ADMINISTRATIVE MATTERS OF THE BOARD

- a) Confirmation of quorum
- b) Board Director self-disclosure of actual, potential, or perceived conflicts of interest
- c) Approval of the Agenda (and changes, if any)

2) **PUBLIC COMMENT** This is an opportunity for the public to make comments and/or address USJHSD Board. Persons wishing to address the Board need to notify the Clerk to the Board, Antionette Martinez, prior to the start of the meeting. All public comments shall be limited to matters under the jurisdiction of the Board and shall be expressly limited to three (3) minutes per person. The Board is not required to respond to or discuss public comments. No action will be taken at this meeting on public comments.

3) **PRESENTATIONS** **The 2025 Audit.** Kami Matzek and/or Jeremy Valdez of Dingus, Zarecor & Associates, PLLC (“DZA”) will present, via Teams, a brief overview of the 2025 audit report and opinion of the auditor as well as financial indicators. The Independent Auditors’ Report includes a statement of key matters regarding the auditor’s scope of work and the opinion of the auditor as follows: *In DZA’s opinion, the financial statements “present fairly, in all material respects, the financial position of the District as of December 31, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.”*

- a) Auditor letter to the Board of Directors dated June 16, 2026
- b) Financial Indicators for December 31, 2025
- c) Independent Auditors’ Report for December 31, 2025, and 2024

### 4) REPORTS

*PSMC’s Mission: To provide quality, compassionate healthcare and wellness for each person we serve.*





Board of Directors  
 Upper San Juan Health Service District  
 doing business as Pagosa Springs Medical Center  
 Pagosa Springs, Colorado

We have audited the financial statements of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated November 18, 2025 and May 7, 2026. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the allowance for uncollectible accounts and contractual adjustments is based on historical collection rates and an analysis of the collectibility of existing accounts receivable.
- Management's estimate for third-party settlements is based on interim payments, District expenses, and patient statistical data.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Board of Directors  
Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
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### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Management has determined that the exclusion of Dr. Mary Fisher Medical Foundation doing business as Pagosa Springs Medical Center Foundation (the Foundation) from the financial statements is immaterial to the financial statements taken as a whole. The Foundation's total assets at December 31, 2025, were approximately \$640,000.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 16, 2026.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In the audit planning process, we identify balances, transactions, and disclosures that require specific audit attention due to a combination of their inherent risks and significance to the financial statements. Management override of controls and revenue recognition receive specific audit attention in all audits. We have identified the following for specific audit attention:

- Management override of controls.
- The patient accounts receivable allowance for contractual adjustments and doubtful accounts (allowance) contains a risk of improper revenue recognition.
- Estimated third-party payor settlements contain a risk of improper revenue recognition.
- The building donation from the Foundation contains a risk that the building is not recorded at the acquisition value.

Board of Directors  
Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
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### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of budget and actual revenues and expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

*D3A PLLC*

Spokane Valley, Washington  
June 16, 2026

# Upper San Juan Health Service District doing business as Pagosa Springs Medical Center

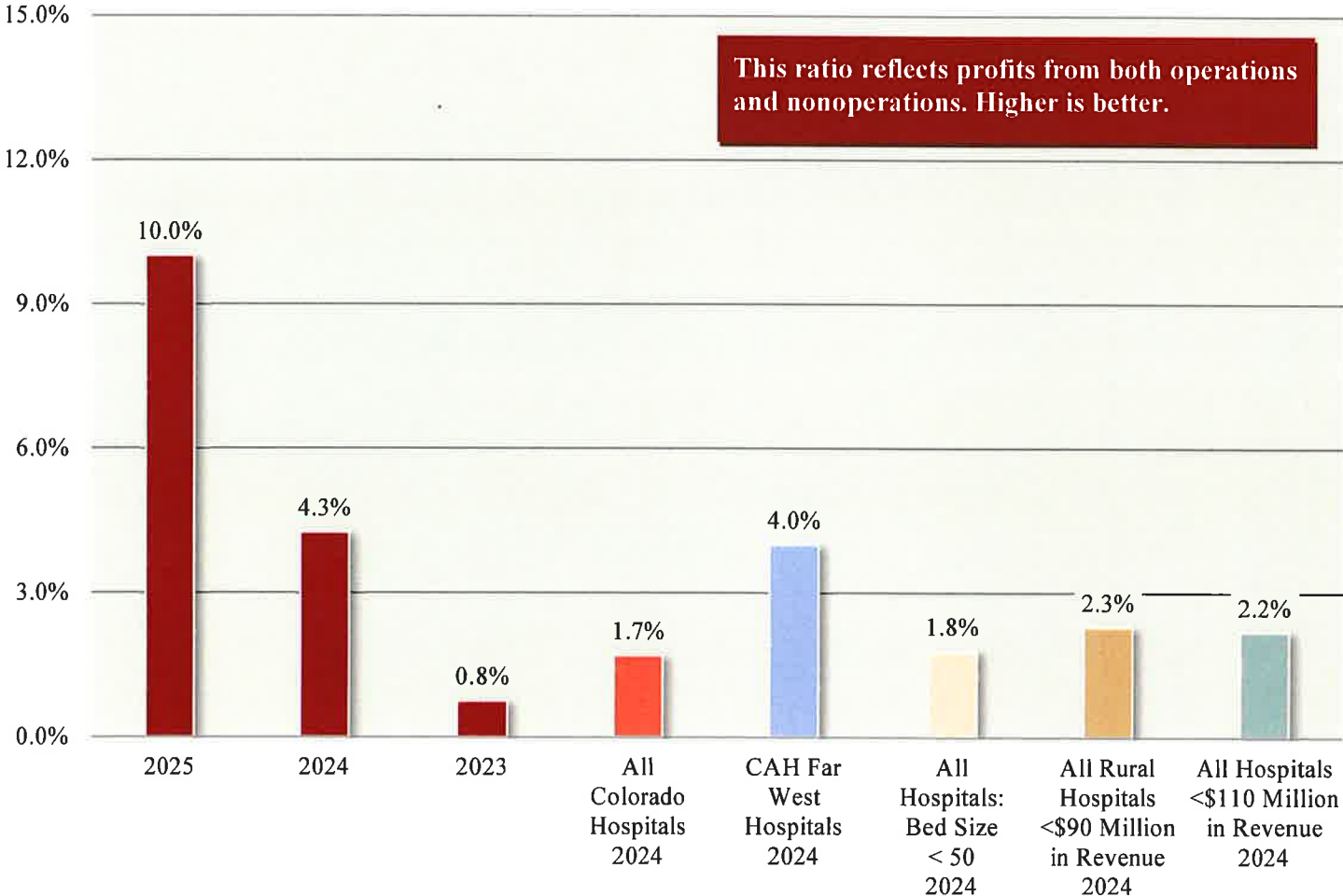
Financial Indicators

December 31, 2025

Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Total Margin

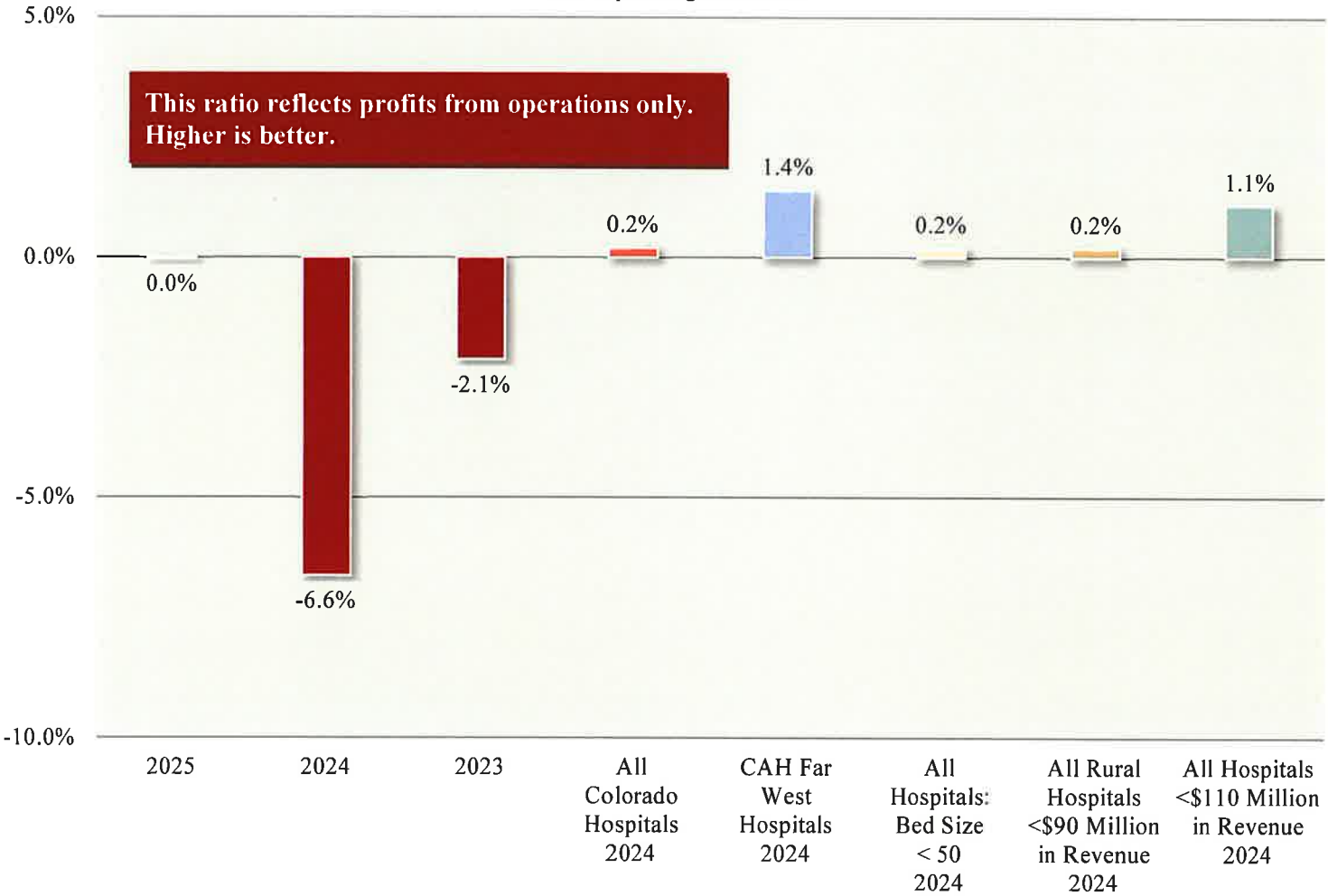
Change in Net Position  
Total Revenues



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Operating Margin

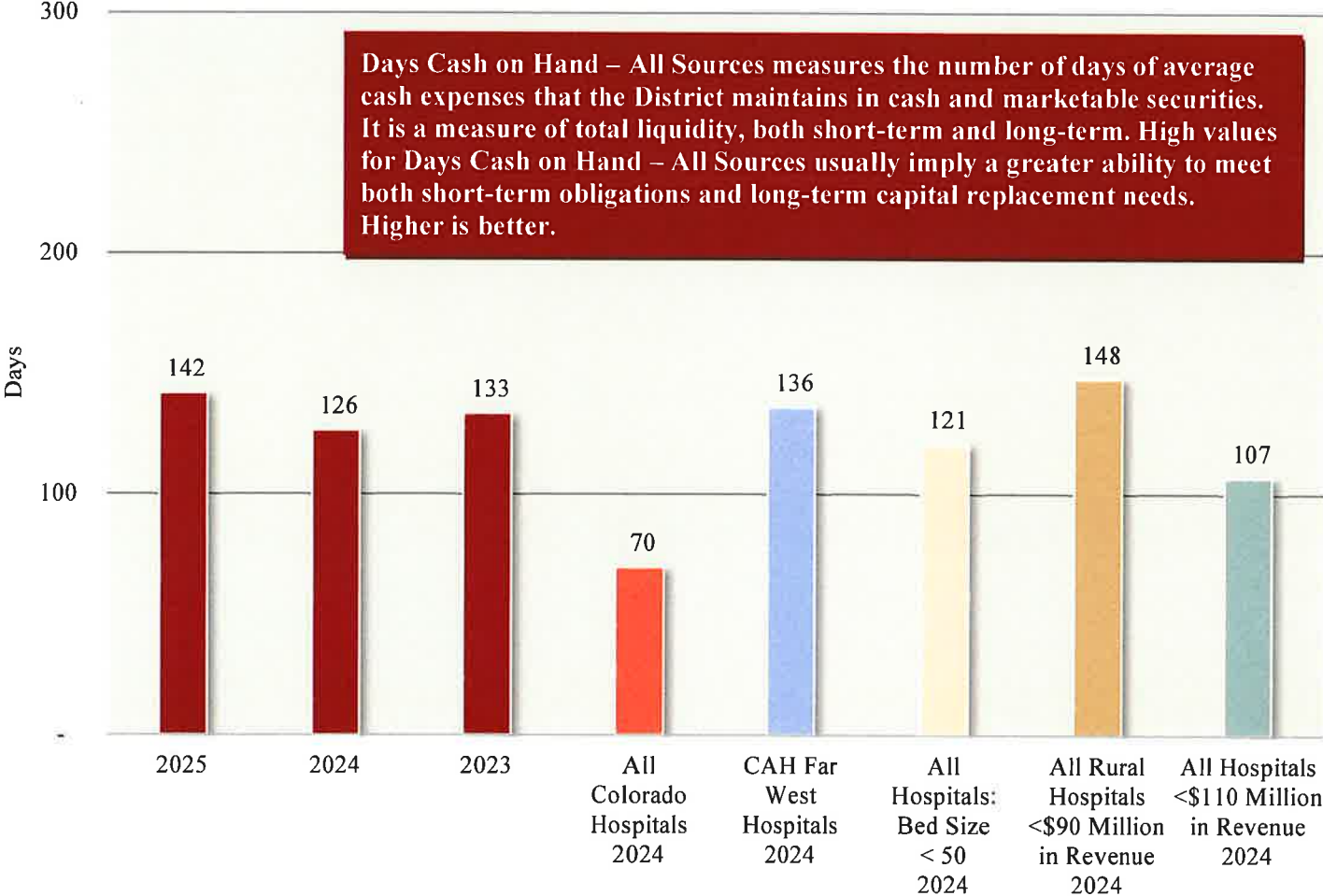
$$\frac{\text{Operating Income (Loss)}}{\text{Total Operating Revenues}}$$



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Days Cash on Hand – All Sources

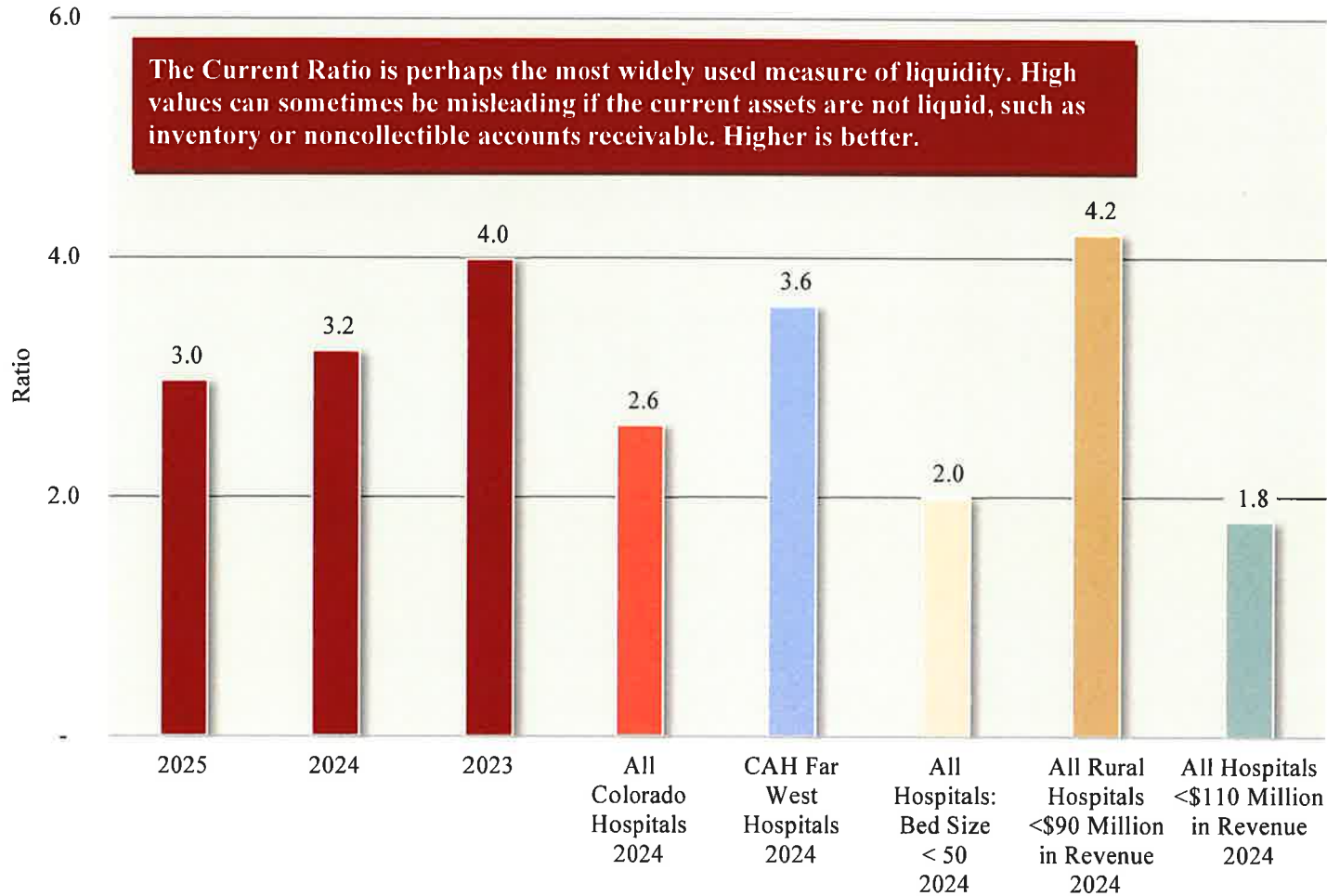
$$\frac{\text{Cash + Short-term Investments + Unrestricted Long-term Investments}}{(\text{Total Expenses - Depreciation}) / 365}$$



Upper San Juan Health Service District  
 doing business as  
 Pagosa Springs Medical Center

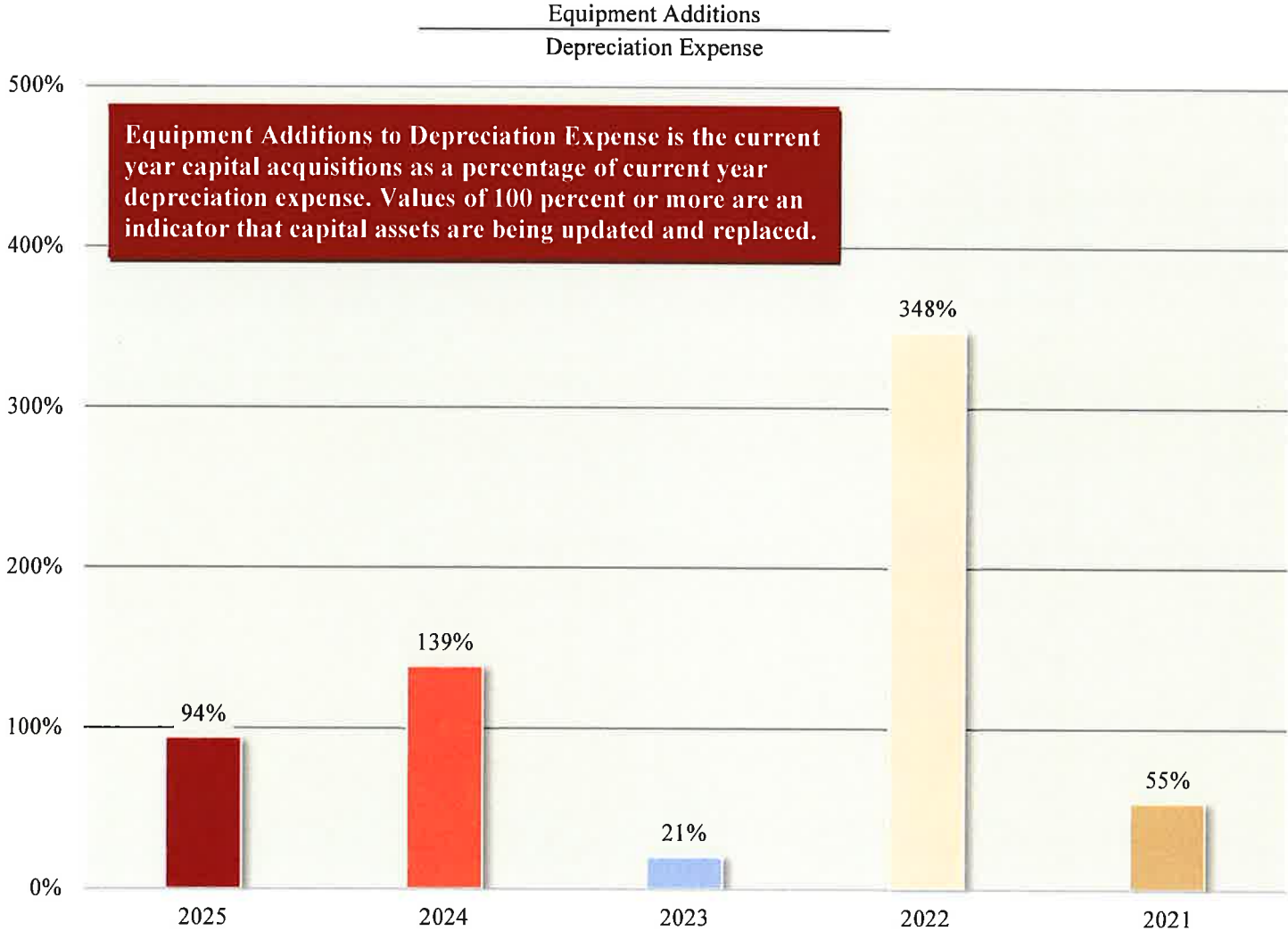
# Current Ratio

$$\frac{\text{Total Current Assets}}{\text{Current Liabilities}}$$



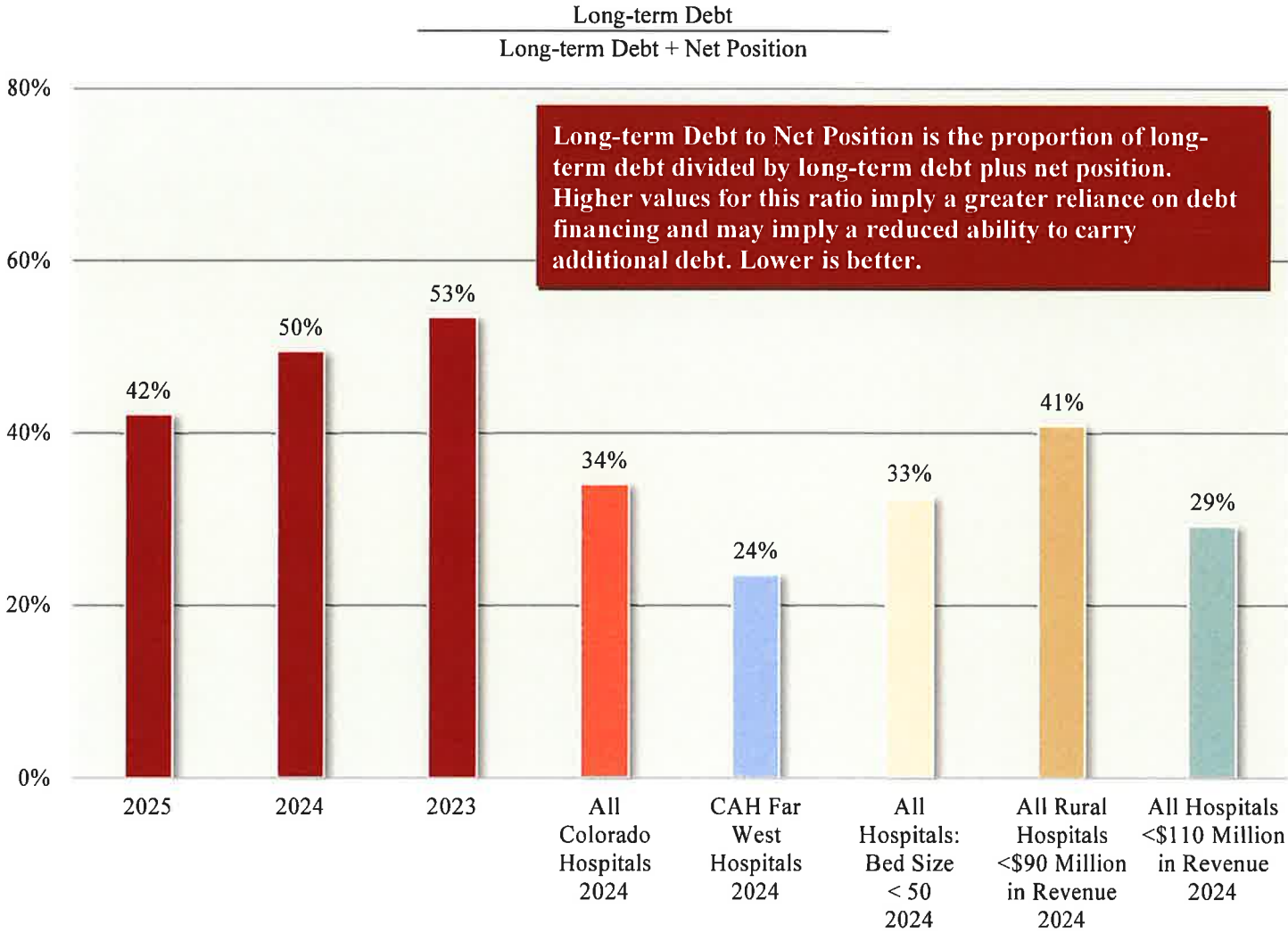
Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Equipment Additions to Depreciation Expense



