

**CONCHO COUNTY HOSPITAL DISTRICT
EDEN, TEXAS**

**AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2024 AND 2023**



INDEPENDENT AUDITOR'S REPORT

Management and the Board of Directors
Concho County Hospital District
Eden, Texas

Unmodified Opinion on 2024 and Qualified Opinion on 2023

We have audited the accompanying statements of the business-type activities of Concho County Hospital District, (the “District”) as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements which are comprised of the statements of net position; statements of revenues, expenses, and changes in net position, and statements of cash flows; which collectively comprise the District’s basic financial statements.

In our opinion, except for the possible effects on the 2023 basic financial statements of not reconciling cash accounts as described in the Basis for Qualified Opinion section of our report, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of September 30, 2024 and 2023, 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.

Basis for Unmodified Opinion on 2024 and Qualified Opinion on 2023

The matter giving rise to the qualification in the prior year was resolved during the year ended September 30, 2024; accordingly, our opinion on the financial statements for the year ended September 30, 2024 is not modified with respect to this matter. During the year ended September 30, 2023, the District was unable to reconcile its cash balances to external bank statements as of September 30, 2023, resulting in a difference between the carrying amount of cash and the related bank balances. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the accuracy of cash and cash equivalents reported at September 30, 2023. Accordingly, we expressed a qualified opinion on the financial statements for the year ended September 30, 2023.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 unmodified audit opinion on the 2024 financial statements and our qualified audit opinion on the 2023 financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and defined benefit plan information on pages A-1 through A-6 and pages 29 through 31, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



D & Co., L. L. P.
Lubbock, Texas
January 30, 2026

**CONCHO COUNTY HOSPITAL DISTRICT
EDEN, TEXAS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2024 AND 2023**

**CONCHO COUNTY HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024 AND 2023
(Unaudited)**

Our discussion and analysis of Concho County Hospital District's (the "District") financial performance provides an overview of the District's financial activities as of and for the fiscal years ended September 30, 2024 and 2023. Please read it in conjunction with the District's financial statements, which begin on page 1.

Current management acknowledges that the completion and submission of this report occurred later than in prior years. This delay was primarily due to two factors. First, although the acute phase of the COVID-19 pandemic had subsided during the reporting period, its residual impacts continued to affect staffing capacity and operational workflows, creating challenges in finalizing this report. Second, the organization experienced notable turnover at both the governance and executive leadership levels, which temporarily disrupted organizational continuity and delayed key decision-making processes.

Current management has taken steps to address these issues, including implementing stronger internal controls, enhancing reporting procedures, and stabilizing leadership roles. The more timely completion and submission of subsequent audit reports reflect the effectiveness of these corrective measures. Management remains committed to maintaining timely and accurate reporting in future periods.

FINANCIAL HIGHLIGHTS

- The District's net position reflects a \$2,033,243 or 25.3% decrease in 2024 and a \$3,396,865 or 29.7% decrease in 2023.
- Net patient service revenue increased by \$339,139 or 4.9% in 2024 and decreased by \$2,046,009 or 22.6% in 2023.
- The District reported an operating loss in 2024 of \$3,561,887 and an operating loss in 2023 of \$4,890,547.

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 but restricted for specific purposes by contributors, grantors, and enabling legislation.

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

Our analysis of the District's finances begins on page A-2. 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 cash is received or paid.

**CONCHO COUNTY HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023
(Unaudited)**

These two statements report the District's net position and changes in them. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You 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 local economic and regulatory environment 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. It provides answers to such questions as “Where did cash come from?” “What was cash used for?” and “What was the change in cash balance during the reporting period?”

THE DISTRICT'S NET POSITION

The District's net position is the difference between its assets, deferred outflows of resources, liabilities, and deferred inflows of resources reported in the Statement of Net Position on page 1 and 2. The District's net position decreased by \$2,033,243 or 25.3% in 2024 and decreased by \$3,396,865 or 29.7% in 2023, as you can see from **Table 1**.

	2024	2023	2022
Assets:			
Current Assets	\$ 3,890,561	\$ 4,150,086	\$ 7,053,257
Capital Assets (net)	4,220,720	4,609,384	4,988,025
Deferred Outflows of Resources	175,508	317,134	265,213
Net Pension Asset	359,949	166,662	-
Total Assets and Deferred Outflows of Resources	<u>\$ 8,646,738</u>	<u>\$ 9,243,266</u>	<u>\$ 12,306,495</u>
Liabilities:			
Long-Term Debt Outstanding	\$ 410,417	\$ 488,773	\$ 178,211
Other Current and Non-Current	2,077,315	526,008	1,310,143
Deferred Inflows of Resources	133,751	188,127	112,694
Total Liabilities and Deferred Inflows of Resources	2,621,483	1,202,908	1,601,048
Total Net Position	<u>6,025,255</u>	<u>8,040,358</u>	<u>11,437,223</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 8,646,738</u>	<u>\$ 9,243,266</u>	<u>\$ 13,038,271</u>

**CONCHO COUNTY HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023
(Unaudited)**

RESULTS AND CHANGES IN THE DISTRICT'S NET POSITION

The District's net position decreased by \$2,033,243 and \$3,396,865 in 2024 and 2023, respectively. This change is made up of very different components, as you can see from **Table 2**.