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

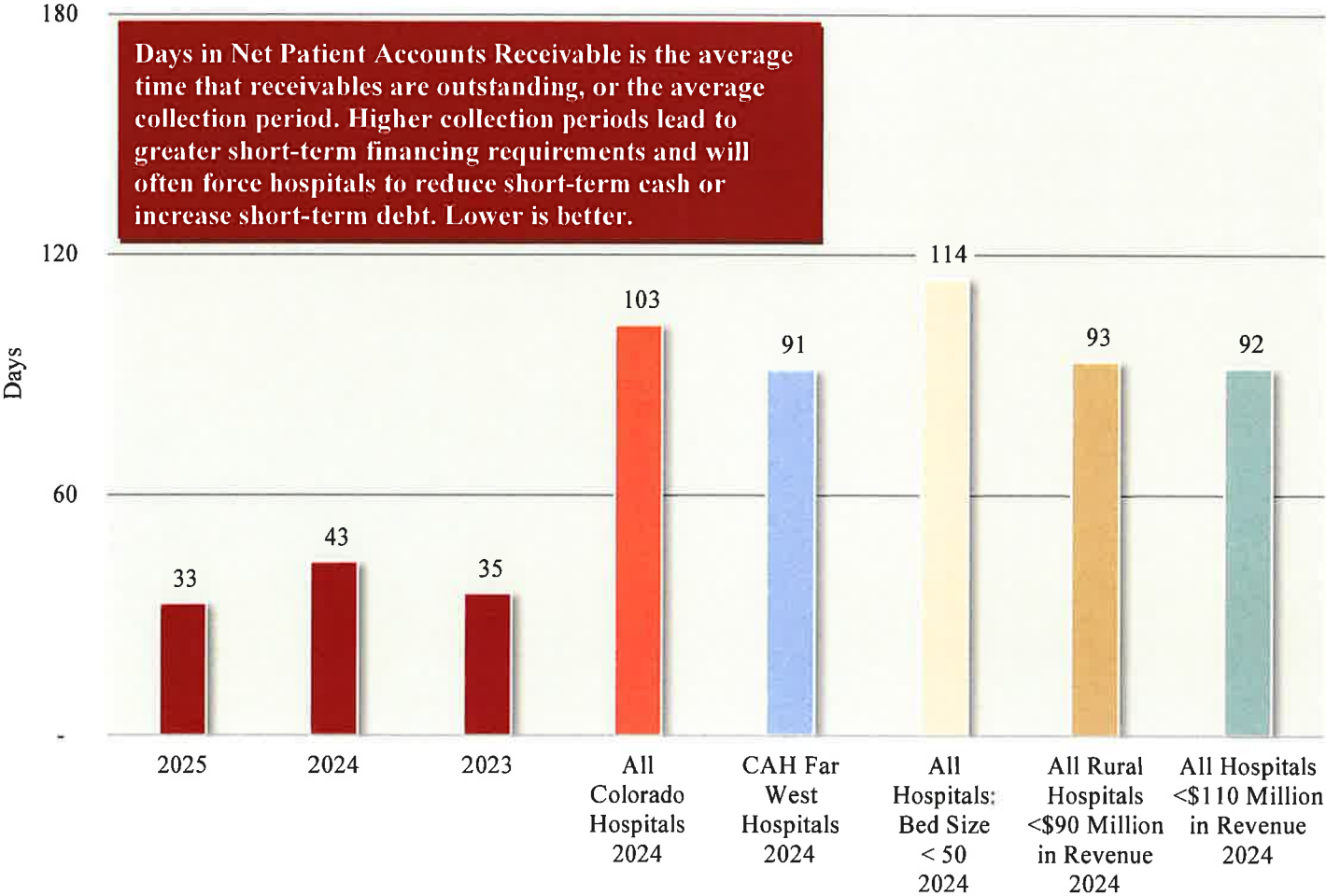
# Long-term Debt to Net Position



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

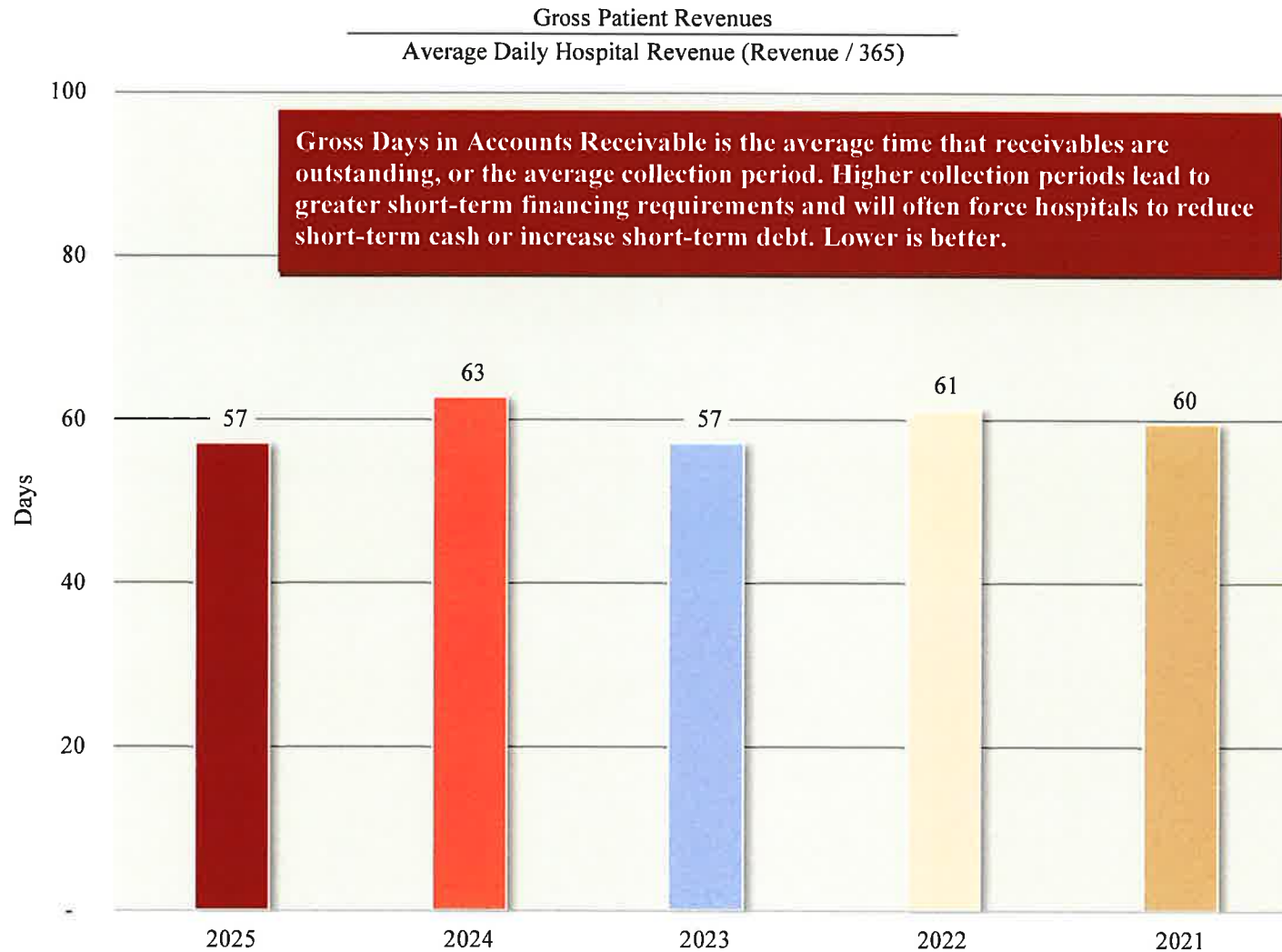
# Days in Net Patient Accounts Receivable

$$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenue} / 365}$$



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

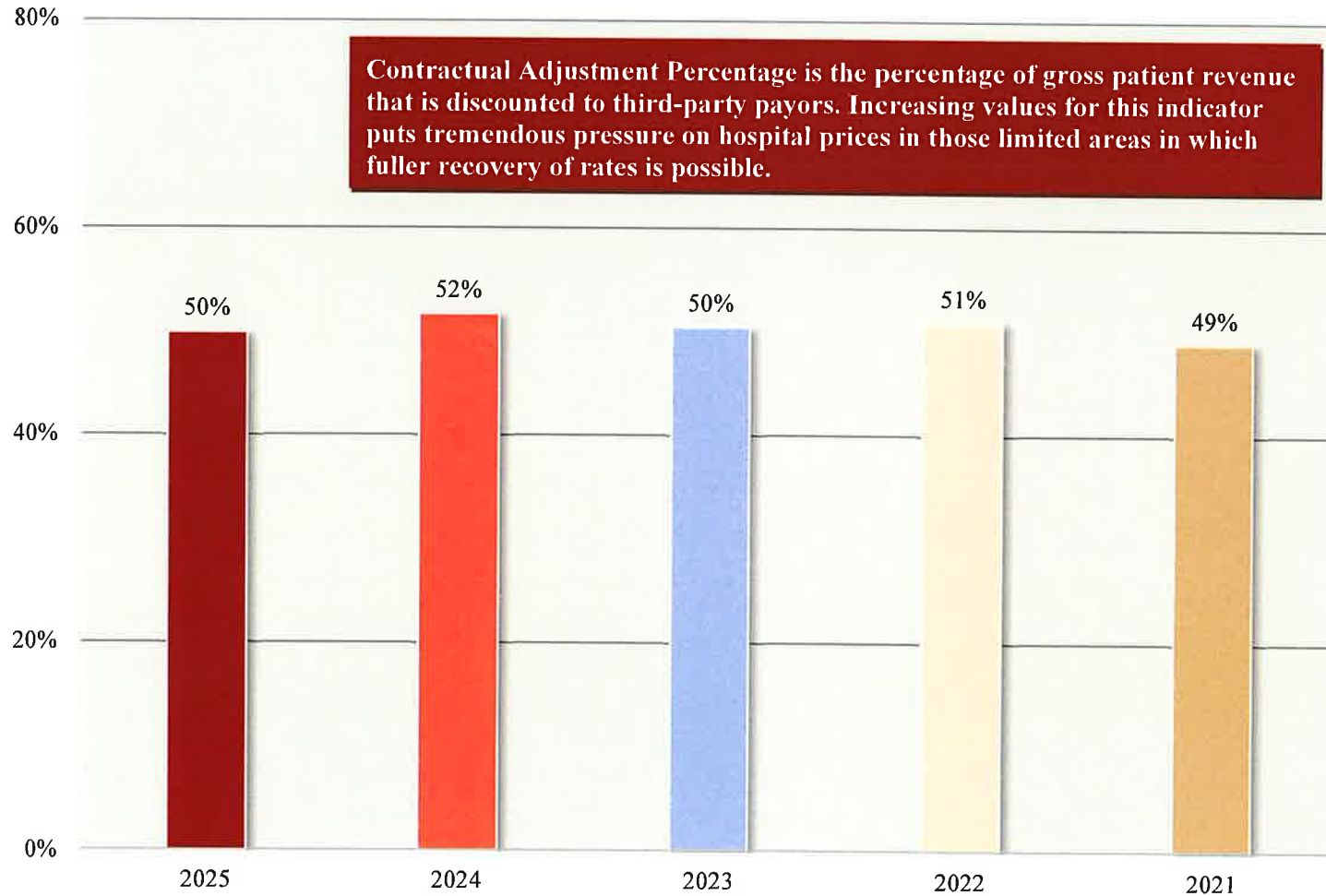
## Gross Days in Accounts Receivable



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Contractual Adjustment Percentage

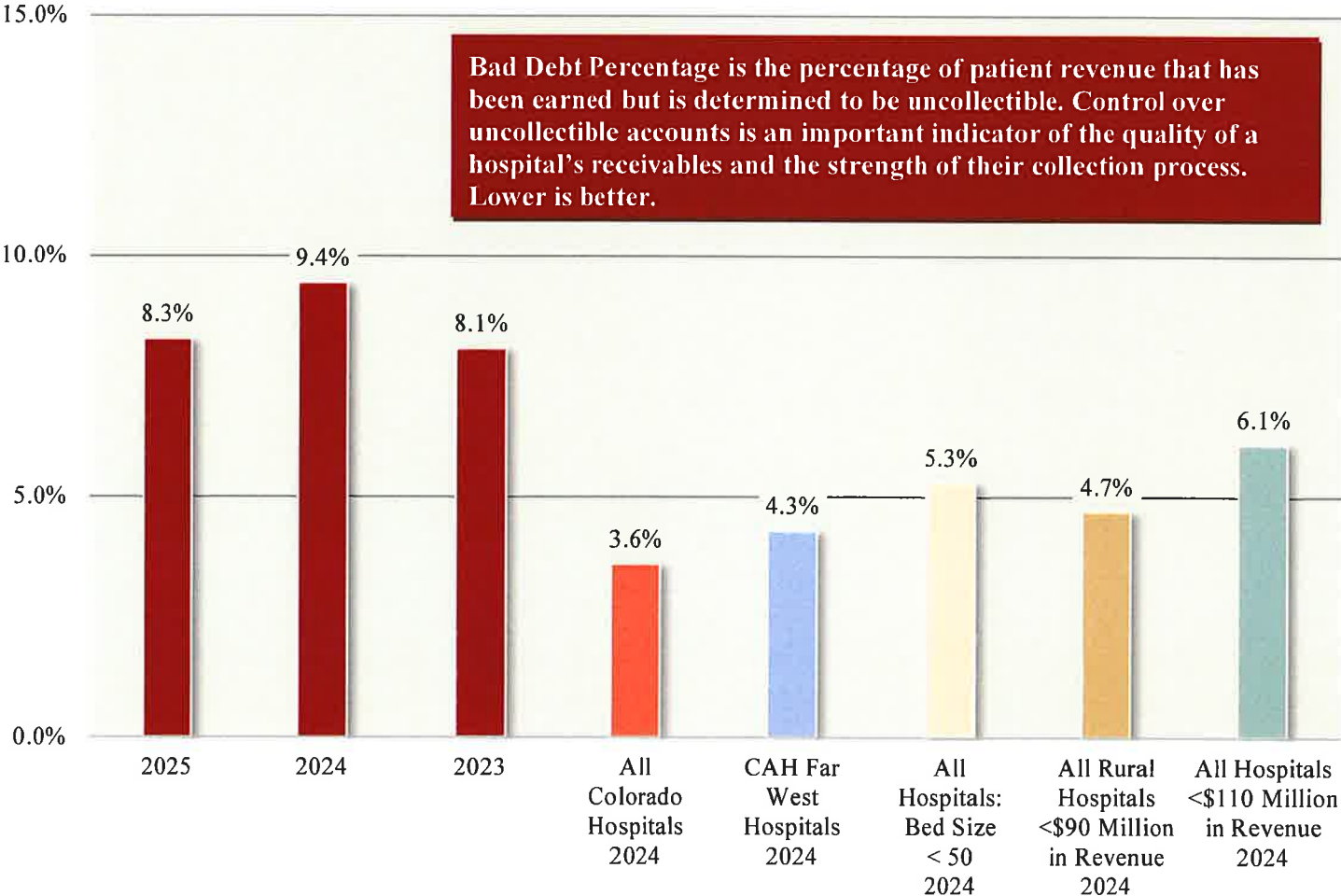
$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Bad Debt Percentage

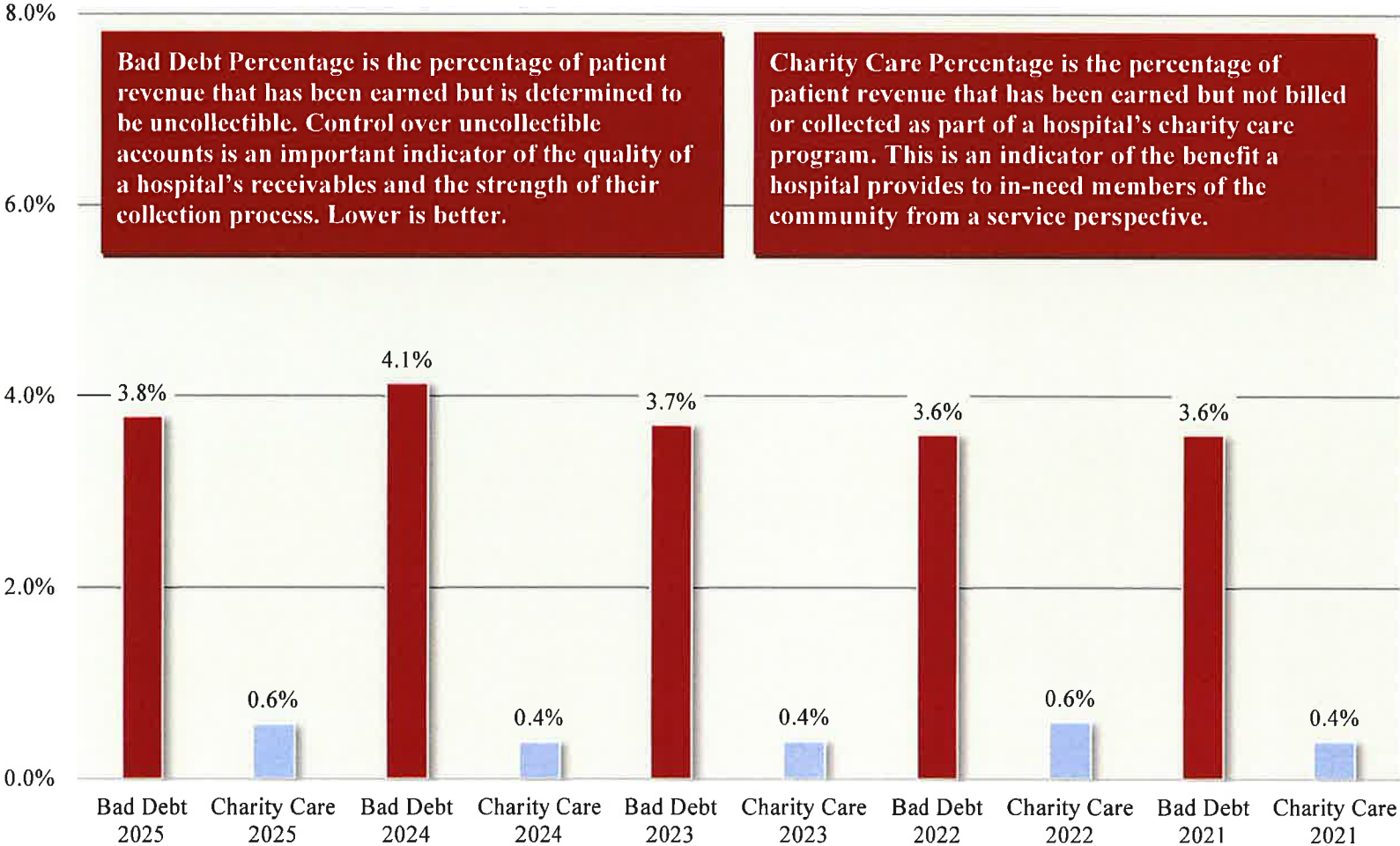
Provision for Bad Debt  
Net Patient Revenue



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

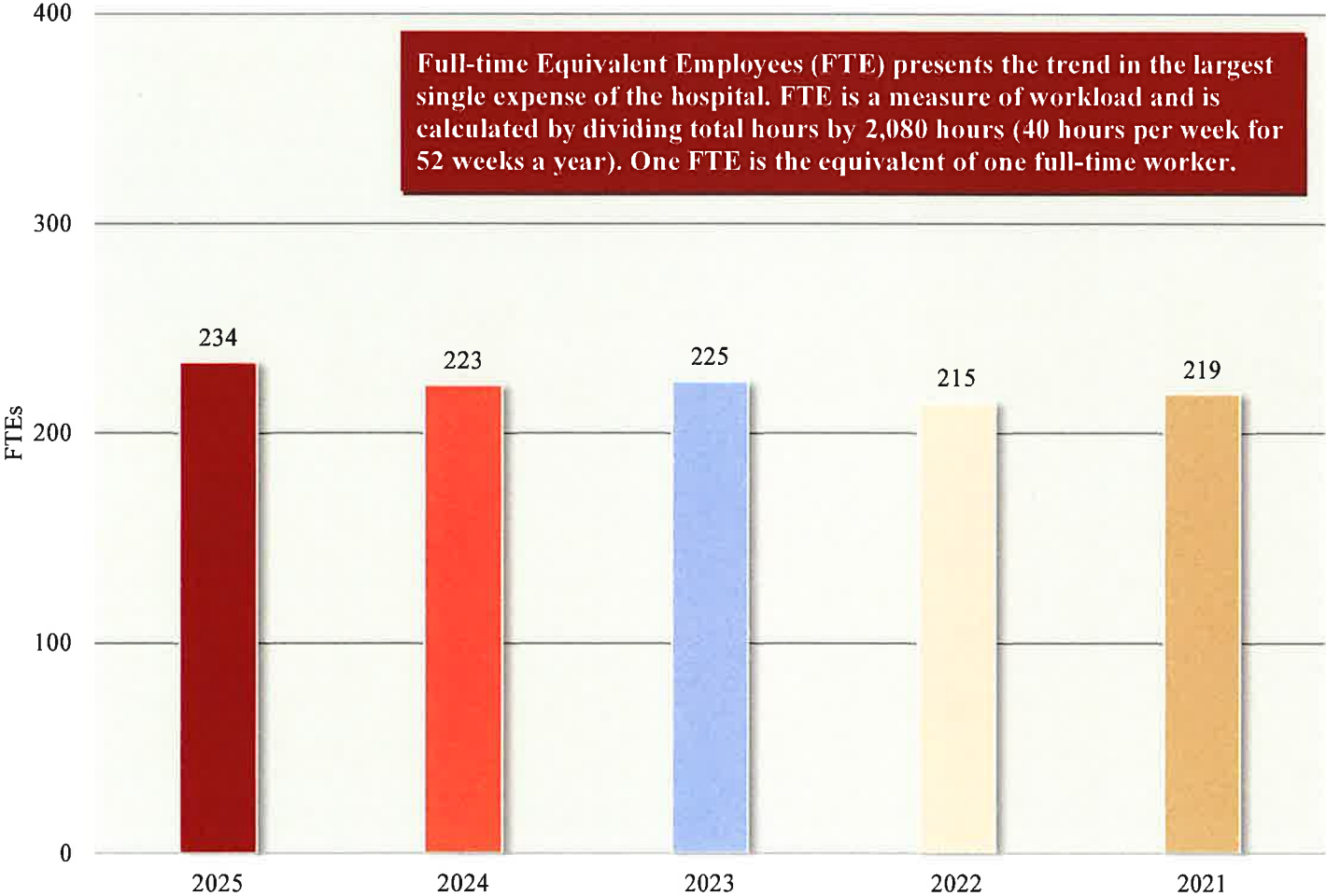
# Bad Debt and Charity Care Percentage

Provision for Bad Debt or Charity Care  
Gross Patient Revenues



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

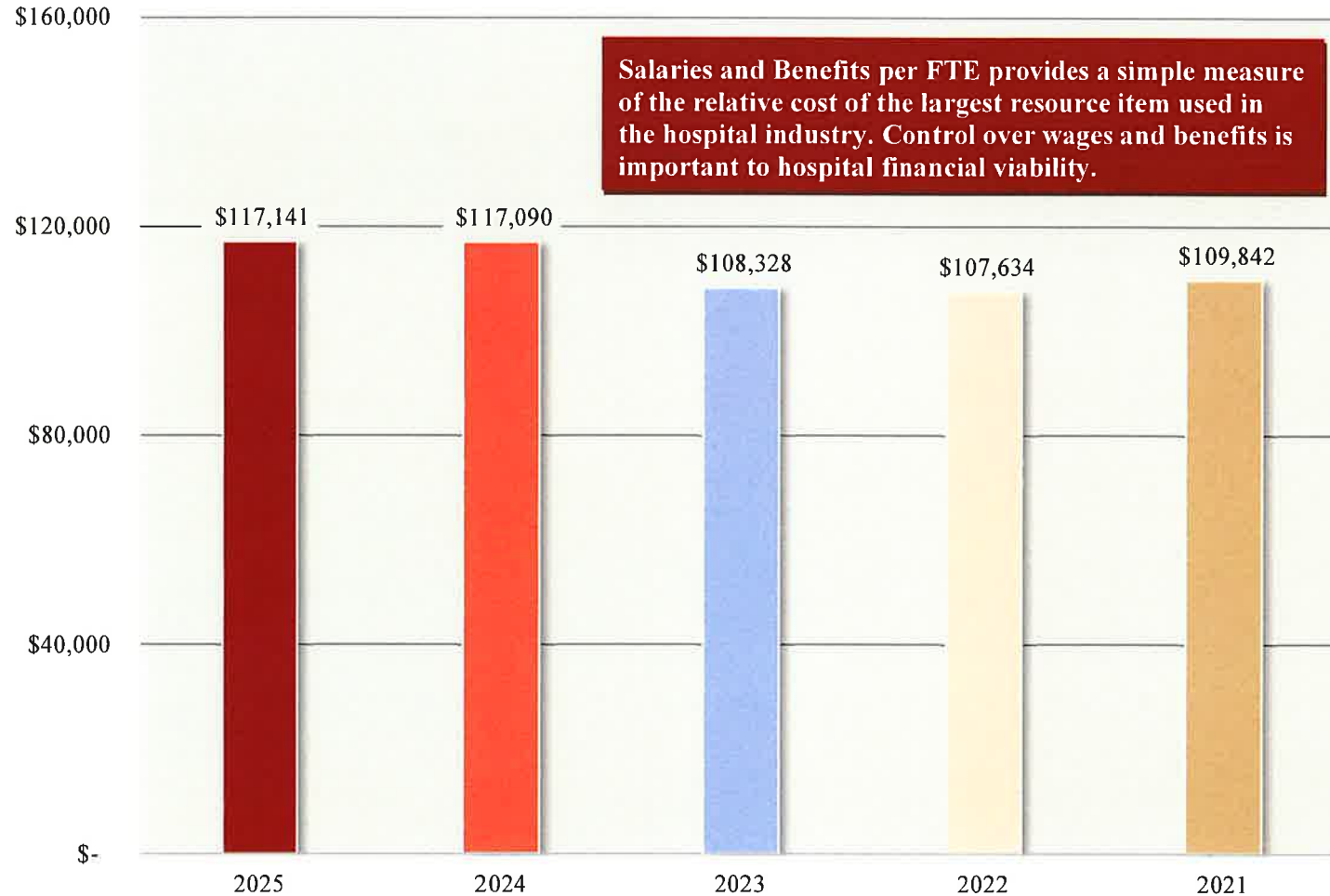
# Full-time Equivalent Employees (FTE)



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Salaries and Benefits per FTE

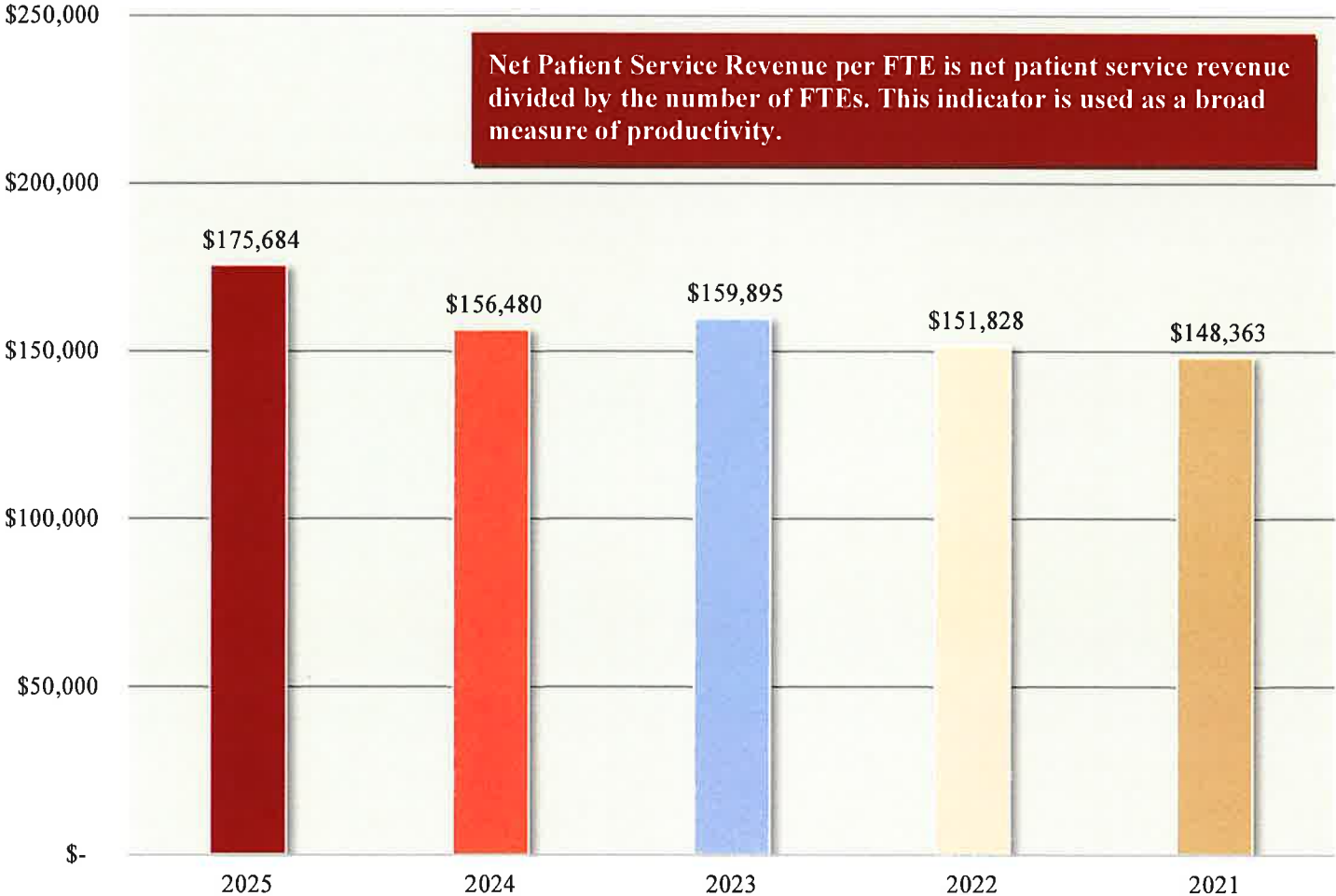
$$\frac{\text{Total Salaries + Total Benefits}}{\text{FTEs}}$$



Upper San Juan Health Service District  
doing business as  
Pagosa Springs Medical Center

# Net Patient Service Revenue per FTE

$\frac{\text{Net Patient Service Revenue}}{\text{FTE}}$



# Upper San Juan Health Service District doing business as Pagosa Springs Medical Center

Basic Financial Statements and  
Independent Auditors' Report

December 31, 2025 and 2024

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Pagosa Springs, Colorado

### **Opinion**

We have audited the accompanying financial statements of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) as of and for the years ended December 31, 2025 and 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, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis for Opinion**

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 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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**

GAAP requires that the management's discussion and analysis on pages 4-7 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements as a whole. The schedule of budget and actual revenues and expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*D3A PLLC*

Spokane Valley, Washington  
June 16, 2026

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Management's Discussion and Analysis  
December 31, 2025 and 2024**

Our discussion and analysis of Upper San Juan Health Service District doing business as Pagosa Springs Medical Center's (the District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2025 and 2024. Please read it in conjunction with the District's financial statements, which begin on page 8.

**Financial Highlights**

- The District's net position increased \$5,491,275 or 24.1 percent, and \$2,031,318, or 9.8 percent, in 2025 and 2024, respectively.
- The District reported an operating loss of \$12,765 and \$2,769,792 in 2025 and 2024, respectively. Income in 2025 increased \$2,757,027, or 99.5 percent, over the income reported in 2024. Operating income in 2024 decreased by \$1,894,086, or 216.3 percent, under the income reported in 2023.
- Nonoperating revenues (expenses) increased by \$1,580,341, or 70.4 percent, in 2025 compared to 2024. Nonoperating revenues (expenses) increased by \$1,142,475, or 103.7 percent, in 2024 compared to 2023.

**Using this Annual Report**

The District's financial statements consist of three statements – a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District that are designated for specific purposes by contributors, grantors, or enabling legislation.

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

Our analysis of the District's finances begin on page 5. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These statements report the District's net position and changes in it. The difference between assets and liabilities is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. The District will need to consider other nonfinancial factors, however, such as changes in the District's patient base and measures of the quality of service it provides to the community, as well as the local economic factors, to assess the overall health of the District.

**The Statement of Cash Flows**

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement provides meaningful information on how the District's cash was generated and how it was used.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Management's Discussion and Analysis (Continued)  
December 31, 2025 and 2024**

**The District's Net Position**

The District's net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 8-9. The District's net position increased \$5,491,275, or 24.1 percent, in 2025, and increased \$2,031,318, or 9.8 percent, in 2024.

<b>ASSETS</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<i>Assets</i>			
Current assets	\$ 29,390,627	\$ 25,050,864	\$ 22,784,031
Other noncurrent assets	1,565,670	1,361,706	1,537,688
Capital assets, net	28,856,902	28,815,125	27,476,641
<b>Total assets</b>	<b>\$ 59,813,199</b>	<b>\$ 55,227,695</b>	<b>\$ 51,798,360</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<i>Liabilities</i>			
Current liabilities	\$ 8,358,817	\$ 7,620,116	\$ 5,157,796
Long-term debt, lease, and subscription liabilities, less current maturities	20,673,801	22,385,262	23,455,262
<b>Total liabilities</b>	<b>29,032,618</b>	<b>30,005,378</b>	<b>28,613,058</b>
<i>Deferred inflows of resources</i>			
Property tax revenue	2,316,672	2,236,337	2,217,294
Deferred inflow from debt refinancing	152,366	165,712	179,058
<b>Total deferred inflows of resources</b>	<b>2,469,038</b>	<b>2,402,049</b>	<b>2,396,352</b>
<i>Net position</i>			
Net investment in capital assets	6,342,110	3,851,484	2,318,169
Restricted	1,565,670	1,361,706	1,537,688
Unrestricted	20,403,763	17,607,078	16,933,093
<b>Total net position</b>	<b>28,311,543</b>	<b>22,820,268</b>	<b>20,788,950</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 59,813,199</b>	<b>\$ 55,227,695</b>	<b>\$ 51,798,360</b>

The significant changes in assets and liabilities in 2025 were as follows:

- Total assets for the District were \$59,813,199 at the end of 2025, an increase of \$4,585,504 from the balance of \$55,227,695 at the end of 2024.

Current assets increased \$4,339,763 from \$25,050,864 in 2024 to \$29,390,627 in 2025 due to a combination in an increase in patient accounts receivable and receiving the Employee Retention Credit (ERC). Net patient receivables of \$4,062,385 in 2025 decreased \$593,173 from \$4,655,558 at the end of 2024. The District received notice of payment of \$2,064,052 in employee retention credits and interest in November 2025 and received the funds in March 2026.

- Total liabilities for the District were \$29,032,618 in 2025, a decrease of \$972,760 from the balance of \$30,005,378 in 2024.

Current liabilities increased \$738,701 from \$7,620,116 at the end of 2024 to \$8,358,817 at the end of 2025, primarily due to an increase in estimated third-party payor settlements.

Long-term debt, lease, and subscription liabilities decreased by \$1,711,461 from \$22,385,262 in 2024 to a balance of \$20,673,801 in 2025, primarily due to payments on debt.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Management's Discussion and Analysis (Continued)  
December 31, 2025 and 2024**

**Operating Results and Changes in the District's Net Position**

In 2025, the District's net position increased by \$5,491,275, or 24.1 percent, as shown in the table below. In 2024, the District's net position increased by \$2,031,318, or 9.8 percent, as shown in the table below.

	2025	2024	2023
<i>Operating revenues</i>			
Net patient service revenue	\$ 45,060,985	\$ 39,314,930	\$ 40,366,911
340B contract pharmacy	1,631,579	1,251,611	410,834
Grants	427,505	314,592	-
Other	933,967	928,599	359,214
<b>Total operating revenues</b>	<b>48,054,036</b>	<b>41,809,732</b>	<b>41,136,959</b>
<i>Operating expenses</i>			
Salaries and benefits	27,410,972	26,111,000	24,373,738
Supplies	8,834,133	7,292,025	7,443,840
Depreciation and amortization	2,947,510	2,709,092	2,641,357
Other	8,874,186	8,467,407	7,553,730
<b>Total operating expenses</b>	<b>48,066,801</b>	<b>44,579,524</b>	<b>42,012,665</b>
<i>Operating loss</i>	<b>(12,765)</b>	<b>(2,769,792)</b>	<b>(875,706)</b>
<i>Nonoperating revenues (expenses)</i>			
Property taxes	2,426,836	2,625,996	1,638,939
CARES Act Employee Retention Credit	1,553,877	-	-
CARES Act Employee Retention Credit professional fees	(233,082)	-	-
Interest expense	(1,062,496)	(1,133,011)	(1,155,044)
CARES Act Employee Retention Credit interest income	510,175	-	-
Interest income	629,033	751,017	617,632
<b>Total nonoperating revenues (expenses), net</b>	<b>3,824,343</b>	<b>2,244,002</b>	<b>1,101,527</b>
Excess of revenues (expenses) before capital grants and contributions	3,811,578	(525,790)	225,821
<i>Capital grants and contributions</i>	1,679,697	2,557,108	131,346
Change in net position	5,491,275	2,031,318	357,167
Net position, beginning of year	22,820,268	20,788,950	20,431,783
<b>Net position, end of year</b>	<b>\$ 28,311,543</b>	<b>\$ 22,820,268</b>	<b>\$ 20,788,950</b>

**Operating Results**

The first component of the overall change in the District's net position is operating income – the difference between the revenue and the expenses incurred to perform those services. Operating income increased by \$2,757,027 from 2024 to 2025.

The primary component of the change in operating income for 2025 compared to 2024 is:

- Net patient service revenue increased \$5,746,055 or 14.6 percent due to an increase in patient services provided.

Overall, operating expenses increased between 2024 and 2025 by \$3,487,277, or 7.8 percent, and increased between 2023 and 2024 by \$2,566,859, or 6.1 percent.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Management's Discussion and Analysis (Continued)  
December 31, 2025 and 2024**

**Nonoperating Revenues and Expenses**

Nonoperating activity for 2025 and 2024 consists primarily of property taxes levied for repayment of the District's bonds, interest expense, and interest income. Nonoperating activity for 2025 included revenues and expenses related to the receipt of the CARES Act ERC that was applied for in 2022. Net nonoperating revenues and expenses increased by \$1,580,341, or 70.4 percent, in 2025.

**The District's Cash Flows**

Changes in the District's cash flows are consistent with changes in operating results and nonoperating revenues and expenses discussed earlier.

**Capital Assets and Debt Administration**

*Capital Assets*

Net capital assets increased in 2025 by \$41,777, or 0.1 percent, from 2024. This net increase includes purchases (including construction in progress) and the recognition subscription assets. Net capital assets increased \$1,338,484, or 4.9 percent, from 2023 to 2024. This net increase includes purchases (including construction in progress) and the recognition of lease right-of-use assets and subscription assets.

At the end of 2025, the District had \$28,856,902 in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements.

*Debt Administration*

At December 31, 2025, the District had \$20,673,801 in long-term debt, lease, and subscription liabilities, a decrease of \$1,711,461 from December 31, 2024. At December 31, 2024, the District had \$22,385,262 in long-term debt, lease, and subscription liabilities.

The District's formal debt issuances must be approved by the District's Board of Directors. The amount of debt issued is subject to limitations that apply to the District. There have been no changes in the District's debt ratings in the past two years.

**Contacting the District's Financial Management**

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's office at Pagosa Springs Medical Center, 95 South Pagosa Boulevard, Pagosa Springs, Colorado, 81147.

**Upper San Juan Health Service District**  
**doing business as Pagosa Springs Medical Center**  
**Statements of Net Position**  
**December 31, 2025 and 2024**

<b>ASSETS</b>	<b>2025</b>	<b>2024</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 15,964,460	\$ 13,128,932
Receivables:		
Patient accounts, net	4,062,385	4,655,558
Property tax levy	2,316,672	2,236,337
Estimated third-party payor settlements	1,902,000	1,555,000
Grants	160,614	856,039
CARES Act Employee Retention Credit	2,064,052	-
Other	469,548	333,022
Inventories	2,197,609	2,074,882
Prepaid expenses	253,287	211,094
Total current assets	29,390,627	25,050,864
<i>Noncurrent assets</i>		
Cash and cash equivalents, restricted for debt service	1,565,670	1,361,706
Depreciable capital assets, net	27,360,819	24,954,294
Nondepreciable capital assets	1,496,083	3,860,831
Total noncurrent assets	30,422,572	30,176,831
<b>Total assets</b>	<b>\$ 59,813,199</b>	<b>\$ 55,227,695</b>

*See accompanying notes to financial statements.*

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Statements of Net Position (Continued)  
December 31, 2025 and 2024**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>2025</b>	<b>2024</b>
<i>Current liabilities</i>		
Accounts payable	\$ 2,078,651	\$ 1,268,538
Capital accounts payable	-	799,994
Refunds payable	181,359	225,935
Accrued compensation and related liabilities	2,106,560	2,162,143
Estimated third-party payor settlements	2,234,000	1,480,000
Accrued interest payable	69,622	70,833
Current maturities of long-term debt and other noncurrent liabilities	1,688,625	1,612,673
Total current liabilities	8,358,817	7,620,116
<i>Noncurrent liabilities</i>		
Long-term debt and other noncurrent liabilities, net of current maturities	20,673,801	22,385,262
Total liabilities	29,032,618	30,005,378
<i>Deferred inflows of resources</i>		
Property tax revenue	2,316,672	2,236,337
Deferred inflow from debt refinancing	152,366	165,712
Total deferred inflows of resources	2,469,038	2,402,049
<i>Net position</i>		
Net investment in capital assets	6,342,110	3,851,484
Restricted	1,565,670	1,361,706
Unrestricted	20,403,763	17,607,078
Total net position	28,311,543	22,820,268
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 59,813,199</b>	<b>\$ 55,227,695</b>

*See accompanying notes to financial statements.*

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended December 31, 2025 and 2024**

	2025	2024
<i>Operating revenues</i>		
Net patient service revenue	\$ 45,060,985	\$ 39,314,930
340B contract pharmacy	1,631,579	1,251,611
Grants	427,505	314,592
Other	933,967	928,599
<b>Total operating revenues</b>	<b>48,054,036</b>	<b>41,809,732</b>
<i>Operating expenses</i>		
Salaries and wages	23,587,930	22,876,781
Employee benefits	3,823,042	3,234,219
Professional fees and other purchased services	4,670,983	4,586,099
Supplies	8,834,133	7,292,025
Utilities	473,179	461,574
Depreciation and amortization	2,947,510	2,709,092
Leases and rentals	353,445	194,855
Repairs and maintenance	701,196	857,537
Provider fees	1,120,588	983,700
Insurance	453,838	439,669
Other	1,100,957	943,973
<b>Total operating expenses</b>	<b>48,066,801</b>	<b>44,579,524</b>
<i>Operating loss</i>	<b>(12,765)</b>	<b>(2,769,792)</b>
<i>Nonoperating revenues (expenses)</i>		
Property taxes	2,426,836	2,625,996
CARES Act Employee Retention Credit	1,553,877	-
CARES Act Employee Retention Credit interest income	510,175	-
CARES Act Employee Retention Credit professional fees	(233,082)	-
Interest expense	(1,062,496)	(1,133,011)
Interest income	629,033	751,017
<b>Total nonoperating revenues (expenses), net</b>	<b>3,824,343</b>	<b>2,244,002</b>
Excess of revenues (expenses) before capital grants and contributions	<b>3,811,578</b>	<b>(525,790)</b>
<i>Capital grants and contributions</i>	<b>1,679,697</b>	<b>2,557,108</b>
Change in net position	<b>5,491,275</b>	<b>2,031,318</b>
Net position, beginning of year	<b>22,820,268</b>	<b>20,788,950</b>
<b>Net position, end of year</b>	<b>\$ 28,311,543</b>	<b>\$ 22,820,268</b>

See accompanying notes to financial statements.