Table 2: Operating Results and Changes in Net Position

	2024	2023	2022
Operating Revenues:			
Net Patient Service Revenue	\$ 7,330,292	\$ 6,991,153	\$ 9,037,162
Delivery System Reform Incentive Program	-	-	190,236
Other Operating Revenue	43,918	22,373	40,130
Total Operating Revenue	7,374,210	7,013,526	9,267,528
Operating Expenses:			
Salaries, Benefits and Payroll Taxes	4,231,058	4,122,845	4,184,548
Other Operating Expenses	6,296,549	7,236,806	5,970,570
Depreciation / Amortization	408,490	544,422	658,893
Total Operating Expenses	10,936,097	11,904,073	10,814,011
Operating Income (Loss)	(3,561,887)	(4,890,547)	(1,546,483)
Nonoperating Revenues and (Expenses):			
Property Tax Revenue	734,581	754,512	730,843
Payment in Lieu of Taxes	524,340	524,340	443,340
Noncapital Grants and Contributions	246,281	30,990	10,969
Investment Income	55,673	32,450	8,122
Interest Expense	(28,461)	(7,187)	(8,844)
COVID-19 Federal Financial Assistance	-	543,977	682,419
Other	14,370	14,600	12,037
Loss on Abandoned Project	-	(400,000)	(118,517)
Impairment Loss	(18,140)	-	-
Total Nonoperating Revenues (Expenses)	1,528,644	1,493,682	1,760,369
Excess (Deficiency) of Revenues over Expenses Before Capital Grants and Contributions	(2,033,243)	(3,396,865)	213,886
Increase (Decrease) in Net Position	(2,033,243)	(3,396,865)	213,886
Net Position, Beginning of Year	8,040,358	11,437,223	11,223,337
Net Position, End of Year	\$ 6,007,115	\$ 8,040,358	\$ 11,437,223

**CONCHO COUNTY HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023
(Unaudited)**

Operating Income (Loss)

The first component of the overall change in the District's net position is its operating income (loss) generally, the difference between net patient service revenues and the expenses incurred to perform those services. The District reported operating loss in 2024 and 2023 of \$3,561,887 and \$4,890,547, respectively.

The primary components of the decreased operating loss in 2024 are:

- Net patient service revenue increased by \$339,139 or 4.9%.
- Other operating expenses decreased by \$940,257 or 13.0%.

The primary components of the increased operating loss in 2023 are:

- Net patient service revenue decreased by \$2,046,009 or 22.6%.
- Other operating expenses increased by \$1,266,236 or 21.2%.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of property taxes levied by the District, payment in lieu of property taxes, noncapital grants and contributions, investment income, interest expense, and CAREs Act Provider Relief Funds.

Property tax revenue increased by \$19,931, or 2.6%, in 2024 and increased by \$23,669, or 3.2%, in 2023, respectively. During 2024 and 2023, the District received payment in lieu of property taxes of \$524,340 and \$524,340, respectively.

The District recognized \$-0- and \$543,977 in CAREs Act Provider Relief Funds program revenue in 2024 and 2023. The funds were used to reimburse the District for eligible healthcare related expenses attributable to COVID-19.

Grants and Contributions

The District received both capital and operating grants for various sources for specific purposes. Capital grants and contributions received during 2024 and 2023 were \$246,281 and \$30,990, respectively.

THE DISTRICT'S CASH FLOWS

Changes in the District's cash flows are consistent with changes in operating income (loss) and nonoperating revenues and expenses, discussed earlier.

**CONCHO COUNTY HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023
(Unaudited)**

The net of all cash flow activities resulted in a net increase in cash and cash equivalents of \$641,530 and a decrease of \$1,353,494 in 2024 and in 2023, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital and Lease Assets

At September 30, 2024 and 2023, the District had \$4,202,580 and \$4,609,384, respectively, invested in capital and lease assets, net of accumulated depreciation and amortization, as detailed in Note 8 of the financial statements. The District acquired capital assets in the amount of \$20,164 and \$433,130 in 2024 and 2023, respectively.

Debt

At September 30, 2024 the District had long-term debt outstanding of \$410,417 and \$488,773, respectively, as detailed in Note 9 of the financial statements. During fiscal year 2024 and 2023, the District made payments of \$160,860 and \$197,091, respectively, on outstanding debt.

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 any questions about this report or need additional financial information, contact, Administrator/CEO at Concho County Hospital District, 614 Eaker, Eden, Texas 76837.