**Upper San Juan Health Service District**  
**doing business as Pagosa Springs Medical Center**  
**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	2025	2024
<b><i>Change in Cash and Cash Equivalents</i></b>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 47,692,737	\$ 40,806,873
Other receipts	1,224,946	1,118,352
Payments to and on behalf of employees	(27,466,555)	(25,759,919)
Payments to suppliers and contractors	(17,340,784)	(15,774,806)
Net cash from operating activities	4,110,344	390,500
<i>Cash flows from noncapital financing activities</i>		
Property taxes	2,426,836	2,625,996
<i>Cash flows from capital and related financing activities</i>		
Principal payments on lease and subscription liabilities	(792,520)	(785,623)
Principal payments on long-term debt	(815,000)	(790,000)
Purchase of capital assets	(3,208,518)	(2,600,686)
Interest paid on long-term debt and lease and subscription liabilities	(1,129,805)	(1,197,070)
Capital grants and contributions	1,819,122	1,701,069
Net cash from capital and related financing activities	(4,126,721)	(3,672,310)
<i>Cash flows from investing activities, investment income</i>	629,033	751,017
Net change in cash and cash equivalents	3,039,492	95,203
Cash and cash equivalents, beginning of year	14,490,638	14,395,435
<b>Cash and cash equivalents, end of year</b>	<b>\$ 17,530,130</b>	<b>\$ 14,490,638</b>

*See accompanying notes to financial statements.*

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Statements of Cash Flows (Continued)  
Years Ended December 31, 2025 and 2024**

	2025	2024
<b><i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i></b>		
Cash and cash equivalents	\$ 15,964,460	\$ 13,128,932
Cash and cash equivalents, restricted for debt service	1,565,670	1,361,706
<b>Total cash and cash equivalents</b>	<b>\$ 17,530,130</b>	<b>\$ 14,490,638</b>
<b><i>Reconciliation of Operating Loss to Net Cash from Operating Activities</i></b>		
Operating loss	\$ (12,765)	\$ (2,769,792)
<i>Adjustments to reconcile operating loss to net cash from operating activities</i>		
Depreciation and amortization	2,947,510	2,709,092
Provision for bad debts	3,403,104	3,294,047
(Increase) decrease in assets:		
Receivables:		
Patient accounts	(2,809,931)	(4,033,799)
Estimated third-party payor settlements	(347,000)	79,000
Other	(136,526)	(124,839)
Inventories	(122,727)	(249,004)
Prepaid expenses	(42,193)	(85,971)
Increase (decrease) in liabilities:		
Accounts payable	577,031	278,001
Refunds payable	(44,576)	41,600
Accrued compensation and related liabilities	(55,583)	351,081
Estimated third-party payor settlements	754,000	901,084
<b>Net cash from operating activities</b>	<b>\$ 4,110,344</b>	<b>\$ 390,500</b>

***Noncash noncapital financing activities*** – During the year ended December 31, 2025, the District recognized a subscription asset and related subscription liability totaling \$24,764. During the year ended December 31, 2024, the District recognized a subscription liability totaling \$266,109 and a right-of-use asset totaling \$380,787.

***Noncash capital activities*** – During the year ended December 31, 2025, the District received a donation of a building from the Dr. Mary Fisher Medical Foundation doing business as Pagosa Springs Medical Center Foundation. The building was capitalized with a value of \$556,000.

*See accompanying notes to financial statements.*

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements  
Years Ended December 31, 2025 and 2024**

**1. Reporting Entity and Summary of Significant Accounting Policies:**

**a. Reporting Entity**

Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (the District) was organized to operate, maintain, and provide health services to the citizens of Archuleta County and a small portion of Hinsdale and Mineral Counties in the state of Colorado. As organized, the District is exempt from paying federal income tax. The District is governed by a Board of Directors consisting of members that must be qualified electors of the District. Members are elected to staggered four-year terms of office.

The District operates a licensed 11-bed hospital, a rural health clinic (RHC), and an ambulance service in Pagosa Springs, Colorado. The services provided include medical-surgical, pediatrics, surgery, emergency room, oncology, pain management clinic, and related ancillary services (laboratory, imaging, cardiology, physical therapy, respiratory therapy, etc.).

**b. Summary of Significant Accounting Policies**

***Use of estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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*** – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operation of the District.

***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.

***Grants receivable*** – Receivables arising from revenue from government agencies are stated at net realizable value. Management believes the amounts to be fully collectible.

***Capital assets*** – The District capitalizes assets whose costs exceed \$5,000 and have an estimated useful life of at least two years. Major expenses for capital assets, including repairs that increase the useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses are incurred. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and computed using the straight-line method. Amortization of assets subject to leases and subscriptions is reported with depreciation expense.

Upper San Juan Health Service District  
 doing business as Pagosa Springs Medical Center  
 Notes to Financial Statements (Continued)  
 Years Ended December 31, 2025 and 2024

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

b. Summary of Significant Accounting Policies (continued)

*Capital assets (continued)* – Useful lives and subscriptions are estimated as follows:

Buildings and improvements	5 to 39 years
Equipment	2 to 20 years
Lease right-of-use – building	25 years
Lease right-of-use – equipment	2 to 5 years
Subscription assets	3 to 10 years

*Accrued compensation and related liabilities* – Accrued compensation and related liabilities includes accruals for compensated absences related to employee paid time off (PTO). Employees earn PTO at varying rates, depending on years of service. Employees must be full-time with at least one month of continuous employment in order to earn PTO. Accumulated PTO cannot exceed certain limits, depending on the employee’s position. Accruals for employee PTO and payroll-related expenses, such as employer payroll taxes and retirement contributions, is accrued and expensed when earned. Employees also earn up to 48 hours of sick leave each year. Employees can use up to 48 hours of sick leave each year. Unused sick leave cannot be cashed out and will not be paid out upon termination of employment.

*Bond premiums and deferred inflows* – Bond premiums and deferred inflows are being amortized on a straight-line basis over the life of the bond issue.

*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 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*.

*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.

*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 and contributions received for purposes other than capital asset acquisitions, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

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

**b. Summary of Significant Accounting Policies (continued)**

**Grants and contributions** – From time to time, the District receives federal, state, and county grants, 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. Grants that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Grants that are used to subsidize operating deficits are reported as nonoperating revenues. Contributions, except for capital contributions, are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. During the years ended December 31, 2025 and 2024, the District received contributions of approximately \$1,307,000 and 825,000, respectively, from the Dr. Mary Fisher Medical Foundation, a related party.

**Upcoming accounting pronouncements** – In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which increases the usefulness of governments' financial statements by improving definitions and disclosures related to management's discussion and analysis, unusual or infrequent items, and nonoperating revenue. It also changes presentation requirements for component units and budgetary comparison information. These changes will improve the comparability of the financial statements. The new guidance is effective for the District's year ending December 31, 2026, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

**Subsequent events** – Subsequent events have been reviewed through June 16, 2026, the date on which the financial statements were available to be issued.

**2. Bank Deposits and Investments:**

**Deposits**

Under Colorado state statute, the Commercial Bank Code Public Deposit Protection Act of 1989 (PDPA) protects public funds held in bank deposit accounts in the event that the bank holding the public deposits becomes insolvent. As defined by the PDPA, deposit accounts include checking, savings, bank money market, and certificate of deposit accounts. Banks must deliver bank assets (usually securities) to a third-party institution, which are pledged to the Colorado Division of Banking, for all Colorado public depositors.

The District's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation or by deposits collateralized by securities not held in the District's name under the PDPA.

**Investments**

Colorado state statutes authorize the District to invest in obligations of the United States Treasury, agencies and instrumentalities, commercial paper, repurchase agreements, money market funds, and local government investment pools with a maturity date of no more than five years from the date of purchase.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**2. Bank Deposits and Investments (continued):**

**Investments (continued)**

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the deposits or investments that are in the possession of an outside party. The District’s investment policy does not contain policy requirements that would limit the exposure to custodial credit risk for investments.

**Credit risk** – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District has a policy specifically requiring or limiting investments of this type.

**Concentration of credit risk** – Concentration of credit risk is 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 a single issuer). The District has 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 has a policy specifically managing its exposure to fair value losses arising from changing interest rates.

At December 31, 2025 and 2024, the District had invested \$1,891,691 and \$1,811,720, respectively, in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor’s (S&P’s) AAA rating. There is no custodial interest rate or foreign currency risk exposure. The underlying investments held by Colotrust are valued at fair value.

At December 31, 2025 and 2024, the District had invested \$5,575,333 and \$5,382,126 in the Colorado State Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. CSIP operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to CSIP in connection with the direct investment and withdrawal functions of CSIP. Substantially all securities owned by CSIP are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by CSIP. CSIP funds carry a S&P’s AAAM rating. There is no foreign currency risk exposure. The underlying investments held by CSIP are valued at fair value.

The District’s remaining investments at December 31, 2025 and 2024, were in money market funds with a carrying value of \$6,911,772 and \$5,176,685, respectively.

The District’s investments are recorded as cash equivalents.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**2. Bank Deposits and Investments (continued):**

*Fair value measurements* – The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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. The District’s money market funds are valued using quoted market prices (Level 1) as of December 31, 2025 and 2024.

**3. Patient Accounts Receivable:**

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability 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 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 for self-pay patients has not changed significantly from the prior year.

Patient accounts receivable reported as current assets consisted of these amounts:

	2025	2024
Receivable from patients and their insurance carriers	\$ 7,233,124	\$ 6,939,847
Receivable from Medicare	1,565,033	1,579,361
Receivable from Medicaid	212,202	288,996
Total patient accounts receivable	9,010,359	8,808,204
Less allowance for uncollectible accounts	4,947,974	4,152,646
<b>Patient accounts receivable, net</b>	<b>\$ 4,062,385</b>	<b>\$ 4,655,558</b>

**Upper San Juan Health Service District**  
**doing business as Pagosa Springs Medical Center**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2025 and 2024**

**4. Capital Assets:**

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2024	Additions	Retirements	Transfers	Balance December 31, 2025
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 704,021	\$ -	\$ -	\$ -	\$ 704,021
Construction in progress	3,156,810	2,243,572	-	(4,608,320)	792,062
<b>Total capital assets not being depreciated or amortized</b>	<b>3,860,831</b>	<b>2,243,572</b>	<b>-</b>	<b>(4,608,320)</b>	<b>1,496,083</b>
<i>Capital assets being depreciated or amortized</i>					
Buildings and improvements	31,663,576	601,844	(196,420)	3,742,471	35,811,471
Equipment	13,024,986	119,107	(1,745,015)	865,849	12,264,927
Subscription assets	4,335,173	24,764	(29,720)	-	4,330,217
Lease right-of-use assets:					
Buildings	408,900	-	-	-	408,900
Equipment	2,371,771	-	-	-	2,371,771
<b>Total capital assets being depreciated or amortized</b>	<b>51,804,406</b>	<b>745,715</b>	<b>(1,971,155)</b>	<b>4,608,320</b>	<b>55,187,286</b>
<i>Less accumulated depreciation and amortization for</i>					
Buildings and improvements	(13,745,652)	(1,399,940)	196,420	-	(14,949,172)
Equipment	(11,049,571)	(636,494)	1,745,015	-	(9,941,050)
Subscription assets	(877,374)	(484,411)	29,720	-	(1,332,065)
Lease right-of-use assets:					
Buildings	(46,342)	(16,356)	-	-	(62,698)
Equipment	(1,131,173)	(410,309)	-	-	(1,541,482)
<b>Total accumulated depreciation and amortization</b>	<b>(26,850,112)</b>	<b>(2,947,510)</b>	<b>1,971,155</b>	<b>-</b>	<b>(27,826,467)</b>
<i>Total capital assets being depreciated or amortized, net</i>	<i>24,954,294</i>	<i>(2,201,795)</i>	<i>-</i>	<i>4,608,320</i>	<i>27,360,819</i>
<b>Capital assets, net</b>	<b>\$ 28,815,125</b>	<b>\$ 41,777</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,856,902</b>

Construction in progress at December 31, 2025, consisted of costs related to the sterile processing department and implementation of a Cerner application. The sterile processing project is expected to be completed by June 2026, with additional costs to complete of approximately \$100,000. The Cerner project has no estimated costs to complete or expected completion date at this time.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**4. Capital Assets (continued):**

	Balance December 31, 2023	Additions	Retirements	Transfers	Balance December 31, 2024
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 704,021	\$ -	\$ -	\$ -	\$ 704,021
Construction in progress	752,490	2,622,428	-	(218,108)	3,156,810
<b>Total capital assets not being depreciated or amortized</b>	<b>1,456,511</b>	<b>2,622,428</b>	<b>-</b>	<b>(218,108)</b>	<b>3,860,831</b>
<i>Capital assets being depreciated or amortized</i>					
Buildings and improvements	31,663,576	-	-	-	31,663,576
Equipment	12,093,355	828,318	-	103,313	13,024,986
Subscription assets	3,954,269	266,109	-	114,795	4,335,173
Lease right-of-use assets:					
Buildings	408,900	-	-	-	408,900
Equipment	2,041,050	330,721	-	-	2,371,771
<b>Total capital assets being depreciated or amortized</b>	<b>50,161,150</b>	<b>1,425,148</b>	<b>-</b>	<b>218,108</b>	<b>51,804,406</b>
<i>Less accumulated depreciation and amortization for</i>					
Buildings and improvements	(12,436,825)	(1,308,827)	-	-	(13,745,652)
Equipment	(10,554,881)	(494,690)	-	-	(11,049,571)
Subscription assets	(403,771)	(473,603)	-	-	(877,374)
Lease right-of-use assets:					
Buildings	(29,986)	(16,356)	-	-	(46,342)
Equipment	(715,557)	(415,616)	-	-	(1,131,173)
<b>Total accumulated depreciation and amortization</b>	<b>(24,141,020)</b>	<b>(2,709,092)</b>	<b>-</b>	<b>-</b>	<b>(26,850,112)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>26,020,130</b>	<b>(1,283,944)</b>	<b>-</b>	<b>218,108</b>	<b>24,954,294</b>
<b>Capital assets, net</b>	<b>\$ 27,476,641</b>	<b>\$ 1,338,484</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,815,125</b>

**5. Employee Health Self-insurance:**

The District established a self-insurance fund for employee medical care that is administered through UMR, Incorporated. Specific and aggregate stop-loss coverage on the health plan is provided to limit the ultimate exposure of the District.

The District has recorded the estimated liability for self-insurance claims in the statements of net position in accrued compensation and related liabilities. The income and expenses related to administration of self-insurance and the estimated provision for claims liabilities are recorded in the statements of revenues, expenses, and changes in net position, in employee benefits expense.

The District accrues an incurred but not yet reported liability for plan claims that have been incurred but have not yet been reported to the District. The District has also purchased a supplementary insurance policy to cover claims in excess of \$60,000.

	2025	2024
Claim liability, beginning of year	\$ 202,611	\$ 367,106
Current year claims and changes in estimates	1,909,673	1,347,485
Claim payments	(1,809,818)	(1,511,980)
<b>Claim liability, end of year</b>	<b>\$ 302,466</b>	<b>\$ 202,611</b>

**Upper San Juan Health Service District**  
**doing business as Pagosa Springs Medical Center**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2025 and 2024**

**6. Long-term Debt and Other Noncurrent Liabilities:**

A schedule of changes in the District's long-term debt and other noncurrent liabilities is as follows:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025	Amounts Due Within One Year
<i>Long-term debt</i>					
Improvement and Refunding Revenue Bonds, Series 2016A (Tax Exempt) and Refunding Revenue Bond Series 2016 B (Taxable)	\$ 8,795,000	\$ -	\$ (235,000)	\$ 8,560,000	\$ 245,000
Limited Tax General Obligation Refunding Bonds, Series 2021	7,030,000	-	(450,000)	6,580,000	465,000
2016 bond premium	108,753	-	(5,098)	103,655	-
2021 bond premium	619,505	-	(47,654)	571,851	-
75 S Pagosa Building Mortgage	2,055,000	-	(130,000)	1,925,000	130,000
<b>Total long-term debt</b>	<b>18,608,258</b>	<b>-</b>	<b>(867,752)</b>	<b>17,740,506</b>	<b>840,000</b>
<i>Lease liabilities</i>					
CareFusion	357,114	-	(30,287)	326,827	30,192
Stryker surgery equipment	356,167	-	(121,276)	234,891	126,054
Siemens MRI	1,067,266	-	(267,700)	799,566	294,486
<b>Total lease liabilities</b>	<b>1,780,547</b>	<b>-</b>	<b>(419,263)</b>	<b>1,361,284</b>	<b>450,732</b>
<i>Subscription liabilities</i>					
nThrive (Savista)	9,481	24,763	(14,484)	19,760	8,021
MCG	21,858	-	(10,247)	11,611	11,610
Cerner	3,354,365	-	(300,339)	3,054,026	326,075
Cerner modules	223,426	-	(48,187)	175,239	52,187
<b>Total subscription liabilities</b>	<b>3,609,130</b>	<b>24,763</b>	<b>(373,257)</b>	<b>3,260,636</b>	<b>397,893</b>
<b>Total long-term debt, lease liabilities, and subscription liabilities</b>	<b>\$ 23,997,935</b>	<b>\$ 24,763</b>	<b>\$ (1,660,272)</b>	<b>\$ 22,362,426</b>	<b>\$ 1,688,625</b>
	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Amounts Due Within One Year
<i>Long-term debt</i>					
Improvement and Refunding Revenue Bonds, Series 2016A (Tax Exempt) and Refunding Revenue Bond Series 2016 B (Taxable)	\$ 9,025,000	\$ -	\$ (230,000)	\$ 8,795,000	\$ 235,000
Limited Tax General Obligation Refunding Bonds, Series 2021	7,465,000	-	(435,000)	7,030,000	450,000
2016 bond premium	113,851	-	(5,098)	108,753	-
2021 bond premium	667,159	-	(47,654)	619,505	-
75 S Pagosa Building Mortgage	2,180,000	-	(125,000)	2,055,000	130,000
<b>Total long-term debt</b>	<b>19,451,010</b>	<b>-</b>	<b>(842,752)</b>	<b>18,608,258</b>	<b>815,000</b>
<i>Lease liabilities</i>					
CareFusion	54,550	380,787	(78,223)	357,114	27,878
Stryker surgery equipment	472,910	-	(116,743)	356,167	121,309
Siemens MRI	1,319,046	-	(251,780)	1,067,266	280,231
<b>Total lease liabilities</b>	<b>1,846,506</b>	<b>380,787</b>	<b>(446,746)</b>	<b>1,780,547</b>	<b>429,418</b>
<i>Subscription liabilities</i>					
nThrive (Savista)	20,033	-	(10,552)	9,481	9,481
MCG	30,867	-	(9,009)	21,858	10,247
Cerner	3,630,998	-	(276,633)	3,354,365	300,339
Cerner modules	-	266,109	(42,683)	223,426	48,188
<b>Total subscription liabilities</b>	<b>3,681,898</b>	<b>266,109</b>	<b>(338,877)</b>	<b>3,609,130</b>	<b>368,255</b>
<b>Total long-term debt, lease liabilities, and subscription liabilities</b>	<b>\$ 24,979,414</b>	<b>\$ 646,896</b>	<b>\$ (1,628,375)</b>	<b>\$ 23,997,935</b>	<b>\$ 1,612,673</b>

**Upper San Juan Health Service District**  
**doing business as Pagosa Springs Medical Center**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2025 and 2024**

**6. Long-term Debt and Other Noncurrent Liabilities (continued):**

The terms of the District's long-term debt follow:

- Health Care Services Enterprise Improvement and Refunding Revenue Bonds, Series 2016A (Tax Exempt), and Refunding Revenue Bonds, Series 2016B (Taxable), in the original amounts of \$9,590,000 and \$1,545,000, respectively. The bonds are secured by the District's net revenue. The bonds mature annually at amounts ranging from \$245,000 to \$680,000 with semiannual interest payments at rates ranging from 2.75 percent to 6.125 percent through June 1, 2046.
- Limited Tax General Obligation Refunding Bonds, Series 2021, in the original amount of \$7,885,000, issued in May 2021 to refund the Limited Tax General Obligation Bonds, Series 2006 and Series 2007. The bonds bear interest rates of 3 percent. The bonds mature annually at amounts ranging from \$465,000 to \$640,000, with semiannual interest payments through December 2037.
- Mortgage, in the original amount of \$2,300,000, for the purchase of a building. The building was purchased from a former board member. The mortgage is due in annual installments from \$130,000 to \$195,000, including interest at 3.54 percent, paid semiannually, through December 31, 2037. The mortgage is secured by the related land and building.

Scheduled principal and interest repayments on long-term debt are as follows:

Years Ending December 31,	Principal	Interest	Total
2026	\$ 840,000	\$ 719,670	\$ 1,559,670
2027	870,000	692,356	1,562,356
2028	895,000	663,427	1,558,427
2029	930,000	633,302	1,563,302
2030	960,000	601,669	1,561,669
2031-2035	5,315,000	3,325,917	8,640,917
2036-2040	3,740,000	1,857,786	5,597,786
2041-2045	2,835,000	663,484	3,498,484
2046	680,000	41,650	721,650
	<b>\$ 17,065,000</b>	<b>\$ 9,199,261</b>	<b>\$ 26,264,261</b>

The terms of the District's lease liabilities follow:

- CareFusion equipment lease, effective December 2024, due in monthly installments of \$4,620, including interest at 8.00 percent through January 2034.
- Siemens MRI equipment and building lease, effective March 2022, due in monthly installments of \$27,154, including interest at 4.972 percent through June 2028.
- Stryker surgery equipment lease, effective November 2022, due in monthly installments of \$11,073, including interest at 3.843 percent through October 2027.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**6. Long-term Debt and Other Noncurrent Liabilities (continued):**

The District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Scheduled principal and interest payments on lease liabilities are as follows:

Years Ending December 31,	Principal	Interest	Total
2026	\$ 450,732	\$ 63,433	\$ 514,165
2027	451,003	41,051	492,054
2028	231,026	22,365	253,391
2029	38,351	17,089	55,440
2030	41,535	13,905	55,440
2031-2034	148,637	19,894	168,531
	<b>\$ 1,361,284</b>	<b>\$ 177,737</b>	<b>\$ 1,539,021</b>

The terms of the District's subscription arrangements follow:

- nThrive subscription arrangement, effective April 2025, due in monthly installments of \$776, including interest at 8.00 percent through March 2028.
- MCG Software subscription arrangement, effective June 2022, due in annual installments of \$10,341 to \$12,098, including interest at 8.25 percent through June 2026.
- Cerner Core Software subscription arrangement, effective December 2019, due in monthly installments of \$47,157, including interest at 8.25 percent through February 2033.
- Cerner Appointment Reminder and Consumer Notification Module subscription arrangement, effective February 2024, due in monthly installments of \$5,360, including interest at 8.00 percent through January 2029.

The District's subscription arrangements do not contain any material residual value guarantees or material restrictive covenants.

**Upper San Juan Health Service District**  
**doing business as Pagosa Springs Medical Center**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2025 and 2024**

**6. Long-term Debt and Other Noncurrent Liabilities (continued):**

Scheduled principal and interest payments on subscription arrangements are as follows:

Years Ending December 31,	Principal	Interest	Total
2026	\$ 397,893	\$ 253,722	\$ 651,615
2027	419,222	220,295	639,517
2028	448,616	184,694	633,310
2029	422,613	148,631	571,244
2030	453,048	112,837	565,885
2031-2033	1,119,244	106,844	1,226,088
	<b>\$ 3,260,636</b>	<b>\$ 1,027,023</b>	<b>\$ 4,287,659</b>

**7. 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 provision for bad debts and write-offs have not changed significantly from the prior year. The District has not changed its charity care or uninsured discount policies during fiscal years 2025 or 2024. 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:

	2025	2024
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 31,925,025	\$ 24,098,805
Medicaid	4,210,637	4,934,370
Other third-party payors	5,414,518	6,130,537
Patients	3,484,449	3,337,201
Medicaid supplemental payments	3,950,849	4,419,892
	<b>48,985,478</b>	<b>42,920,805</b>
Less:		
Charity care	521,389	311,828
Provision for bad debts	3,403,104	3,294,047
<b>Net patient service revenue</b>	<b>\$ 45,060,985</b>	<b>\$ 39,314,930</b>

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**7. Net Patient Service Revenue (continued):**

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

- **Medicare** – The District has been designated a critical access hospital and the clinic an RHC by Medicare. The District is paid on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.
- **Medicaid** – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicaid outpatient services are paid based on prospectively determined rates. RHC 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.
- The District also has 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 includes prospectively determined rates per discharge, discounts from established charges, 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. Net patient service revenue increased by approximately \$982,000 in the year ended December 31, 2025, and decreased by approximately \$1,410,000 in the year ended December 31, 2024, due to differences between original estimates and final settlements.

During the year ended December 31, 2017, the District received notice that its Medicaid RHC rates were being updated to the higher of the prospectively determined rate or the cost per encounter as determined by the District's annual Medicare cost reports. Rate reconciliations are being conducted by the Colorado Department of Health Care Policy and Financing. As a result, Medicaid claims from 2018 through 2025 are being reprocessed.

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 its costing system. The costs of caring for charity care patients for the years ended December 31, 2025 and 2024, were approximately \$278,000 and \$175,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2025 and 2024.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**8. Property Taxes:**

The Archuleta, Hinsdale, and Mineral County Treasurers act as agents to assess and collect property taxes levied in the county for all taxing authorities. Property taxes are levied and assessed in December on property values assessed as of January 1 of the prior year.

Taxes are due in two equal amounts by February 28 and June 15, or all may be paid by April 30. The assessed property is subject to lien on the levy date. Taxes estimated to be collectible are recorded as revenue in the year of the levy by the District. No allowance for uncollectible taxes receivable is considered necessary at the statement of net position dates. A deferred inflow of resources and a receivable were recorded at December 31, 2025 and 2024, for taxes levied for 2026 and 2025, respectively.

For 2025, the District's regular tax levy was \$3.884 per \$1,000 on a total combined assessed valuation of \$594,511,768, for a total regular combined levy of \$2,316,671. For 2024, the District's regular tax levy was \$3.884 per \$1,000 on a total combined assessed valuation of \$569,601,177, for a total regular combined levy of \$2,217,294.

**9. Defined Contribution Plans:**

The District provides retirement benefits for all its employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (the Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Under the defined contribution retirement plan, the District is required to contribute 6 percent of employee compensation to the Plan in lieu of paying into the social security portion of federal income tax payments.

Employees are required to participate in the Plan upon the first day of the payroll period after the employee's date of hire. The Plan provides retirement benefits based upon the employee's vested account. A participant becomes 100 percent vested upon completion of five years of covered service. Contributions by employees are immediately vested. Amounts forfeited by employees who leave employment before they become fully vested are applied to reduce future employer contributions. Under the Plan, employees direct the investment of both the employee and employer contributions among several investment options available through an outside plan administrator. Employer contributions to the Plan totaled approximately \$1,318,000 and \$1,252,000 for the years ended December 31, 2025 and 2024, respectively. Employee contributions to the Plan totaled approximately \$777,000 and \$733,000 for the years ended December 31, 2025 and 2024, respectively.

District employees may defer a portion of their compensation under a District-sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, or death. The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to District control, they have been excluded from these financial statements.

The District made all required funding payments during the year.

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**10. Risk Management and Contingencies:**

**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; 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 in any of the three preceding years.

**Medical malpractice claims** – The District has professional liability insurance with COPIC Insurance Company. The policy provides protection on a “claims-made” basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policies, as well as past incidents that are reported during the current term. The malpractice insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000. The policy has a deductible of \$50,000 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.

**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 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, known as the *Taxpayer’s Bill of Rights*. This amendment 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 this amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

**11. Concentration Risks:**

**Patient accounts receivable** – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	2025		2024
Medicare	31	%	29
Medicaid	6		8
Other third-party payors	24		29
Patients	39		34
	100	%	100
			%

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Notes to Financial Statements (Continued)  
Years Ended December 31, 2025 and 2024**

**11. Concentration Risks (continued):**

*Physicians* – The District is dependent on local physicians and mid-level providers 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 changes in their utilization patterns may have an adverse effect on District operations.

**12. CARES Act Employee Retention Credit:**

In 2022, the District claimed the CARES Act Employee Retention Credit (ERC) in the amount of \$1,553,877 by amending its Form 941, *Employer Quarterly Federal Tax Return*, for the third quarter of 2021. The District used a consultant to assist with the filing and claiming of the ERC. As per the contract, the District recorded a payable to the consultant in the amount of \$233,082 in 2025, which is included in accounts payable on the accompanying statements of net position. The District received payments from the Internal Revenue Service (IRS) in the amount of \$2,064,052, including interest of \$510,175, in February 2026, for its third-quarter of 2021 amended Form 941.

During 2025, the District's 2021 first and second quarter ERC applications were denied by the IRS. The District appealed those denials during the same year. In April 2026, the District received a check from the IRS in the amount of \$2,067,572 which comprised of \$1,527,003 for the first quarter claim and \$540,659 of related interest. The District did not receive a letter from the IRS stating what the payment was for. After consultation with the District's ERC consultant, the District has determined that the payment may have been made in error and is holding the funds until further information regarding the payment is provided from the IRS. As such, the District did not include this payment in 2025 as there is uncertainty as to whether the District's first quarter Form 941 appeal was approved.

Laws and regulations concerning the ERC are complex and subject to varying interpretations. ERC claims may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the District's claim to the ERC and it is not possible to determine the impact (if any) this would have upon the District.

**13. Budget to Actual:**

During the year ended December 31, 2025, the District overspent its budget by approximately \$545,000.

**14. Subsequent Events:**

The District entered into a five-year lease agreement, effective February 2026, for a MAKO surgical arm robot, due in monthly installments of \$12,987, including interest at 5.63 percent.

**SUPPLEMENTAL INFORMATION**

**Upper San Juan Health Service District  
doing business as Pagosa Springs Medical Center  
Schedule of Budget and Actual Revenues and Expenses  
Year Ended December 31, 2025**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<i>Operating revenues</i>			
Net patient service revenue and 340B contract pharmacy	\$ 39,016,766	\$ 42,741,715	\$ 3,724,949
Medicaid supplemental payments	4,165,172	3,950,849	(214,323)
Grants	503,815	427,505	(76,310)
Other	1,811,444	933,967	(877,477)
<b>Total operating revenues</b>	<b>45,497,197</b>	<b>48,054,036</b>	<b>2,556,839</b>
<i>Operating expenses</i>			
Salaries and wages	25,307,983	23,587,930	1,720,053
Employee benefits	4,140,318	3,823,042	317,276
Professional fees and other purchased services	3,620,194	4,670,983	(1,050,789)
Supplies	7,732,684	8,834,133	(1,101,449)
Utilities	469,651	473,179	(3,528)
Depreciation and amortization	2,602,184	2,947,510	(345,326)
Leases and rentals	189,583	353,445	(163,862)
Repairs and maintenance	861,850	701,196	160,654
Insurance	460,259	453,838	6,421
Provider fees and other	2,137,364	2,221,545	(84,181)
<b>Total operating expenses</b>	<b>47,522,070</b>	<b>48,066,801</b>	<b>(544,731)</b>
<i>Operating loss</i>	<b>(2,024,873)</b>	<b>(12,765)</b>	<b>2,012,108</b>
<i>Nonoperating revenues (expenses)</i>			
Property taxes	2,241,009	2,426,836	185,827
CARES Act Employee Retention Credit	-	1,553,877	1,553,877
CARES Act Employee Retention Credit interest income	-	510,175	510,175
CARES Act Employee Retention Credit professional fees	-	(233,082)	(233,082)
Interest expense	(1,268,717)	(1,062,496)	206,221
Interest income	641,756	629,033	(12,723)
<b>Total nonoperating revenues (expenses), net</b>	<b>1,614,048</b>	<b>3,824,343</b>	<b>2,210,295</b>
Excess of expenses over revenues before capital grants and contributions	(410,825)	3,811,578	4,222,403
<i>Capital grants and contributions</i>	450,000	1,679,697	1,229,697
<b>Change in net position</b>	<b>\$ 39,175</b>	<b>\$ 5,491,275</b>	<b>\$ 5,452,100</b>

*See accompanying independent auditors' report.*



**PSMC STRATEGIC PLANNING COMMITTEE**  
Report for the PSMC Board Meeting on June 23, 2026

The Board's Strategic Planning Committee met on June 16, 2026 (present: Chair/Dir. Kate Alfred, Treasurer/Dir. Mark Floyd, at-large member Kathy Campbell as well as the CEO, CAO, CNO, the Controller, the Director of EMS/EVS/Outreach, the Director of IT/Facilities/Security, the Manager of Community Relations and the Executive Assistant to the CEO). The report below summarizes discussions and comments or questions of the Committee.

The Board Strategic Planning Committee held discussions regarding the following:

- a) Noncash auditor adjustments to the 2025 financials.
- b) Follow-up on TABOR matters including: (1) the Board will be asked at the June meeting for approval to participate in a coordinated election (the deadline to participate is July 24 which is 4 days before the July Board meeting); and (2) in July, there will be a presentation to the Board on whether to ask the voters to continue a waiver of the Taxpayer Bill of Rights.
- c) Follow-up on potential LPEA public safety power shut-off including the weather info presented to Archuleta County Emergency Management demonstrating that historically the month of June, May and April are the highest incidence of red flag days.
- d) Information on Proposition 175 and negative impacts, if passed, to available funding to all EMS providers in Colorado (it would be a loss of the matching grant funding that has historically paid for 50% of PSMC ambulances).

**BOARD FINANCE COMMITTEE**

Report for the PSMC Board Meeting on June 23, 2026

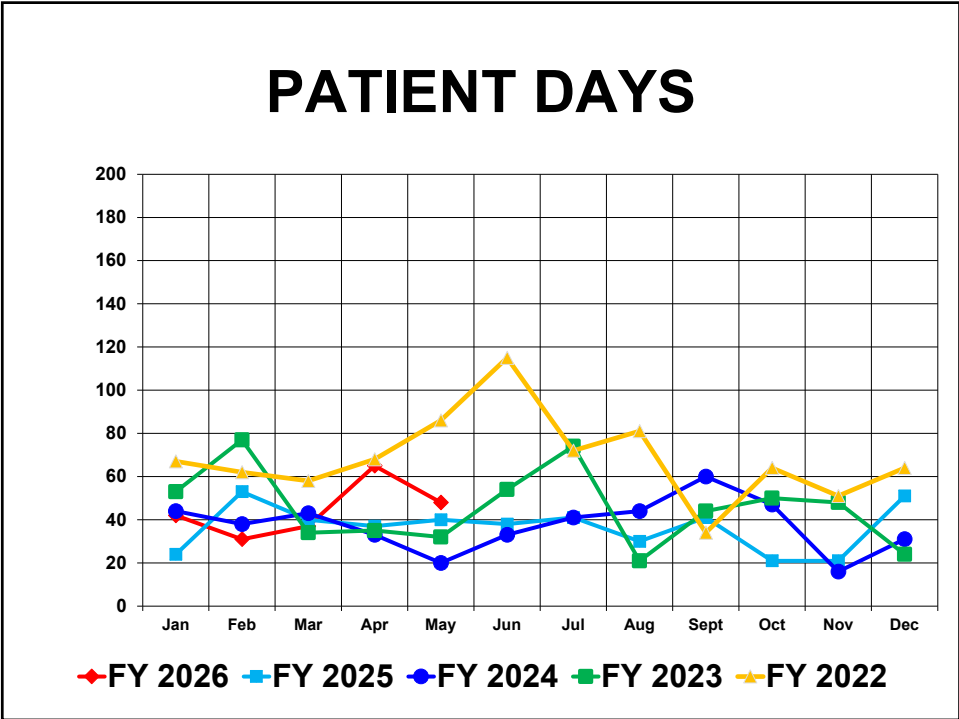
The PSMC Board's Finance Committee met on June 16, 2026 (present: Treasurer/Dir. Mark Floyd, Director Wayne Hooper, at-large member Dwight Peters, at-large member David Cepoi as well as the CEO, CFO, CAO, CNO, the Controller and the Director of Revenue Cycle). The report below summarizes the May financials and any discussions of the Committee.

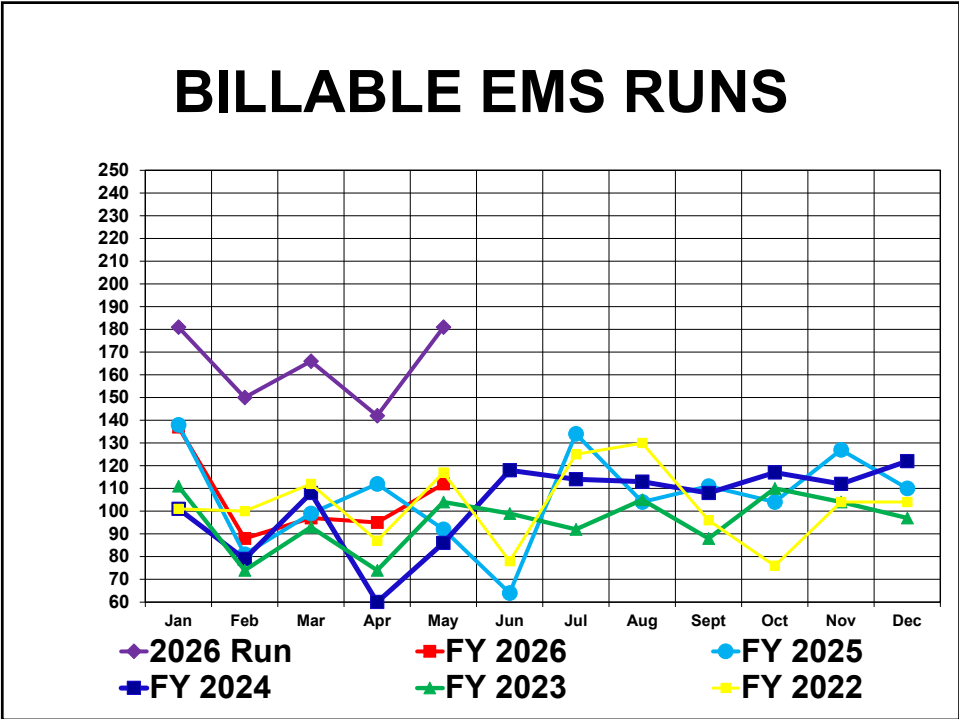
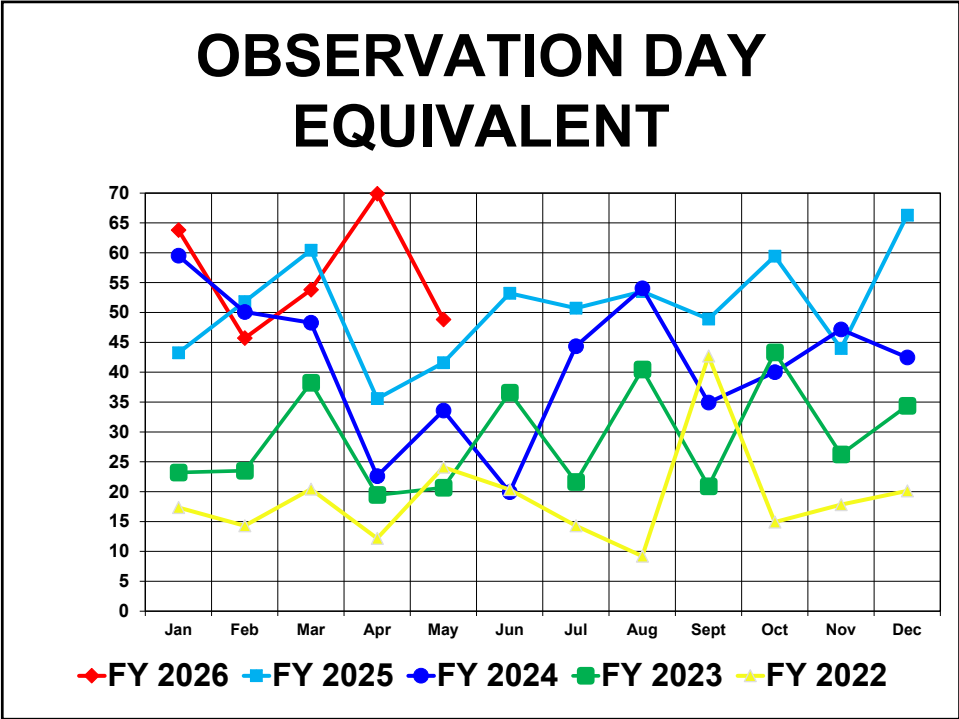
- 1) **Audit:**
  - a) DZA presented to the Finance Committee an in-depth review of the audit of PSMC's 2025 financials, the auditor letter and the financial indicators.
  - b) Every year, PSMC regularly presents in January the year-end unaudited financials; thereafter, there are always audit adjustments to those financials including for such things as accounts payable, inventory, adjustments from employee actions such as forfeited retirement (from departing employees), and required auditor adjustments for such things as Medicare and/or Medicaid cost reports. Chelle Keplinger explained the auditor adjustments to the January unaudited financials which are summarized on the attached.
- 2) **May Financial Reports:**
  - a) **Bottom line for the Month of May:** PSMC had a small positive bottom line for the month of May of \$10,455. May financials helped reduce PSMC's year-to-date loss to <-719,509.00> -- slightly better than the year-to-date budget.
  - b) **Income statement for May:**
    - i) PSMC's gross charges and net patient revenue were less than budget, but expenses overall were also less than budget (contract labor -- traveler nurses -- continues to be significantly higher expense than budgeted).
  - c) **Accounts Receivable:** Accounts Receivable increased from 55 days to 61.5 days. This is partially due to some staffing challenges with coding (this is resolved), and partially because Medicaid bills were held for almost 8 weeks waiting for revalidation of our Medicaid license (this is resolved and all bills are being processed now).
  - d) **Cash on Hand and Statement of Cash Flows:** Cash decreased from 139.6 days of cash on hand to 132.2 days on hand.
- 3) **Other**
- 4) **Comments of Finance Committee** No objections to the May financials