**CONCHO COUNTY HOSPITAL DISTRICT
EDEN, TEXAS**

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2024 AND 2023**

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2024 AND 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 774,761	\$ 133,231
Short-Term Investments	1,301,533	2,067,037
Patient Accounts Receivable, Net of Allowance	1,554,859	1,058,802
Estimated Third-Party Payor Settlements	-	617,459
Other Receivables	9,770	19,004
Inventory of Supplies	188,208	190,786
Prepaid and Other Current Assets	51,063	52,809
Property Taxes Receivable	10,367	10,958
Total Current Assets	3,890,561	4,150,086
NONCURRENT ASSETS		
Land	105,513	105,513
Depreciable Capital Assets, Net	4,097,067	4,503,871
Total Noncurrent Assets	4,202,580	4,609,384
Total Assets	8,093,141	8,759,470
DEFERRED OUTFLOWS OF RESOURCES		
Difference Between Projected and Actual Earnings	32,350	117,083
Contributions Subsequent to the Measurement Date	90,668	94,884
Difference Between Changes in Assumption	52,490	105,167
Total Deferred Outflows of Resources	175,508	317,134
NET PENSION ASSET	359,949	166,662
Total Assets and Deferred Outflows of Resources	<u>\$ 8,628,598</u>	<u>\$ 9,243,266</u>

The accompanying notes are an integral part of these financial statements.

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2024 AND 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 124,655	\$ 104,226
Accounts Payable	938,180	254,335
Accrued Payroll, Benefits, and Related Liabilities	297,575	237,078
Estimated Third-Party Payor Settlements	730,429	-
Other Accrued Liabilities	<u>111,131</u>	<u>34,595</u>
Total Current Liabilities	2,201,970	630,234
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	<u>285,762</u>	<u>384,547</u>
Total Liabilities	2,487,732	1,014,781
DEFERRED INFLOWS OF RESOURCES		
Differences Between Expected and Actual Experience	<u>133,751</u>	<u>188,127</u>
Total Deferred Inflows of Resources	<u>133,751</u>	<u>188,127</u>
Total Liabilities and Deferred Inflows of Resources	2,621,483	1,202,908
NET POSITION		
Net Investment in Capital Assets	3,792,163	4,120,611
Unrestricted	<u>2,214,952</u>	<u>3,919,747</u>
Total Net Position	<u>6,007,115</u>	<u>8,040,358</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 8,628,598</u>	<u>\$ 9,243,266</u>

The accompanying notes are an integral part of these financial statements.

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Net Patient Service Revenue	\$ 7,330,292	\$ 6,991,153
Other Revenue	43,918	22,373
Total Operating Revenues	7,374,210	7,013,526
OPERATING EXPENSES:		
Salaries	3,467,640	3,306,799
Employee Benefits and Payroll Taxes	763,418	816,046
Professional Fees and Purchased Services	3,450,519	3,829,071
Supplies	1,717,653	2,326,332
Other Operating	1,128,377	1,081,403
Depreciation and Amortization	408,490	544,422
Total Operating Expenses	10,936,097	11,904,073
Operating Loss	(3,561,887)	(4,890,547)
NONOPERATING REVENUES (EXPENSES):		
Property Tax Revenue	734,581	754,512
Payment in Lieu of Tax	524,340	524,340
Noncapital Grants and Contributions	246,281	30,990
Community Benefit Support	-	-
Intergovernmental Transfer	-	-
Investment Income	55,673	32,450
Interest Expense	(28,461)	(7,187)
COVID-19 Federal Financial Assistance	-	543,977
Gain on Extinguishment of Debt	-	-
Other Non Operating Revenue	14,370	14,600
Impairment Loss	(18,140)	-
Loss on Abandoned Project	-	(400,000)
Total Nonoperating Revenues (Expenses)	1,528,644	1,493,682
Decrease in Net Position	(2,033,243)	(3,396,865)
Net Position, Beginning of Year	8,040,358	11,437,223
Net Position, End of Year	\$ 6,007,115	\$ 8,040,358

The accompanying notes are an integral part of these financial statements.

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENT OF CASH FLOWS

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

RECONCILIATION OF CASH AND EQUIVALENTS
TO STATEMENTS OF NET POSITION:

Cash and equivalents presented under the following titles:

Cash and Cash Equivalents	<u>\$ 774,761</u>	<u>\$ 133,231</u>
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RECONCILIATION OF OPERATING LOSS TO NET
CASH USED IN OPERATING ACTIVITIES:

Operating Loss	\$ (3,561,887)	\$ (4,890,547)
Adjustments to Reconcile Operating Loss to Net		
Cash Flows Provided by Operating Activities:		
Provision for Bad Debt	469,282	1,013,461
Depreciation and Amortization	408,490	544,422
(Increase) Decrease in:		
Accounts Receivable	(965,339)	(995,078)
Prepaid Expenses and Other Current Assets	13,558	582,679
Estimated Third-Party Payor Settlements	1,347,888	379,342
Net Pension Asset	(193,287)	(166,662)
Deferred Outflows of Resources	141,626	679,855
Increase (Decrease) in:		
Accounts Payable	683,845	(35,342)
Accrued Salaries and Benefits Payable	60,497	(19,541)
Other Accrued Liabilities	76,536	(104,520)
Deferred Inflows of Resources	<u>(54,376)</u>	<u>(549,299)</u>
Net Cash Used in Operating Activities	<u>\$ (1,573,167)</u>	<u>\$ (3,561,230)</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Capital Asset Acquired Under Lease Obligations	<u>\$ 43,323</u>	<u>\$ 132,653</u>
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The accompanying notes are an integral part of these financial statements.