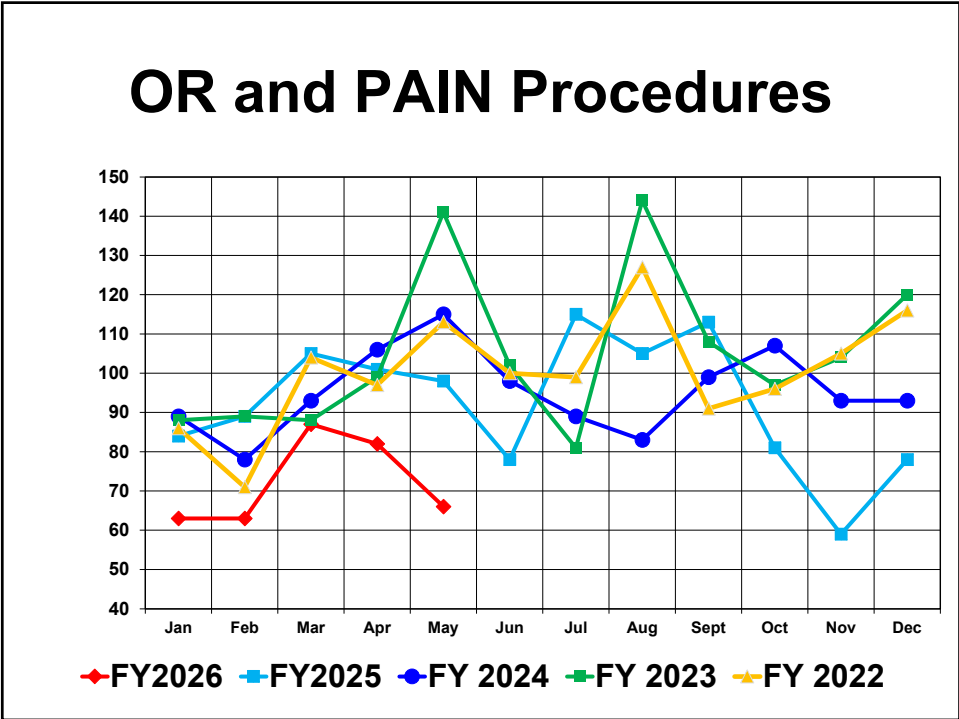
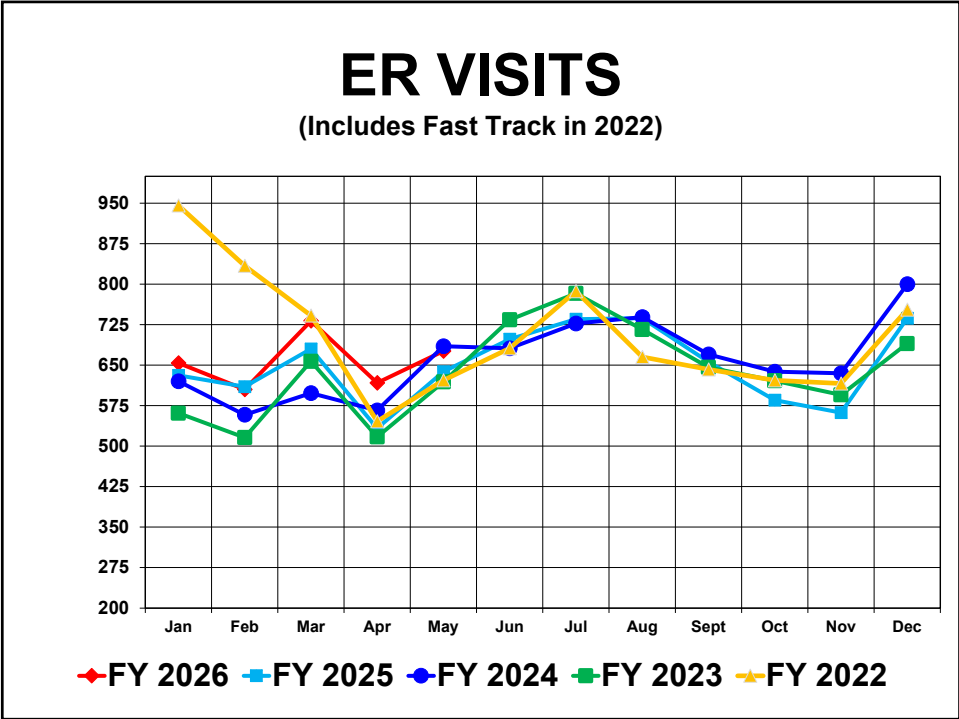
<b>12.31.2025 Unaudited Net Income (Reported to the Board in Jan. 2026)</b>	<b>\$ 1,964,016</b>	
<b>AUDITOR ADJUSTMENTS TO 12/31/2025 FINANCIALS</b>	<b>AMOUNT</b>	<b>REASON</b>
<u>Income</u> : Employee Retention Credit for 3rd Q 2021 (awarded 9/2025; payment received 3/2026)	1,553,877	CASH (included in days cash on hand). Several years ago, PSMC applied for COVID Employee Retention Credit (ERC) for the first, second and third quarters of 2021 (an ERC application seeks a refund of certain qualifying payroll taxes paid by the employer for an applicable quarter if the employer can establish that governmental COVID orders caused a substantial financial impact to the employer when compared to 2019). In September of 2025, the IRS concluded that PSMC qualified for the Employee Retention Credit for the 3rd quarter of 2021. In March 2026, PSMC received an ERC check from the IRS for 3rd quarter of 2021 in the amount of \$2,064,052.31 (principal amount of \$1,553,876.72 and interest earned of \$510,175.59).
<u>Income</u> : Employee Retention Credit interest (awarded 9/2025; payment received 3/2026)	510,175	CASH (included in days cash on hand); see above.
<u>Income/Donation</u> : the Foundation donated the CORE building to PSMC	552,293	NOT CASH (value of an asset)
<u>Reduction of Liability</u> : Medicare and RHC Cost Report Tentative Settlements (we owe less than we reserved)	1,803,444	NOT CASH (PSMC continues to have a reserve for amounts owed on cost reports - this represents a reduction of the overall amount still owed). At the end of 2025, PSMC had sum due for Medicaid cost reports and reserves for sums PSMC anticipates it owes for Medicare cost reports. Based upon 2025 tentative cost report settlements for 2020, 2021, and 2024, it was determined that PSMC owes Medicare less than the amounts reserved. The auditor reduced the PSMC's reserved liability by \$1,803,444. The reduced liability amount is reflected in the audited/adjusted year-end financial statement in contractual allowances (does not change days cash on hand).
<u>Write off</u> of Old Balances on Healthland	72,503	NOT CASH. Write off of old balances PSMC owed to 3rd party payers.
<u>Write off</u> of Medicaid Recoupment	(601,826)	For Recoupment, the State/Medicaid "claws back" certain benefits (usually if a beneficiary passes away).
<u>Expense</u> : Sum paid, in March 2026, to the consultant who helped PSMC pursue the Employee Retention Credit.	(233,082)	
<u>Expense</u> : Additional Depreciation Expense for the Medical Wellness Bldg and the O2 Bldg	(34,514)	
<u>Expense</u> : Misc 2025 accruals (invoices for 2025 were received in 2026 after staff presented the 12/2025 financials to the Board)	(95,609)	
<b>12.31.2025 Audited and Adjusted Net Income</b>	<b>\$ 5,491,277</b>	

  
**PAGOSA SPRINGS**  
**Medical Center**  
First-Class Care *Close to Home*

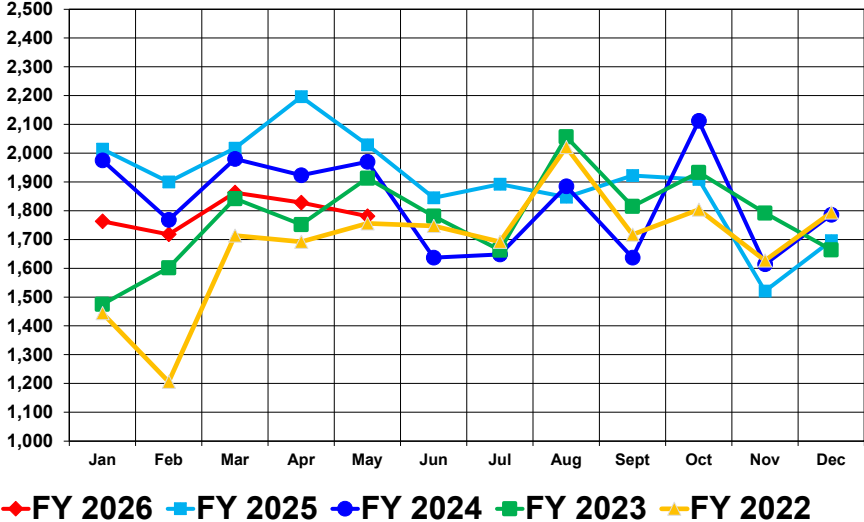
**FINANCIAL PRESENTATION**  
**YTD MAY 2026**



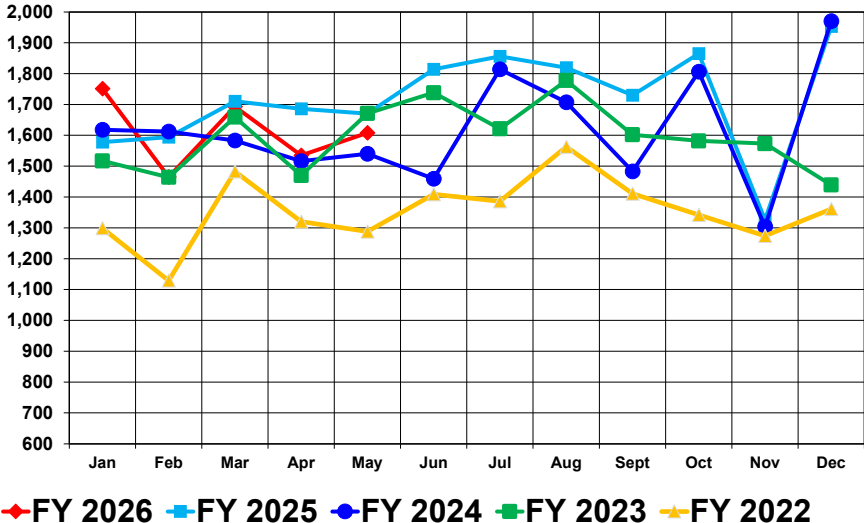


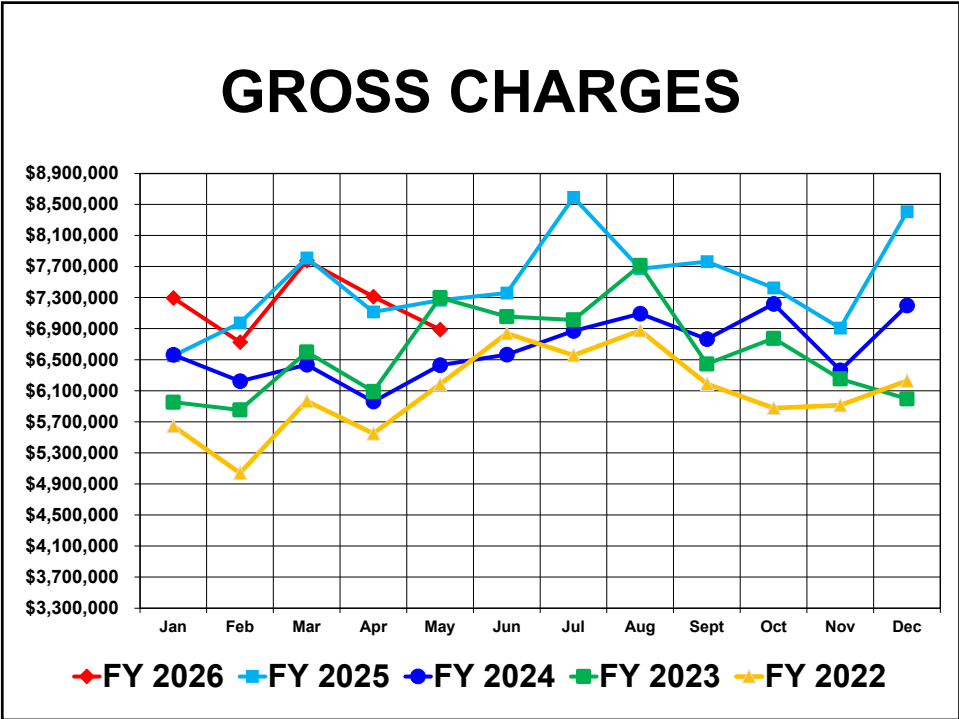
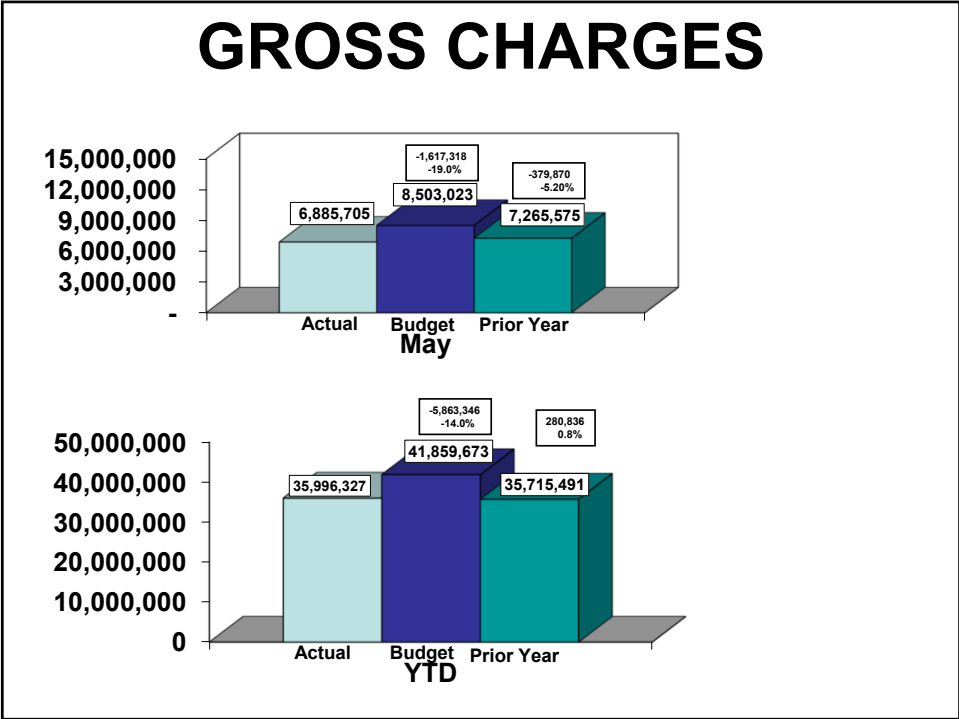


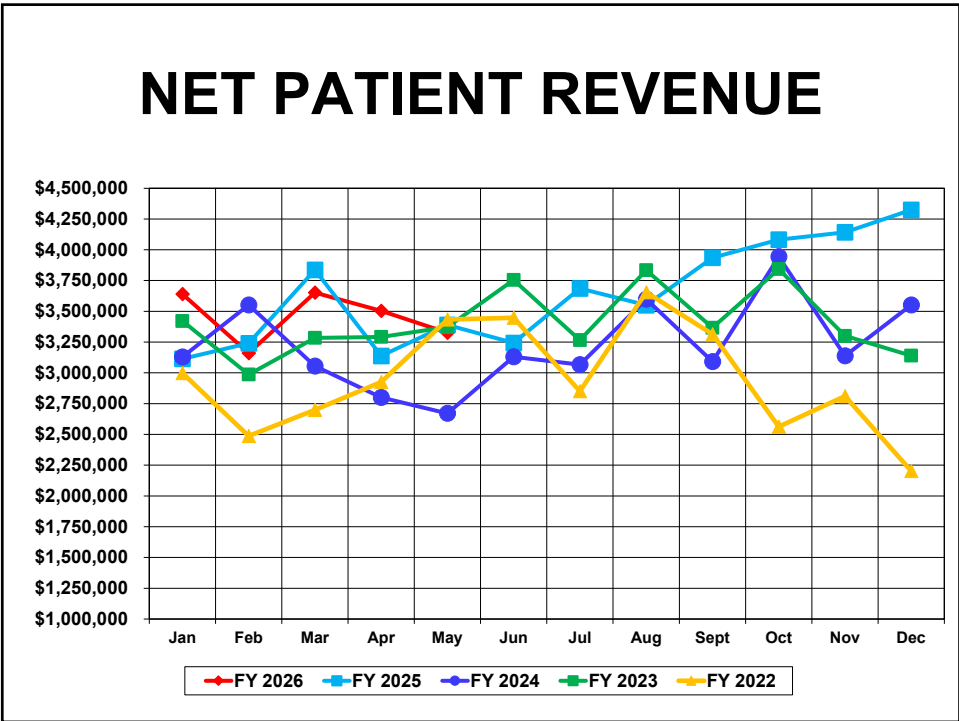
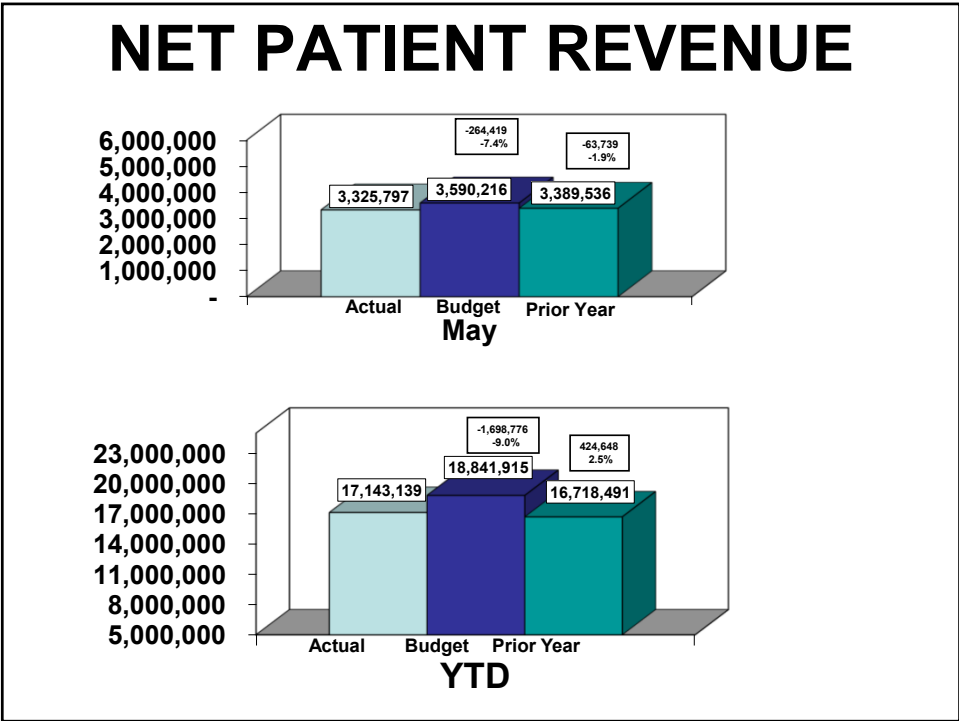
# RURAL HEALTH CLINIC VISITS

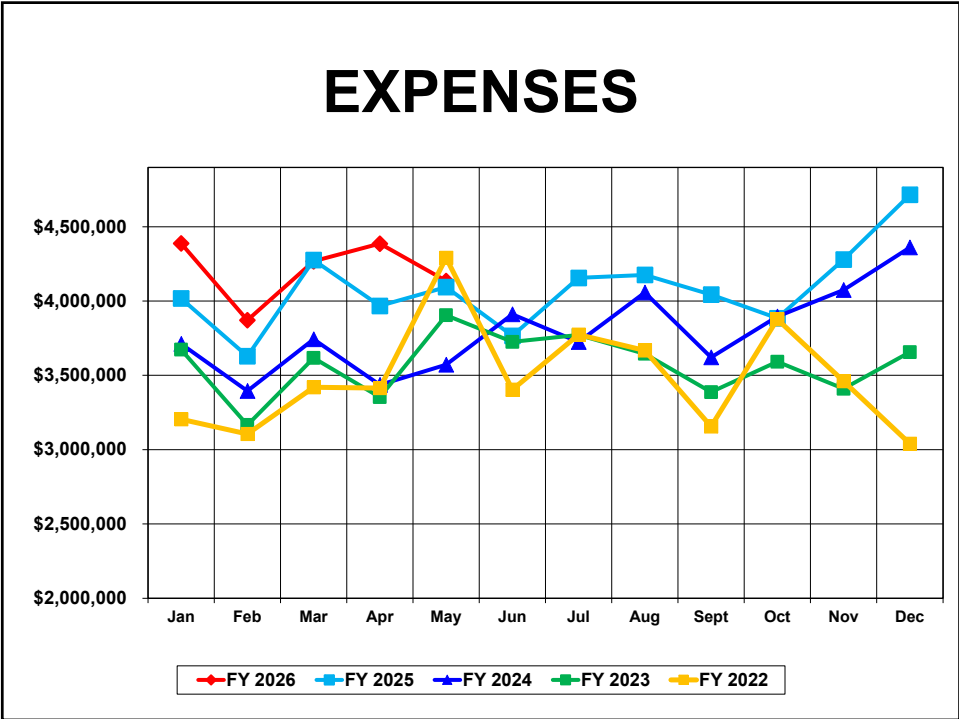
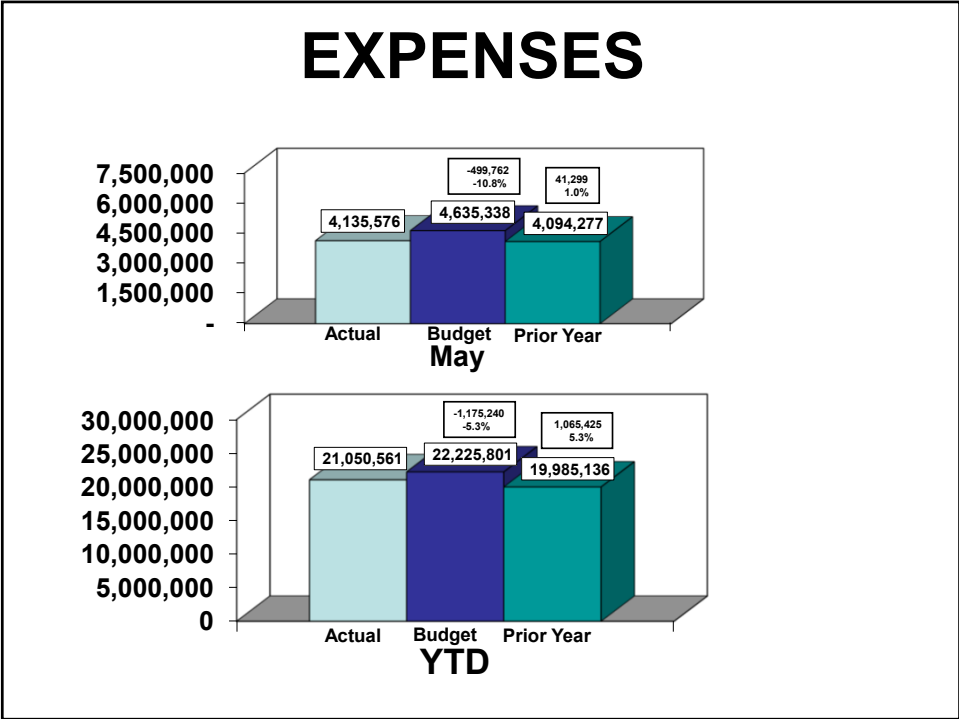


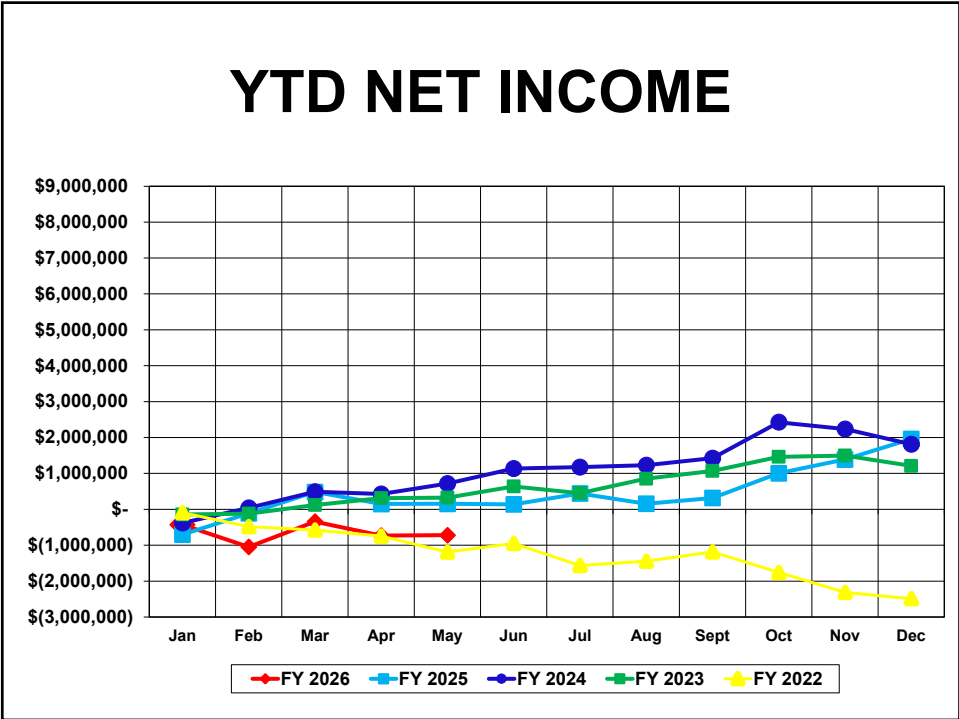
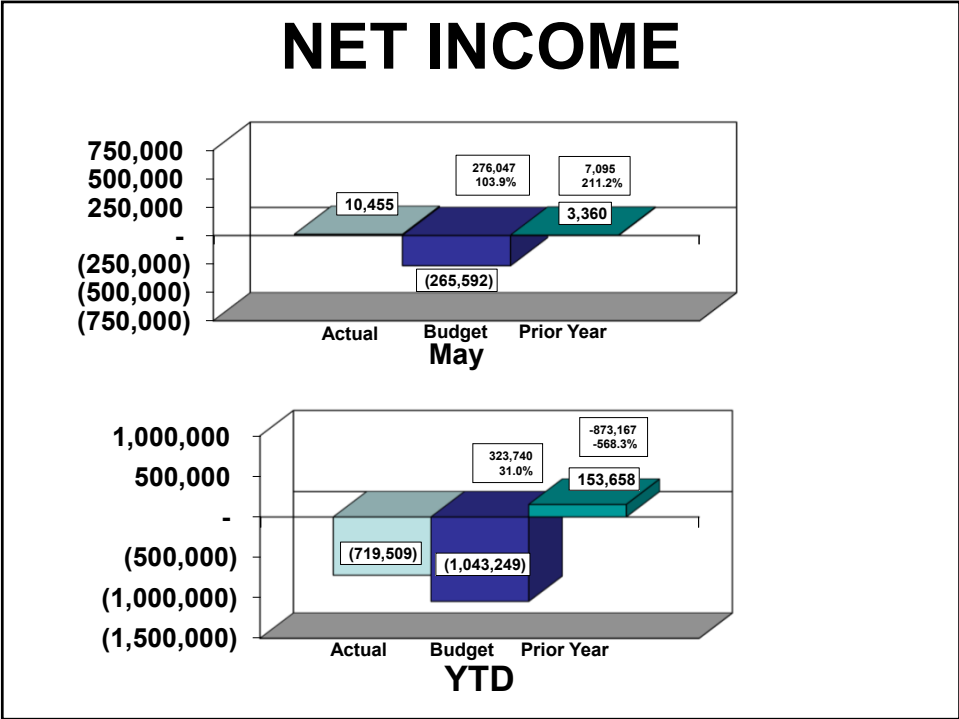
# RADIOLOGY EXAMS