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF CASH AND EQUIVALENTS TO STATEMENTS OF NET POSITION:		
Cash and equivalents presented under the following titles:		
Cash and Cash Equivalents	<u>\$ 774,761</u>	<u>\$ 133,231</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (3,561,887)	\$ (4,890,547)
Adjustments to Reconcile Operating Loss to Net		
Cash Flows Provided by Operating Activities:		
Provision for Bad Debt	469,282	1,013,461
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(Increase) Decrease in:		
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Deferred Inflows of Resources	<u>(54,376)</u>	<u>(549,299)</u>
Net Cash Used in Operating Activities	<u>\$ (1,573,167)</u>	<u>\$ (3,561,230)</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Capital Asset Acquired Under Lease Obligations	<u>\$ 43,323</u>	<u>\$ 132,653</u>
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The accompanying notes are an integral part of these financial statements.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Concho County Hospital District (the “District”) is an acute care hospital located in Eden, Texas. The District was created by and operates under the laws of the State of Texas. Operations consist of a 16-bed hospital, administered through a seven-member Board of Directors elected by the citizens of the county. The District also operates a rural health clinic and a retail pharmacy. The District primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Concho County area.

Enterprise Fund Accounting - The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The District has elected to apply the provisions based on Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District has also elected to apply the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The District considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Patient Accounts Receivable - The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management’s judgment, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management’s evaluation of the collectability of patient accounts receivable, including the nature of the accounts, credit concentrations, trends in historical write-off experience, specific impaired accounts, and economic conditions. Allowances for uncollectibles and contractuals are generally determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

Inventory of Supplies - Inventory is stated at the lower of cost or market on the First-In, First-Out (FIFO) method.

Short-Term Investments - The District’s short-term investments are stated at fair value and are comprised of certificates of deposits, which mature within the next fiscal year.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets – Capital Assets are carried at cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. The District provides for depreciation of capital assets by the straight-line method and at rates promulgated by the American Hospital Association, which are designed to amortize the cost of such equipment over its useful life. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment life. Such amortization is included in depreciation and amortization in the financial statements.

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The District’s capitalization policy states that assets with a value greater than \$5,000 and a useful life described below will be capitalized. The following are a range of useful lives used by asset class:

Land Improvements	5 to 20 years
Building (Components)	5 to 50 years
Fixed Equipment	7 to 25 years
Major Moveable Equipment	3 to 20 years

Defined Benefit Pension Plan - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension income/expense related to the defined benefit pension plan, information about the fiduciary net position of the Texas County and District Retirement System (“TCDRS”) defined benefit pension plan and additions to/deductions from the TCDRS’s fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources - Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources, respectively.

Net Position – Net position of the District is classified in three components: net investment in capital assets; restricted; and unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amounts of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Federal Income Taxes - The District is a tax-exempt organization; therefore, no expense has been provided for income taxes in the accompanying financial statements.

Charity Care - The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, charity care is excluded from net patient revenue. Management’s policy for the provision of charity care includes an application process based on residency and income determination. The provisions of the District’s policy include writing off uninsured and/or underinsured patients and evaluating self-pay patients for eligibility of charity care based on Federal Poverty Guidelines. Applications are submitted every twelve months after approval, unless the qualifying situation changes. During fiscal year 2018, the District updated the Charity Care policy to included presumptive financial assistance.

Grants and Contributions - From time to time, the District receives grants from the state as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Property Taxes – The District received approximately 13.26% and 8.5% of its financial support from property taxes for the years ended September 30, 2024 and 2023. These taxes are collected by the Concho County Appraisal District and are remitted to the District when received. The District’s taxes are levied and become collectible from October 1 to January 31 of the succeeding year. The taxes are based on the assessed values listed as of the prior January 1, which is the due date a lien attaches to the taxable property. Revenue from property taxes is recognized in the year in which the taxes are levied. The District provides an allowance for uncollectible taxes based on historical collection information.

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 disaster; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

**CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Accounting Pronouncements:

GASB Statement No. 100 – In June 2022, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 100 – *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for fiscal years beginning after June 15, 2023, with earlier application encouraged. Implementation of the Statement had no effect on the District’s net position.

Pending Adoption of Recent Accounting Pronouncements:

GASB Statement No. 101 – In June 2022, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

GASB Statement No. 102 – In December 2023, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The statement is effective for fiscal years beginning after June 15, 2024, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

GASB Statement No. 103 – In April 2024, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 103 – *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The statement is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Adoption of Recent Accounting Pronouncements (Continued):

GASB Statement No. 104 – In September 2024, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets and intangible right-to-use assets recognized should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The statement is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

NOTE 2 - NET PATIENT SERVICE REVENUE

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

Medicare and Medicaid – The District is a Critical Access Hospital. Thus, inpatient acute care services, certain inpatient non-acute care services, and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology.

The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary.

Other - The District has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenue is comprised as follows:

	<u>2024</u>	<u>2023</u>
Routine Patient Services	\$ 400,194	\$ 261,833
Ancillary Patient Services		
Inpatient	578,693	407,975
Outpatient	<u>8,512,036</u>	<u>9,970,712</u>
Gross Patient Service Revenue	<u>9,490,923</u>	<u>10,640,520</u>
Charity	(1,246,499)	(976,676)
Third-Party Contractual Adjustments	(679,087)	(2,337,205)
Provision for Bad Debts	(469,282)	(1,013,461)
Medicaid Supplemental Payments & Other Credits	<u>234,237</u>	<u>677,975</u>
Net Patient Service Revenue	<u>\$ 7,330,292</u>	<u>\$ 6,991,153</u>

Estimated Third-Party Payor Settlements - 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. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statements as they are determined by the District. Estimated third-party payor settlements recorded in the statements of net position at September 30, 2024 and 2023 are (\$730,429) and \$617,459, respectively.

Charity Care - The value of charity care provided by the District based upon its established rates, was \$1,246,499 and \$976,676 in 2024 and 2023, respectively. Authoritative guidance requires charity care to be disclosed on a cost basis. The District utilizes the cost to charge ratios, as calculated based on its most recent cost reports, to determine the total cost. The District's cost of providing charity care was \$1,438,883 and \$1,137,543 for the years ended September 30, 2024 and 2023, respectively.

NOTE 3 – SHORT-TERM INVESTMENTS

The District's investments are reported at fair value, and consist of certificates of deposit, which matures within the next fiscal year. The fair value of the District's short-term investments at September 30, 2024 and 2023 were \$1,301,533 and \$2,067,037, respectively, all of which are covered by FDIC and also collateralized with securities held by the pledging financial institution in the District's name.

The District's investments are subject to the following risks:

Interest Rate Risk – Interest rate risk is the risk that market value of investments will change based on changes in market interest rates.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 3 – SHORT-TERM INVESTMENTS (CONTINUED)

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer.

Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in value of investments will occur in the near-term and that such change could materially affect the amounts reported in the accompanying statements of net position.

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2024 and 2023, the carrying amount of the District's deposits with financial institutions was \$2,076,294 and \$2,200,268, respectively. The bank balance at September 30, 2024 and 2023 was \$2,235,604 and \$2,412,382 , respectively.

	<u>2024</u>	<u>2023</u>
Amount insured by the FDIC - Demand Deposits	\$ 284,323	\$ 323,979
Amount insured by the FDIC -Time and Savings	500,000	500,000
Amount collateralized with securities held by the pledging financial institution in the Hospital's name	<u>1,451,281</u>	<u>1,588,403</u>
Total bank balance	<u><u>\$ 2,235,604</u></u>	<u><u>\$ 2,412,382</u></u>

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Gross Accounts Receivable	\$ 4,705,043	\$ 4,663,560
Less: Allowance for Bad Debts	(2,326,701)	(2,781,275)
Allowance for Contractuals	<u>(823,483)</u>	<u>(823,483)</u>
Accounts Receivable, Net of Allowance	<u><u>\$ 1,554,859</u></u>	<u><u>\$ 1,058,802</u></u>

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE (CONTINUED)

Concentration of Credit Risk - 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 at September 30 is as follows:

	<u>2024</u>	<u>2023</u>
Medicare & Medicare Advantage	32%	29%
Medicaid	3%	7%
Other Third-Party Payors	19%	22%
Patients	<u>46%</u>	<u>42%</u>
Total	<u>100%</u>	<u>100%</u>

NOTE 6 – TAXES RECEIVABLE

Property taxes are levied on October 1 of each year and become delinquent as of February 1 of the following year. Taxes are reported as revenues in the period for which they are levied. Tax revenue, net of related expenses for the years ended September 30, 2024 and 2023, was \$734,581 and \$754,512, respectively. As of September 30, 2024 and 2023, the balance of property taxes receivable, and its related allowance for uncollectible taxes are as follows:

	<u>2024</u>	<u>2023</u>
Property Taxes Receivable	\$ 49,700	\$ 60,727
Less: Allowance for Uncollectible Taxes	<u>(39,333)</u>	<u>(49,769)</u>
Taxes Receivable, Net of Allowance	<u>\$ 10,367</u>	<u>\$ 10,958</u>

NOTE 7 – PROPERTY TAX ABATEMENT

The District entered into a property tax abatement agreement with a local business under the Texas Property Redevelopment and Tax Abatement Act, Tax Code Chapter 312. Under the Act, the District may grant property tax abatements of a business' property tax bill for the purpose of attracting new industries and to encourage the retention and development of existing businesses that are located within a reinvested zone designed under Chapter 312, Texas Tax Code.