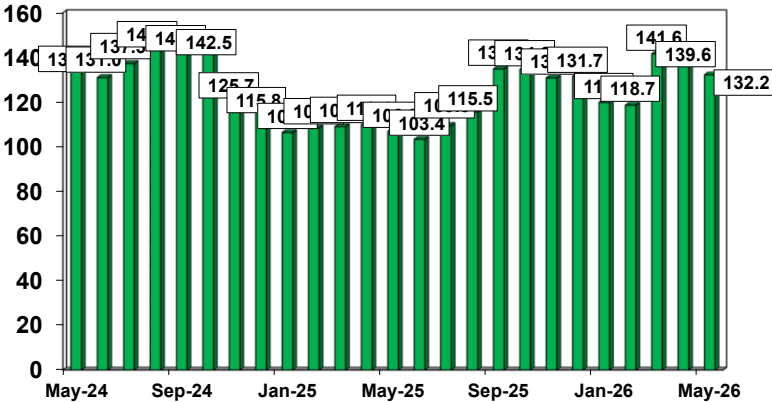




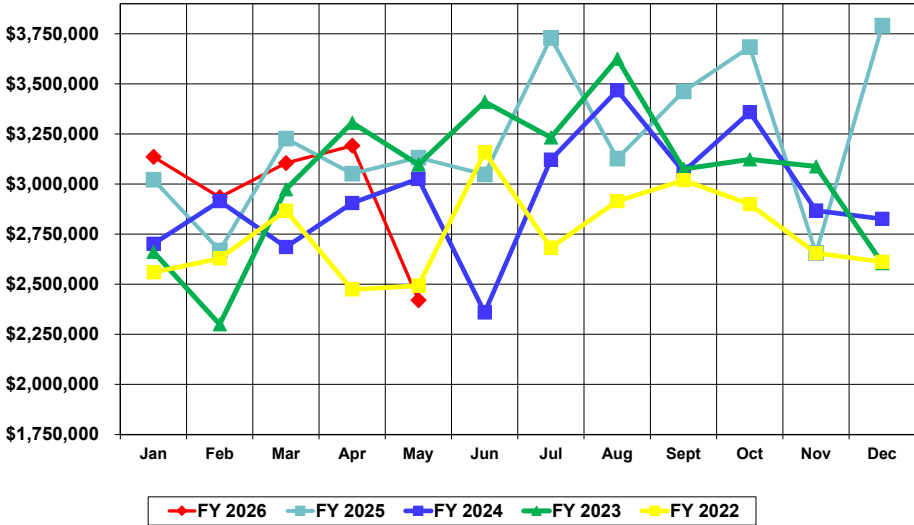




### DAYS CASH ON HAND



### CASH COLLECTIONS



Income Statement Comparison - - - May 31, 2026

	Current Month				Year-to-Date			
	2026	Budget	Difference	Variance	2026	Budget	Difference	Variance
<b>Revenue</b>								
7 Total In-patient Revenue	264,784	150,690	114,094	75.7%	1,203,471	1,095,053	108,418	9.9%
17 Total Out-patient Revenue	6,421,801	7,615,932	(1,194,131)	-15.7%	32,518,724	37,077,316	(4,558,592)	-12.3%
18 Professional Fees	199,120	736,401	(537,281)	-73.0%	2,274,132	3,687,304	(1,413,172)	-38.3%
19 <b>Total Patient Charges</b>	<b>6,885,705</b>	<b>8,503,023</b>	<b>(1,617,318)</b>	<b>-19.0%</b>	<b>35,996,327</b>	<b>41,859,673</b>	<b>(5,863,346)</b>	<b>-14.0%</b>
20 Revenue Deductions & Bad Debt								
21 Contractual Allowances	3,708,620	4,775,124	(1,066,504)	-22.3%	18,966,722	22,462,795	(3,496,073)	-15.6%
22 Charity	108,527	43,600	64,927	148.9%	235,756	205,100	30,656	14.9%
23 Bad Debt	65,023	404,769	(339,746)	-83.9%	1,364,506	1,904,086	(539,580)	-28.3%
24 Provider Fee & Other	(322,262)	(310,686)	(11,576)	3.7%	(1,713,796)	(1,554,223)	(159,573)	10.3%
25 Total Revenue Deductions & Bad Debt	3,559,908	4,912,807	(1,352,899)	-27.5%	18,853,188	23,017,758	(4,164,570)	-18.1%
26 <b>Total Net Patient Revenue</b>	<b>3,325,797</b>	<b>3,590,216</b>	<b>(264,419)</b>	<b>-7.4%</b>	<b>17,143,139</b>	<b>18,841,915</b>	<b>(1,698,776)</b>	<b>-9.0%</b>
27 Grants	27,431	5,229	22,202	424.6%	65,508	27,380	38,128	139.3%
28 HHS Stimulus Other Revenue	-	-	-	0%	-	-	-	0%
29 COVID PPP Loan Forgiveness	-	-	-	0%	-	-	-	0%
30 Other Operating Income - Misc	56,846	96,770	(39,924)	-41.3%	698,880	506,678	192,202	37.9%
31 <b>Total Net Revenues</b>	<b>3,410,074</b>	<b>3,692,215</b>	<b>(282,141)</b>	<b>-7.6%</b>	<b>17,907,527</b>	<b>19,375,973</b>	<b>(1,468,446)</b>	<b>-7.6%</b>
32 <b>Operating Expenses</b>								
33 Salary & Wages	2,011,925	2,332,484	(320,559)	-13.7%	10,241,856	11,365,708	(1,123,852)	-9.9%
34 Benefits	318,825	429,589	(110,764)	-25.8%	1,850,675	1,825,750	24,925	1.4%
35 Professional Fees/Contract Labor	211,122	138,014	73,108	53.0%	949,393	694,330	255,063	36.7%
36 Purchased Services	302,159	237,096	65,063	27.4%	1,134,317	1,128,609	5,708	0.5%
37 Supplies	621,714	789,203	(167,489)	-21.2%	3,478,314	3,793,073	(314,759)	-8.3%
38 Rent & Leases	38,278	20,650	17,628	85.4%	97,568	103,250	(5,682)	-5.5%
39 Repairs & Maintenance	31,566	72,242	(40,676)	-56.3%	272,505	331,670	(59,165)	-17.8%
40 Utilities	35,598	46,793	(11,195)	-23.9%	214,473	225,713	(11,240)	-5.0%
41 Insurance	43,142	40,572	2,570	6.3%	219,828	202,860	16,968	8.4%
42 Depreciation & Amortization	259,384	260,326	(942)	-0.4%	1,272,934	1,238,791	34,143	2.8%
43 Interest	98,651	98,646	5	0.0%	494,573	479,997	14,576	3.0%
44 Other	163,212	169,723	(6,511)	-3.8%	824,125	836,050	(11,925)	-1.4%
45 <b>Total Operating Expenses</b>	<b>4,135,576</b>	<b>4,635,338</b>	<b>(499,762)</b>	<b>-10.8%</b>	<b>21,050,561</b>	<b>22,225,801</b>	<b>(1,175,240)</b>	<b>-5.3%</b>
46 <b>Operating Revenue Less Expenses</b>	<b>(725,502)</b>	<b>(943,123)</b>	<b>217,621</b>	<b>23.1%</b>	<b>(3,143,034)</b>	<b>(2,849,828)</b>	<b>(293,206)</b>	<b>-10.3%</b>
47 <b>Non-Operating Income</b>								
48 Interest Income	58,372	51,300	7,072	13.8%	264,784	221,460	43,324	19.6%
49 Tax Revenue	677,585	626,231	51,354	8.2%	1,792,333	1,585,119	207,214	13.1%
50 Donations	-	-	-	0.0%	366,408	-	366,408	
51 <b>Total Non-Operating Income</b>	<b>735,957</b>	<b>677,531</b>	<b>58,426</b>	<b>8.6%</b>	<b>2,423,525</b>	<b>1,806,579</b>	<b>616,946</b>	<b>34.1%</b>
52 <b>Total Revenue Less Total Expenses</b>	<b>\$ 10,455</b>	<b>\$ (265,592)</b>	<b>\$ 276,047</b>	<b>103.9%</b>	<b>\$ (719,509)</b>	<b>\$ (1,043,249)</b>	<b>\$ 323,740</b>	<b>31.0%</b>

The implementation of GASB 96 in 2023 has resulted in an increase of Depreciation and Interest Expense with a reduction of Purchase Service expenses.

## Income Statement Comparison - - - May 31, 2026

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	Current Month				Year-to-Date			
	2026	2025	Difference	Variance	2026	2025	Difference	Variance
<b>Revenue</b>								
7 Total In-patient Revenue	264,784	158,080	106,704	67.5%	1,203,471	871,939	331,532	38.0%
17 Total Out-patient Revenue	6,421,801	6,584,204	(162,403)	-2.5%	32,518,724	32,059,546	459,178	1.4%
18 Professional Fees	199,120	523,291	(324,171)	-61.9%	2,274,132	2,784,006	(509,874)	-18.3%
19 <b>Total Patient Charges</b>	<b>6,885,705</b>	<b>7,265,575</b>	<b>(379,870)</b>	<b>-5.2%</b>	<b>35,996,327</b>	<b>35,715,491</b>	<b>280,836</b>	<b>0.79%</b>
Revenue Deductions & Bad Debt								
21 Contractual Allowances	3,708,620	4,036,966	(328,346)	-8.1%	18,966,722	19,611,365	(644,643)	-3.3%
22 Charity	108,527	28,573	79,954	279.8%	235,756	257,483	(21,727)	-8.4%
23 Bad Debt	65,023	134,310	(69,287)	-51.6%	1,364,506	747,197	617,309	82.6%
24 Provider Fee & Other	(322,262)	(323,810)	1,548	-0.5%	(1,713,796)	(1,619,045)	(94,751)	5.9%
25 Total Revenue Deductions & Bad Debt	3,559,908	3,876,039	(316,131)	-8.2%	18,853,188	18,997,000	(143,812)	-0.8%
26 <b>Total Net Patient Revenue</b>	<b>3,325,797</b>	<b>3,389,536</b>	<b>(63,739)</b>	<b>-1.9%</b>	<b>17,143,139</b>	<b>16,718,491</b>	<b>424,648</b>	<b>2.54%</b>
27 Grants	27,431	10,240	17,191	167.9%	65,508	252,446	(186,938)	-74.1%
28 HHS Stimulus Other Revenue	-	-	-	-	-	-	-	-
29 COVID PPP Loan Forgiveness	-	-	-	-	-	-	-	-
30 Other Operating Income - Misc	56,846	115,403	(58,557)	-50.7%	698,880	554,451	144,429	26.0%
31 <b>Total Net Revenues</b>	<b>3,410,074</b>	<b>3,515,179</b>	<b>(105,105)</b>	<b>-3.0%</b>	<b>17,907,527</b>	<b>17,525,388</b>	<b>382,139</b>	<b>2.18%</b>
<b>Operating Expenses</b>								
33 Salary & Wages	2,011,925	2,015,956	(4,031)	-0.2%	10,241,856	9,772,250	469,606	4.8%
34 Benefits	318,825	383,446	(64,621)	-16.9%	1,850,675	1,740,166	110,509	6.4%
35 Professional Fees/Contract Labor	211,122	129,688	81,434	62.8%	949,393	845,505	103,888	12.3%
36 Purchased Services	302,159	174,019	128,140	73.6%	1,134,317	934,463	199,854	21.4%
37 Supplies	621,714	694,421	(72,707)	-10.5%	3,478,314	3,410,652	67,662	2.0%
38 Rent & Leases	38,278	31,019	7,259	23.4%	97,568	139,544	(41,976)	-30.1%
39 Repairs & Maintenance	31,566	55,904	(24,338)	-43.5%	272,505	269,499	3,006	1.1%
40 Utilities	35,598	32,948	2,650	8.0%	214,473	206,236	8,237	4.0%
41 Insurance	43,142	39,259	3,883	9.9%	219,828	193,857	25,971	13.4%
42 Depreciation & Amortization	259,384	256,688	2,696	1.1%	1,272,934	1,131,324	141,610	12.5%
43 Interest	98,651	111,022	(12,371)	-11.1%	494,573	528,195	(33,622)	-6.4%
44 Other	163,212	169,907	(6,695)	-3.9%	824,125	813,445	10,680	1.3%
45 <b>Total Operating Expenses</b>	<b>4,135,576</b>	<b>4,094,277</b>	<b>41,299</b>	<b>1.0%</b>	<b>21,050,561</b>	<b>19,985,136</b>	<b>1,065,425</b>	<b>5.33%</b>
46 <b>Operating Revenue Less Expenses</b>	<b>(725,502)</b>	<b>(579,098)</b>	<b>(146,404)</b>	<b>-25.3%</b>	<b>(3,143,034)</b>	<b>(2,459,748)</b>	<b>(683,286)</b>	<b>-27.8%</b>
<b>Non-Operating Income</b>								
48 Interest Income	58,372	50,711	7,661	15.1%	264,784	251,541	13,243	5.3%
49 Tax Revenue	677,585	531,747	145,838	27.4%	1,792,333	1,611,306	181,027	11.2%
50 Donations	-	-	-	-	366,408	750,559	(384,151)	-51.2%
51 <b>Total Non-Operating Income</b>	<b>735,957</b>	<b>582,458</b>	<b>153,499</b>	<b>26.4%</b>	<b>2,423,525</b>	<b>2,613,406</b>	<b>(189,881)</b>	<b>-7.3%</b>
52 <b>Total Revenue Less Total Expenses</b>	<b>\$ 10,455</b>	<b>\$ 3,360</b>	<b>\$ 7,095</b>	<b>211.2%</b>	<b>\$ (719,509)</b>	<b>\$ 153,658</b>	<b>(873,167)</b>	<b>-568.3%</b>

The implementation of GASB 96 in 2023 has resulted in an increase of Depreciation and Interest Expense with a reduction of Purchase Service expenses.

## Balance Sheet - - May 31, 2026

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Assets	Current Month	Prior Month	Liabilities	Current Month	Prior Month
Current Assets			Current Liabilities		
Cash					
Operating (TBK)	\$ 1,378,084	\$ 3,771,063	Accts Payable - System	\$ 932,411	\$ 1,058,931
COLO Trust	1,921,484	1,915,391	Accrued Expenses	763,218	660,644
Debt Svc. Res. 2016 Bonds (UMB)	878,731	878,731	Cost Report Settlement Res	256,675	256,675 *
Bond Funds - 2016 Bonds (UMB)	475,205	1,100	Wages & Benefits Payable	2,144,629	2,933,453
Bond Funds - 2021 (UMB)	7,844,975	7,161,688	Deferred Revenue	561,131	1,240,215
CSIP Investments	5,662,710	5,644,922	COVID PPP Short Term Loan	-	-
Escrow - UMB	34,073	-	IRS ERC Fund Liability	2,067,572	2,067,572 **
COVID PPP	-	-	Medicare Accelerated Pmt Liab	-	-
IRS ERC TBK Cash Restricted	2,071,410	2,067,583 **	Current Portion of GASB 87 and 96 Liabilities	411,696	408,898
Medicare Accelerated Pmt	-	-	Current Portion of LT Debt-75 S Pagosa	130,000	130,000
Total Cash	20,266,672	21,440,478	Current Portion of LT Debt-2021	465,000	465,000
			Current Portion of LT Debt-2016	245,000	245,000
			Total Current Liabilities	7,977,332	9,466,388
Accounts Receivable			Long-Term Liabilities		
Patient Revenue - Net	4,882,110	4,253,566	Leases Payable - 75 S Pagosa	1,795,000	1,795,000
Other Receivables	696,970	1,376,237	GASB 87 and 96 Capital Leases	3,875,232	3,946,283
Total Accounts Receivable	5,579,080	5,629,803	Bond Premium (Net) - 2006 Def Outflows	146,806	147,918
Inventory	2,218,167	2,227,848	Bond Premium (Net) - 2016	101,531	101,956
			Bond Premium (Net) - 2021	551,995	555,966
Total Current Assets	28,063,919	29,298,129	Bonds Payable - 2021	6,115,000	6,115,000
			Bonds Payable - 2006	-	-
Fixed Assets			Bonds Payable - 2016	8,315,000	8,315,000
Property Plant & Equip (Net)	22,707,459	22,814,605	Total Long-Term Liabilities	20,900,564	20,977,123
GASB 87 & 96 Assets (Net)	3,560,341	3,600,151	Net Assets		
Work In Progress	891,402	992,874	Un-Restricted	28,311,545	28,311,545
Land	704,021	704,021	Current Year Net Income/Loss	(719,509)	(729,966)
Total Fixed Assets	27,863,223	28,111,651	Total Un-Restricted	27,592,036	27,581,579
Other Assets			Restricted	-	-
Prepays & Other Assets	542,790	615,310	Total Net Assets	27,592,036	27,581,579
Total Other Assets	542,790	615,310			
<b>Total Assets</b>	<b>\$ 56,469,932</b>	<b>\$ 58,025,090</b>	<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 56,469,932</b>	<b>\$ 58,025,090</b>

\* Prior Month Cost report reserve adjusted per auditor

\*\* 1st Qtr 2021 ERC Money received in April, restricted and not included in Days Cash on Hand due to status of appeal. Also recorded as a Liability.

Monthly Trends

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	YTD Total
<b>Activity</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>28</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>151</b>
2 In-Patient Admissions	15	20	19	13	19	10	6	22	14	14	15	22	16	81
3 In-Patient Days	40	38	41	30	41	21	21	51	42	31	37	65	48	223
4 Avg Stay Days (In-patients)	2.7	1.9	2.2	2.3	2.2	2.1	3.5	2.3	3.0	2.2	2.5	3.0	3.0	2.8
8 Average Daily Census	1.3	1.3	1.3	1.0	1.4	0.7	0.7	1.6	1.4	1.1	1.2	2.2	1.5	1.5
Statistics														
9 E/R visits	638	698	735	737	656	585	562	737	654	605	732	617	676	3,284
10 Observ Hours	998	1,277	1,217	1,284	1,174	1,426	1,055	1,591	1,531	1,097	1,291	1,677	1,172	6,768
11 Lab Tests	6,774	6,681	6,418	6,437	6,641	6,488	5,648	6,799	6,708	6,047	7,277	7,503	7,102	34,637
12 Radiology/CT/MRI Exams	1,670	1,814	1,856	1,819	1,730	1,865	1,326	1,953	1,751	1,465	1,693	1,535	1,608	8,052
14 OR Cases	98	78	115	105	113	81	59	78	63	63	87	82	66	361
15 Clinic Visits	2,029	1,845	1,892	1,847	1,922	1,909	1,521	1,696	1,763	1,718	1,863	1,828	1,781	8,953
16 Spec. Clinic Visits	63	61	36	62	81	131	101	95	78	76	84	109	103	450
17 Oncology Clinic Visits	91	107	119	112	94	94	162	187	158	184	200	122	47	711
18 Oncology/Infusion Patients	340	397	470	360	330	298	302	337	303	331	281	286	409	1,610
19 EMS Transports	92	64	134	104	111	104	127	110	137	88	97	95	112	529
20 Total Stats	12,793	13,022	12,992	12,867	12,852	12,981	10,863	13,583	13,146	11,675	13,605	13,854	13,076	65,356

Statistical Review

2026	May			May			May Prior Y-T-D			
	Current Month Actual	Current Month Budget	Variance	Y-T-D Actual	Y-T-D Budget	Variance	Y-T-D Actual	Prior Y-T-D Actual	Difference	Variance
<b>In-Patient</b>										
Admissions:										
Acute	16	10	6	81	74	7	81	79	2	3%
Swing Bed	-	-	-	-	-	-	-	-	-	
Total	16	10	6	81	74	7	81	79	2	3%
Patient Days:										
Acute	48	22	26	223	163	60	223	170	53	31%
Swing Bed	-	-	-	-	-	-	-	-	-	
Total	48	22	26	223	163	60	223	170	53	31%
Average Daily Census:										
# Of Days	31	31		151	151		151	151		
Acute	1.5	0.7	0.8	1.5	1.1	0.4	1.5	1.1	0.4	31%
Swing Bed	-	-	-	-	-	-	-	-	-	
Total	1.5	0.7	0.8	1.5	1.1	0.4	1.5	1.1	0.4	31%
Length of Stay:										
Acute	3.0	2.2	0.8	2.8	2.2	0.6	2.8	2.2	0.6	28%
Swing Bed	-	-	-	-	-	-	-	-	-	0%
Total	3.0	2.2	0.8	2.8	2.2	0.6	2.8	2.2	0.6	28%
<b>Out-Patient</b>										
Out-Patient Visits										
E/R Visits	676	660	16	3,284	3,211	73	3,284	3,092	192	6%
Observ admissions	36	47	(11)	224	227	(3)	224	219	5	2%
Lab Tests	7,102	6,700	402	34,637	32,618	2,019	34,637	34,130	507	1%
Radiology/CT/MRI Exams/M	1,608	1,750	(142)	8,052	8,518	(466)	8,052	8,238	(186)	-2%
OR Cases	66	135	(69)	361	656	(295)	361	477	(116)	-24%
Clinic Visits	1,781	1,964	(183)	8,953	9,561	(608)	8,953	10,156	(1,203)	-12%
Spec. Clinic Visits	103	137	(34)	450	669	(219)	450	278	172	62%
Oncology Clinic Visits	47	121	(74)	711	589	122	711	513	198	39%
Oncology/Infusion Patients	409	362	47	1,610	1,764	(154)	1,610	1,492	118	8%
EMS Transports	112	108	4	529	526	3	529	522	7	1%
Total	11,940	11,984	(44)	58,811	58,339	472	58,811	59,117	(306)	-1%