For the fiscal year ending September 30, 2024 and 2023, the District has reported the following tax abatement agreements noted below:

**CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023**

NOTE 7 – PROPERTY TAX ABATEMENT (CONTINUED)

225DD 8me, LLC – Effective May 28, 2019, the District entered into a tax abatement agreement with 225DD 8me, LLC for the development of alternating current solar powered electric power generating facilities (solar farm), located in Concho County, Texas. As a result, the District will forego assessment and collection of ad valorem property taxes levied by the District on the improvements and facilities during the abatement period. The abatement period will begin on the earlier of commencement of commercial operations date or the notice of abatement commencement (estimated to be January 1, 2020) and terminate on the tenth year following the commencement date, unless sooner terminated. As consideration for the abatement granted by the District, 225DD 8me, LLC agrees to timely perform all covenants pursuant to the terms of the agreement including making of an annual payment in lieu of taxes to the District for each year during the abatement period. The payment in lieu of taxes shall be calculated by multiplying the number of megawatts of installed rated electrical generating capacity of the improvements by \$324. In the event of a default, the District is entitled to recapture any and all property taxes which have been abated as a result of the agreement.

RES Cactus Flats Wind Energy – Effective June 28, 2016, the District entered into a tax abatement agreement with RES Cactus Flats Wind Energy for the development of wind powered electric power generating facilities (wind farms), located in Concho County, Texas. As a result, the District will forego assessment and collection of ad valorem property taxes levied by the District on the improvements and facilities during the abatement period. The abatement period will begin on the earlier of commencement of commercial operations date or the notice of abatement commencement (estimated to be January 1, 2019) and terminate on the tenth year following the commencement date, unless sooner terminated. As consideration for the abatement granted by the District, RES Cactus Flats agrees to timely perform all covenants pursuant to the terms of the agreement including making of an annual payment in lieu of taxes to the District for each year during the abatement period. The payment in lieu of taxes shall be calculated by multiplying the number of megawatts of installed rated electrical generating capacity of the improvements by \$750. In the event of a default, the District is entitled to recapture any and all property taxes which have been abated as a result of the agreement.

Maverick Creek Wind, LLC – Effective July 24, 2018, the District entered into a tax abatement agreement with Maverick Creek Wind, LLC for the development of wind powered electric power generating facilities (wind farms), located in Concho County, Texas. As a result, the District will forego assessment and collection of ad valorem property taxes levied by the District on the improvements and facilities during the abatement period. The abatement period will begin on the earlier of commencement of commercial operations date or the notice of abatement commencement (estimated to be January 1, 2022) and terminate on the tenth year following the commencement date, unless sooner terminated. As consideration for the abatement granted by the District, Maverick Creek Wind, LLC agrees to timely perform all covenants pursuant to the terms of the agreement including making of an annual payment in lieu of taxes to the District for each year during the abatement period. The payment in lieu of taxes shall be calculated by multiplying the number of megawatts of installed rated electrical generating capacity of the improvements by \$725. In the event of a default, the District is entitled to recapture any and all property taxes which have been abated as a result of the agreement.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 7 – PROPERTY TAX ABATEMENT (CONTINUED)

For fiscal years ending September 30, 2024 and 2023, the District abated property taxes totaling \$863,240 and \$1,026,400, respectively. Payments in lieu of taxes are recognized as revenue in the period for which they are levied. For the years ended September 30, 2024 and 2023, the District recognize revenue for payments in lieu of taxes of \$524,340 and \$524,340 respectively. The respective revenue is included within nonoperating revenues in the statements of revenue, expenses, and changes in net position.

NOTE 8 – CAPITAL AND LEASE ASSETS

Capital asset additions, retirements, and balances for the years ended September 30, 2024 and 2023 were as follows:

	Balance 09/30/23	Additions	Reclass/ Retirements	Balance 09/30/24
Land	\$ 105,513	\$ -	\$ -	\$ 105,513
Building and Improvements	6,482,959	-	1,542	6,484,501
Equipment	3,737,793	20,164	(99,799)	3,658,158
Totals at Historical Cost	10,326,265	20,164	(98,257)	10,248,172
Less Accumulated Depreciation for:				
Building and Improvements	(2,611,784)	(263,592)	(33,744)	(2,909,120)
Equipment	(3,138,929)	(101,427)	(7,657)	(3,248,013)
Total Accumulated Depreciation	(5,750,713)	(365,019)	(41,401)	(6,157,133)
Capital Assets, Net of Accumulated Depreciation	4,575,552	(344,855)	(139,658)	4,091,039
Lease Assets:				
Right-to-Use Lease Assets	132,653	43,323	-	175,976
Less Accumulated Amortization for:				
Right-to-Use Lease Assets	(98,821)	(52,881)	87,267	(64,435)
Lease Assets, Net of Accumulated Amortization	33,832	(9,558)	87,267	111,541
Total Capital Assets, Net	4,609,384	(354,413)	(52,391)	4,202,580

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 8 – CAPITAL AND LEASE ASSETS (CONTINUED)

	Balance 09/30/22	Additions	Reclass/ Retirements	Balance 09/30/23
Land	\$ 105,513	\$ -	\$ -	\$ 105,513
Building and Improvements	6,482,959	-	-	6,482,959
Equipment	3,704,663	33,130	-	3,737,793
Construction in progress	-	400,000	(400,000)	-
Totals at Historical Cost	10,293,135	433,130	(400,000)	10,326,265
Less Accumulated Depreciation for:				
Building and Improvements	(2,347,057)	(264,727)	-	(2,611,784)
Equipment	(3,034,600)	(104,329)	-	(3,138,929)
Total Accumulated Depreciation	(5,381,657)	(369,056)	-	(5,750,713)
Capital Assets, Net of Accumulated Depreciation	4,911,478	64,074	(400,000)	4,575,552
Lease Assets:				
Right-to-Use Lease Assets	350,731	132,653	(350,731)	132,653
Less Accumulated Amortization for:				
Right-to-Use Lease Assets	(274,184)	(175,366)	350,729	(98,821)
Lease Assets, Net of Accumulated Amortization	76,547	(42,713)	(2)	33,832
Total Capital Assets, Net	\$ 4,988,025	\$ 21,361	\$ (400,002)	\$ 4,609,384

Construction in progress (“CIP”) at September 30, 2023 includes costs related to the nursing home project. The nursing home project was abandoned. See below for discussion of abandoned projects.

Total depreciation and amortization expense for 2024 and 2023, was \$408,490 and \$544,422, respectively.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 8 – CAPITAL AND LEASE ASSETS (CONTINUED)

Abandoned Projects – During 2023, the District discontinued plans for construction on a new nursing home facility. Because the construction did not begin and the nursing home will not be completed or placed into service, the costs related to the nursing home were determined to be impaired. As a result, the District recognized a loss on abandoned projects in the amount of \$-0- and \$400,000, as of September 30, 2024 and 2023, respectively.

Impairment of Assets - During the year ended September 30, 2024, the District evaluated its capital and lease assets for possible impairment. The District determined that the former clinic building at 814 W. Broadway is no longer being used in operations. At the time the asset became idle, the District assessed it for impairment indicators, including a significant decline in utilization, and determined the asset to be impaired. The District performed a fair market value analysis utilizing the cost method with level 2 inputs and determined the fair market value to be \$508,108. Subsequent to year-end, management entered into negotiations to sell the clinic building for \$145,000, a price below its estimated replacement cost and carrying value of \$163,140. Although the sale was not finalized, these negotiations indicated that replacement cost was no longer the most appropriate measure of fair value.

Based on available market evidence, the District recorded an impairment loss of \$18,140 and \$-0- at September 30, 2024 and September 30, 2023, which was not material to the financial statements but is included in the statement of revenues, expenses, and changes in net position. The ultimate sales price may differ from the estimated fair value.

NOTE 9 – LONG-TERM DEBT

A schedule of changes in the District's long-term debt consists of the following at September 30:

	Balance 09/30/23	Additions	Reductions	Balance 09/30/24	Due Within One Year
Notes Payable:					
FSB Equipment Note	\$ 359,620	\$ -	\$ (62,280)	\$ 297,340	\$ 70,095
Right-to-Use Lease Obligations					
Kingsbridge	168,334	-	(78,363)	89,971	\$ 45,645
Fifth Third Bank	-	43,323	(20,217)	23,106	8,915
Total Capital Leases	168,334	43,323	(98,580)	113,077	54,560
Total Long-Term Debt and Right-to-Use Lease Obligations	<u>\$ 527,954</u>	<u>\$ 43,323</u>	<u>\$ (160,860)</u>	<u>\$ 410,417</u>	<u>\$ 124,655</u>
	Balance 09/30/22	Additions	Reductions	Balance 09/30/23	Due Within One Year
Notes Payable:					
FSB Equipment Note	\$ -	\$ 375,000	\$ (15,380)	\$ 359,620	\$ 65,045
Right-to-Use Lease Obligations					
Kingsbridge	178,211	132,653	(181,711)	129,153	39,181
Total Long-Term Debt and Right-to-Use Lease Obligations	<u>\$ 178,211</u>	<u>\$ 507,653</u>	<u>\$ (197,091)</u>	<u>\$ 488,773</u>	<u>\$ 104,226</u>

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 9 – LONG-TERM DEBT (CONTINUED)

Long-Term Debt - The terms and due dates of the District's long-term debt at September 30, 2024 and 2023 are as follows:

- FSB Equipment Note Payable: Note payable to First State Bank of Paint Rock due in monthly installments of \$7,516 at 7.50% interest rate, maturing on July 6, 2028.