**Pagosa Springs Medical Center**

**Cerner/Healthland Accounts Receivable for Hospital by Payor and Days Outstanding -- As of May 31, 2026**

		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181+ Days	Total	Percent of Total	Accts sent to Collections
2 Medicare	\$	3,799,306	\$ 609,916	\$ 237,987	\$ 191,255	\$ 66,167	\$ 90,710	\$ 232,323	\$ 5,227,664	36%	<b>Page 6</b>
3 Medicaid		892,123	533,899	72,944	36,082	15,312	20,871	353,175	1,924,406	13%	
4 Third Party		1,821,661	408,186	356,236	188,540	103,602	124,656	303,983	3,306,864	23%	
5 Self-Pay		266,412	388,250	534,722	418,795	477,167	277,771	1,858,408	4,221,525	29%	
<b>Current Month Total</b>	<b>\$</b>	<b>6,779,502</b>	<b>\$ 1,940,251</b>	<b>\$ 1,201,889</b>	<b>\$ 834,672</b>	<b>\$ 662,248</b>	<b>\$ 514,008</b>	<b>\$ 2,747,889</b>	<b>\$ 14,680,459</b>	<b>100%</b>	
<b>Pct of Total</b>		46%	13%	8%	6%	5%	4%	19%	100%		
Apr-26	\$	5,829,531	\$ 1,660,678	\$ 1,195,525	\$ 753,226	\$ 666,573	\$ 480,079	\$ 2,899,157	\$ 13,484,769		258,201
Pct of Total		43%	12%	9%	6%	5%	4%	21%	100%		
Mar-26	\$	5,819,857	\$ 1,872,459	\$ 1,059,350	\$ 762,992	\$ 547,904	\$ 363,008	\$ 2,764,306	\$ 13,189,876		260,595
Pct of Total		44%	14%	8%	6%	4%	3%	21%	100%		
Feb-26	\$	5,519,302	\$ 1,830,436	\$ 988,986	\$ 694,613	\$ 439,647	\$ 306,156	\$ 2,863,813	\$ 12,642,953		180,489
Pct of Total		44%	14%	8%	5%	3%	2%	23%	100%		
Jan-26	\$	5,769,715	\$ 1,988,785	\$ 971,480	\$ 495,392	\$ 425,965	\$ 443,838	\$ 2,699,052	\$ 12,794,227		550,444
Pct of Total		45%	16%	8%	4%	3%	3%	21%	100%		
Dec-25	\$	5,999,489	\$ 1,663,324	\$ 603,539	\$ 673,304	\$ 489,793	\$ 461,434	\$ 2,744,437	\$ 12,635,320		226,145
Pct of Total		47%	13%	5%	5%	4%	4%	22%	100%		
Nov-25	\$	5,999,489	\$ 1,663,324	\$ 603,539	\$ 673,304	\$ 489,793	\$ 461,434	\$ 2,744,437	\$ 12,635,320		339,651
Pct of Total		47%	13%	5%	5%	4%	4%	22%	100%		
Oct-25	\$	6,123,193	\$ 1,328,841	\$ 820,844	\$ 688,288	\$ 640,583	\$ 318,682	\$ 2,899,140	\$ 12,819,571		506,303
Pct of Total		48%	10%	6%	5%	5%	2%	23%	100%		
Sep-25	\$	6,123,193	\$ 1,328,841	\$ 820,844	\$ 688,288	\$ 640,583	\$ 318,682	\$ 2,899,140	\$ 12,819,571		156,271
Pct of Total		48%	10%	6%	5%	5%	2%	23%	100%		
Aug-25	\$	6,272,646	\$ 1,806,115	\$ 845,162	\$ 730,191	\$ 378,195	\$ 476,017	\$ 2,845,054	\$ 13,353,380		182,898
Pct of Total		47%	14%	6%	5%	3%	4%	21%	100%		
Jul-25	\$	6,148,429	\$ 1,343,970	\$ 783,163	\$ 448,955	\$ 586,189	\$ 578,471	\$ 2,602,752	\$ 12,534,286		202,285
Pct of Total		49%	11%	6%	4%	5%	5%	21%	100%		
Jun-25	\$	5,798,998	\$ 1,423,088	\$ 620,781	\$ 640,656	\$ 718,548	\$ 480,775	\$ 2,696,981	\$ 12,379,827		426,234
Pct of Total		47%	11%	5%	5%	6%	4%	22%	100%		
May-25	\$	5,510,786	\$ 1,134,338	\$ 881,123	\$ 782,446	\$ 640,205	\$ 450,511	\$ 2,821,741	\$ 12,221,150		205,702
Pct of Total		45%	9%	7%	6%	5%	4%	23%	100%		
Apr-25	\$	5,380,677	\$ 1,531,216	\$ 959,957	\$ 852,535	\$ 491,263	\$ 632,503	\$ 2,457,407	\$ 12,305,558		239,686
Pct of Total		44%	12%	8%	7%	4%	5%	20%	100%		
Mar-25	\$	5,878,116	\$ 1,431,709	\$ 887,139	\$ 553,759	\$ 745,582	\$ 497,247	\$ 2,403,650	\$ 12,397,202		289,678
Pct of Total		47%	12%	7%	4%	6%	4%	19%	100%		
Feb-25	\$	5,935,029	\$ 1,445,312	\$ 682,201	\$ 898,763	\$ 621,321	\$ 308,121	\$ 2,580,511	\$ 12,471,258		149,150
Pct of Total		48%	12%	5%	7%	5%	2%	21%	100%		
Jan-25	\$	5,068,971	\$ 1,305,124	\$ 973,961	\$ 777,031	\$ 472,520	\$ 378,367	\$ 2,458,458	\$ 11,434,432		331,283
Pct of Total		44%	11%	9%	7%	4%	3%	22%	100%		

Pagosa Springs Medical Center

Cerner/Healthland Accounts Receivable for Hospital by Payor and Days Outstanding -- As of May 31, 2026

		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181+ Days	Total	Percent of Total	Accts sent to Collections
Dec-24	\$	5,319,743	\$ 1,598,544	\$ 909,266	\$ 579,703	\$ 559,746	\$ 384,342	\$ 2,563,856	\$ 11,915,200		312,505
Pct of Total		45%	13%	8%	5%	5%	3%	22%	100%		
Nov-24	\$	5,041,955	\$ 942,675	\$ 702,565	\$ 632,660	\$ 619,716	\$ 376,424	\$ 2,168,293	\$ 10,484,288		223,749
Pct of Total		48%	9%	7%	6%	6%	4%	21%	100%		
Oct-24	\$	5,410,175	\$ 1,342,098	\$ 895,631	\$ 514,484	\$ 618,148	\$ 364,283	\$ 2,428,748	\$ 11,573,567		114,647
Pct of Total		47%	12%	8%	4%	5%	3%	21%	100%		
Sep-24	\$	5,336,881	\$ 1,545,826	\$ 660,113	\$ 801,160	\$ 504,361	\$ 385,052	\$ 2,430,015	\$ 11,663,408		166,526
Pct of Total		46%	13%	6%	7%	4%	3%	21%	100%		
Aug-24	\$	5,398,392	\$ 1,267,909	\$ 941,782	\$ 562,535	\$ 502,383	\$ 410,323	\$ 2,371,609	\$ 11,454,933		255,891
Pct of Total		47%	11%	8%	5%	4%	4%	21%	100%		
Jul-24	\$	5,507,513	\$ 1,647,105	\$ 918,469	\$ 644,364	\$ 543,418	\$ 410,560	\$ 2,339,334	\$ 12,010,764		185,572
Pct of Total		46%	14%	8%	5%	5%	3%	19%	100%		
Jun-24	\$	5,629,904	\$ 1,537,357	\$ 787,921	\$ 717,968	\$ 578,896	\$ 459,480	\$ 2,222,990	\$ 11,934,516		305,775
Pct of Total		47%	13%	7%	6%	5%	4%	19%	100%		
May-24	\$	4,839,653	\$ 1,099,638	\$ 905,534	\$ 690,343	\$ 663,774	\$ 338,675	\$ 2,200,281	\$ 10,737,898		401,030
Pct of Total		45%	10%	8%	6%	6%	3%	20%	100%		
Apr-24	\$	4,505,943	\$ 1,549,541	\$ 1,079,814	\$ 894,665	\$ 562,615	\$ 282,622	\$ 2,280,611	\$ 11,155,811		284,663
Pct of Total		40%	14%	10%	8%	5%	3%	20%	100%		
Mar-24	\$	5,059,591	\$ 1,408,458	\$ 1,082,949	\$ 715,465	\$ 485,454	\$ 352,812	\$ 2,341,176	\$ 11,445,905		305,544
Pct of Total		44%	12%	9%	6%	4%	3%	20%	100%		
Feb-24	\$	4,965,411	\$ 1,409,644	\$ 782,310	\$ 607,945	\$ 488,055	\$ 355,262	\$ 2,382,519	\$ 10,991,146		407,438
Pct of Total		45%	13%	7%	6%	4%	3%	22%	100%		
Jan-24	\$	5,317,052	\$ 1,163,491	\$ 819,931	\$ 591,365	\$ 478,430	\$ 436,820	\$ 2,215,766	\$ 11,022,855		367,168
Pct of Total		48%	11%	7%	5%	4%	4%	20%	100%		
12		<b>Pct Settled (Current)</b>		66.7%	27.6%	30.2%	12.1%	22.9%	-472.4%		
13		<b>Pct Settled (Apr from Mar)</b>		71.5%	36.2%	28.9%	12.6%	12.4%	-698.6%		
14		<b>Pct Settled (Mar from Feb)</b>		66.1%	42.1%	22.9%	21.1%	17.4%	-802.9%		
15		<b>Pct Settled (Feb from Jan)</b>		68.3%	50.3%	28.5%	11.3%	28.1%	-545.2%		
16		<b>Pct Settled (Jan from Dec)</b>		66.9%	41.6%	17.9%	36.7%	9.4%	-484.9%		



**Pagosa Springs Medical Center**  
**Financial Forecast**  
**Statement of Cash Flows**

	<b>May-26</b>
<b>Cash Flows from operating activities</b>	
Change in net assets	10,455
Adjustments to reconcile net assets to net cash	
Depreciation and amortization	259,384
Patient accounts receivable	(628,544)
Accounts payable and wages payable	(915,344)
Accrued liabilities	102,574
Pre-paid assets	72,520
Deferred revenues	(679,084)
Other receivables	679,267
Reserve for third party settlement	-
Inventory	9,681
Net Cash Provided by (used in) operating activities	(1,089,091)
<b>Cash Flows from investing activities</b>	
Purchase of property and equipment	(117,934)
Work in progress	101,472
Proceeds from sale of equipment/(Loss)	-
Net Cash Provided by (used in) investing activities	(16,462)
<b>Cash Flows from financing activities</b>	
Principal payments on long-term debt	-
Proceeds from debt (funding from 2021 Bond)	-
Proceeds from PPP Short Term Loan	-
Restricted Proceeds from IRS ERC Fund	-
Payments/Proceeds from Medicare Accelerated Payment	-
Change in Prior Year Net Assets	-
Change in leases payable	(68,253)
Net Cash Provided by (used in) financing activities	(68,253)
<b>Net Increase(Decrease) in Cash</b>	(1,173,806)
<b>Cash Beginning of Month</b>	21,440,478
<b>Cash End of Month</b>	20,266,672 **

\*\* Includes \$2,067,583 received in April for 1st Qtr IRS ERC Money currently held in a restricted Account. Not included in Days Cash on Hand due to status of appeal. Also recorded as a Liability

2026 Cash						
Month	Cash Goal	Actual Cash	Variance	% Collected	GL Non AR	Total
Jan-26	\$3,818,135.00	\$3,135,761.71	(\$682,373.29)	82.13%	\$ 29,767.39	\$3,165,529.10
Feb-26	\$3,321,128.00	\$2,933,949.66	(\$387,178.34)	88.34%	\$ 32,142.85	\$2,966,092.51
Mar-26	\$2,697,131.00	\$3,104,385.57	\$407,254.57	115.10%	\$ (24,050.55)	\$3,080,335.02
Apr-26	\$3,276,674.00	\$3,191,594.25	-\$85,079.75	97.40%	\$ 24,667.45	\$3,216,261.70
May-26	\$3,130,876.00	\$2,420,492.97	(\$710,383.03)	77.31%	\$ 66,603.04	\$2,487,096.01
Jun-26						
Jul-26						
Aug-26						
Sep-26						
Oct-26						
Nov-26						
Dec-26						
	\$16,243,944.00	\$14,786,184.16	(\$1,457,759.84)	91.03%	\$ 129,130.18	\$14,915,314.34

2026 Revenue				
Month	Revenue Goal	Actual Revenue	Variance	% Generated
Jan-26	\$ 8,150,055.00	\$ 7,295,377.00	\$ (854,678.00)	89.51%
Feb-26	\$ 8,208,959.00	\$ 6,802,609.00	\$ (1,406,350.00)	82.87%
Mar-26	\$ 8,867,470.00	\$ 7,777,309.00	\$ (1,090,161.00)	87.71%
Apr-26	\$ 8,136,167.00	\$ 7,311,986.00	\$ (824,181.00)	89.87%
May-26	\$ 8,503,023.00	\$ 6,885,705.00	\$ (1,617,318.00)	80.98%
Jun-26				
Jul-26				
Jul-26				
Sep-26				
Oct-26				
Nov-26				
Dec-26				
Totals	\$ 41,865,674.00	\$ 36,072,986.00	\$ (5,792,688.00)	86.16%



**THE UPPER SAN JUAN HEALTH SERVICE DISTRICT  
DOING BUSINESS AS PAGOSA SPRINGS MEDICAL CENTER**

**MEDICAL STAFF REPORT BY CHIEF OF STAFF, CORINNE REED  
June 23<sup>rd</sup>, 2026**

I. STATEMENT OF THE MEDICAL STAFF’S RECOMMENDATIONS FOR THE USJHSD BOARD ACCEPTANCE OF NEW POLICIES OR PROCEDURES ADOPTED BY THE MEDICAL STAFF:

RECOMMENDATION	DESCRIPTION
<b>Waiver of Board Certification Requirement for Dr. Juhee Sidhu</b>	For initial appointment; this waiver process is a requirement of the Medical Staff Bylaws and is requested because Dr. Sidhu is sitting for her Oncology MOC Exam in November.

II. STATEMENT OF THE MEDICAL STAFF’S RECOMMENDATIONS FOR THE USJHSD BOARD ACCEPTANCE OF PROVIDER PRIVILEGES (ACCEPTANCE BY THE BOARD RESULTS IN THE GRANT OF PRIVILEGES):

NAME	INITIAL/REAPPOINT/CHANGE	TYPE OF PRIVILEGES	SPECIALTY
<b>Kate Gzenko, MD</b>	Initial Appointment	Active/General Surgery	Surgery
<b>Andrew Gzenko, CRNA</b>	Initial Appointment	APP/CRNA	Certified Registered Nurse Anesthetist
<b>Danielle Kahn, AGNP-C</b>	Initial Appointment	APP-Locum Tenens/Oncology & Hematology	Oncology & Hematology
<b>Brandon Key, MD</b>	Initial Appointment	Telemedicine/Teleradiology	Interventional Radiology/Diagnostic Radiology
<b>David Mata Canadas, MD</b>	Initial Appointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Colin Rutner, MD</b>	Initial Appointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Chelsea Schmitt, MD</b>	Initial Appointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Juhee Sidhu, MD</b>	Initial Appointment	Courtesy-Locum Tenens/Oncology & Hematology	Oncology & Hematology
<b>Joel Thomas, MD</b>	Initial Appointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Aria Bagheri, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Benjamin Ball, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
<b>Emily Barber, FNP-C</b>	Reappointment	APP/ Nurse Practitioner Family Medicine	Family Medicine
<b>Keith Dangleis, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>David Dungan, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
<b>John Gilbert, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Matthew Gipson, MD</b>	Reappointment	Telemedicine/Teleradiology	Interventional Radiology/Diagnostic Radiology
<b>William Grande, MD</b>	Reappointment	Telemedicine/Teleradiology	Interventional Radiology/Diagnostic Radiology
<b>Daniel Renner, MD</b>	Reappointment	Active/Emergency Medicine	Emergency Medicine
<b>Timothy Hagan, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
<b>Gerald Riccardello, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Peter Ricci, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology & Neuroradiology
<b>Matthew Schmidt, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>David Shook, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Sean Siebert, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Andrew Sonin, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology

<b>Jeremiah Steed, MD</b>	Reappointment	Active/Orthopedics	Orthopedic Surgery
<b>Peter Stratil, MD</b>	Reappointment	Telemedicine/Teleradiology	Interventional Radiology/Diagnostic Radiology
<b>Farrel Vanwagenen, MD</b>	Reappointment	Telemedicine/Teleradiology	Diagnostic Radiology
<b>Emilie McIntyre, MD</b>	Extension of expiration of privileges from 8/26/26 to 9/22/26	Active/Family Medicine	Family Medicine

- III. REPORT OF NUMBER OF PROVIDERS BY CATEGORY  
 Active: 17  
 Courtesy: 18  
 Telemedicine: 143  
 Advanced Practice Providers & Behavioral Health Providers: 19  
 Honorary: 2  
 Total: 199

**UPPER SAN JUAN HEALTH SERVICE DISTRICT  
D/B/A PAGOSA SPRINGS MEDICAL CENTER**

**Formal Written Resolution 2026-06**

**June 23, 2026**

**WHEREAS**, the Upper San Juan Health Service District which does business under the trade name Pagosa Springs Medical Center (“PSMC”) operates a critical access hospital, EMS/Ambulance services and a rural health clinic; and

**WHEREAS**, at the July 28, 2026, meeting of the PSMC Board of Directors, the Board will consider whether to approve a ballot question asking the voters of the special district to approve a continued waiver of the Taxpayer Bill of Rights; and

**WHEREAS**, the deadline is July 24, 2026, for PSMC to inform the applicable County Clerks of intent to participate in a coordinated November 3, 2026 election; and

**WHEREAS**, PSMC staff seek the Board’s approval of this resolution so staff may notify the applicable County Clerks before the deadline and preserve PSMC’s option to participate in the November 2026 coordinated election; thereafter, if on July 28, 2026, the Board does not approve a ballot measure, PSMC would withdraw from the coordinated election.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UPPER SAN JUAN HEALTH SERVICE DISTRICT HEREBY RESOLVES** that staff shall provide written notification to the applicable County Clerks of PSMC’s intent to participate in the coordinated election on November 3, 2026.

ACCEPTED by the Board of Directors this 23<sup>rd</sup> day of June, 2026.

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Kate Alfred, Chair of the Board of Directors



**MINUTES OF REGULAR BOARD MEETING**  
**Tuesday, May 12, 2026, at 5:00 PM**  
**The Board Room**  
**95 South Pagosa Blvd., Pagosa Springs, CO 81147**

The Board of Directors (the “Board”) of the Upper San Juan Health Service District doing business as Pagosa Springs Medical Center (“PSMC”) held its regular board meeting on May 12, 2026, at PSMC, Board Room, 95 South Pagosa Blvd., Pagosa Springs, Colorado as well as via Teams video communications.

Director’s Present: Chair Kate Alfred, Vice Chair Matt Mees, Director Mark Floyd, Director Gwen Taylor

Board members present via Teams: Director Erik Foss

Board members present via telephone: None

Board members absent: Director Wayne Hooper, Director Ashley Wilson

**1) CALL TO ORDER**

- a) Call for quorum: Chair Alfred called the meeting to order at 5:00 p.m. MDT and Clerk to the Board, Antoinette Martinez, recorded the minutes. A quorum of directors was present and acknowledged.
- b) Board member self-disclosure of actual, potential or perceived conflicts of interest: None.
- c) Approval of the Agenda: Vice Chair Matt Mees motioned to approve the agenda with no changes. Director Mark Floyd seconded; the Board Members in attendance unanimously approved the agenda.

**2) PUBLIC COMMENT**

None

**3) PRESENTATIONS      *None***

**4) REPORTS**

a) Oral Reports

i) Chair Report

- None

ii) CEO Report

CEO Rhonda Webb advised the following update:

- National Hospital Week is May 11 through May 16 celebrating the dedication of our staff and excellent professional care to our patients every day.
- LPEA reported last month that it will implement Public Safety Power Shutoffs (PSPS) during certain Red Flag conditions. These shutoffs will not occur on every Red Flag day, as decisions will also take factors such as humidity levels into consideration. On May 7, the Facilities Committee met to review the potential impact of these outages and discuss additional emergency power needs, as PSMC’s current generators do not provide backup power to the entire hospital, including the clinic and portions of the

*PSMC’s Mission: To provide quality, compassionate healthcare and wellness for each person we serve.*

radiology department. Requests related to emergency power infrastructure and associated expenses will be presented to the Board for consideration at the July meeting. Additionally, PSMC has been included in local Red Flag coordination meetings to help ensure timely communication and preparedness.

- Questions asked and answered.

iii) Executive Committee

- No Report

iv) Foundation Board

None

v) Facilities Committee

The Facilities Committee met on May 7, 2026. Vice Chair Matt Mees summarized the written report in the Board Packet highlighting PSMC emergency power during LPEA red flag brownout days. Questions asked and answered.

vi) Strategic Planning Committee Report

The Strategic Planning Committee met on May 8, 2026. Chair Kate Alfred and CAO Ann Bruzzese summarized the written report in the Board Packet highlighting feedback from the community surveys and the presentation to the Board during the June meeting about potential election issues. Questions asked and answered.

vii) Finance Committee Report

CFO, Chelle Keplinger, presented and discussed financials for April 2026. Questions asked and answered.

b) Written Reports

- i) Medical Staff Report – Chief of Staff, Dr. Corinne Reed, D.O. - None

**5) EXECUTIVE SESSION**

None

**6) DECISION AGENDA**

None

**7) CONSENT AGENDA**

Director Mark Floyd motioned to approve the consent agenda (approval of Board Member absences, and approval of the regular meeting minutes of 04/28/2026). The motion was seconded by Vice Chair Matt Mees and the Board Members in attendance approved the consent agenda items. Director Gwen Taylor abstained from the vote regarding the regular meeting minutes as she was not present at the April 28, 2026, meeting.

**8) OTHER BUSINESS**

- Next Board Meeting June 23, 2026, at 5:00 pm.

**9) ADJOURN**

There being no further business, Chair Alfred adjourned the regular meeting at 5:25 p.m. MDT.

Respectfully submitted by:

Antoinette Martinez, serving as Clerk to the Board

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