Right-to-Use Leases - The terms and due dates of the District's right-to-use lease obligations at September 30, 2024 and 2023 are as follows:

- Kingsbridge: Capital lease obligation with vendor, for patient room renovations, payable in monthly installments of \$15,114 with effective interest rate 3.25%, matured September 2023. Upon maturity, the District entered into an agreement to amend the original lease term for an additional 36 months, payable in monthly installments of \$3,887 with effective interest rate 3.5%, matures September 2026.
- Fifth Third Bank: Capital lease obligation with vendor, for Hematology Analyzer equipment, payable in 60 monthly installments of \$863 with effective interest rate of 7.39%, matures July 2027.

In 2024 and 2023, total interest incurred was \$28,461 and \$7,187, respectively, all of which was charged to interest expense.

Future maturities of long-term debt principal and interest are as follows:

For the Year Ending September 30,	<u>Long-Term Debt</u>			<u>Right-to-Use Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 71,540	\$20,091	\$ 91,631	\$ 53,115	\$ 3,889
2026	75,536	14,650	90,186	55,369	1,635
2027	81,401	8,786	90,187	5,070	110
2028	68,386	2,515	70,901		
Total	<u>\$ 296,863</u>	<u>\$46,042</u>	<u>\$ 342,905</u>	<u>\$ 113,554</u>	<u>\$ 5,634</u>

NOTE 10 – SECTION 1115 DEMONSTRATION WAIVER PROGRAM

Uncompensated Care - The District participates in the Section 1115 Demonstration Waiver Program, a program designed to benefit rural community hospitals. This program is facilitated through the District providing an intergovernmental transfer whereby federal matching funds are provided to supplement the District for the shortfall in Medicaid funding. In connection with this program, the District provided intergovernmental transfers of \$284,160 and \$251,445, and received \$712,535 and \$689,142 for the years ended September 30, 2024 and 2023, respectively. The District recognized net revenue of \$428,376 and \$437,723 for the years ended September 30, 2024 and 2023, respectively. The respective

**CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023**

NOTE 10 – SECTION 1115 DEMONSTRATION WAIVER PROGRAM (CONTINUED)

revenue is included within net patient service revenue in the statements of revenues, expenses, and changes in net position.

NOTE 11 – MEDICAID DISPROPORTIONATE SHARE FUNDS

The Indigent Health Care and Treatment Act, passed by the 69th Texas Legislature in 1985, first apportioned funds to the Texas Department of Human Services (DHS) to provide assistance to hospitals providing a disproportionate share of inpatient indigent health care. The State of Texas created a mechanism whereby intergovernmental transfers were made between selected district and county hospitals to generate additional federal matching funds.

Hospitals participating in the Medicaid program that meet the conditions of participation and that serve a disproportionate share of low-income patients as defined by state law are eligible for additional reimbursement from the disproportionate share hospital fund. There are direct and indirect implied expectations regarding purposes of this funding. The focus of the funds is to benefit the health care needs of the medically indigent, including recipients of Medicaid benefits, those eligible for Medicaid benefits, the uninsured, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal law offer considerable flexibility to recipient hospitals regarding specific use of funds. In connection with this program, the District recognized net revenue of (\$1,872) and \$219,374 for the years ended September 30, 2024 and 2023, respectively, which is included within net patient service revenue in the accompanying statements of revenues, expenses, and changes in net position.

NOTE 12 – COVID-19 FEDERAL FINANCIAL ASSISTANCE

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act (P.L. 116-136), the Coronavirus Response and Relief Supplemental Appropriations (“CRRSA”) Act (P.L. 116-123), and the American Rescue Plan (“ARP”) Act of 2021 (P.L. 117-2) appropriated funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to coronavirus. These funds were distributed by the Health Resources and Services Administration (HRSA) through Provider Relief Fund (PRF) General and Targeted Distribution payments and ARP Rural Distribution Payments. Recipients of these funds agreed to Terms and Conditions, which require compliance with reporting requirements as specified by the Secretary of Health and Human Services in program instructions.

In accordance with the Department of Health and Human Services Post-Payment Notice of Reporting Requirements released June 11, 2021, the recipients must submit their use of PRF payments by reporting healthcare related expenses attributable to coronavirus that another source has not reimbursed then applying actual patient care lost revenues to the remaining funds.

Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) – The Texas Department of Health and Human Services Commission (“HHSC”) received funding from the United States Department of the Treasury to distribute to facilities in the state of Texas for the purpose of supporting their response to and recovery from the COVID-19 public health emergency. For the years ended September 30, 2024 and 2023 the District recognized \$-0- and \$543,977, respectively, in SLRFR revenue.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a unit of government covered by the Texas Tort Claims Act, which by statute, limits its liability to \$100,000 per person/\$300,000 per occurrence. These limits coincide with the malpractice insurance coverage maintained by the District. The District, from time-to-time, may be subject to claims and suits for damages as well. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the District’s financial position or results of operations.

During the 2022 fiscal year, the District became aware of a legal claim filed by a former employee alleging workplace harassment. The matter remained ongoing during fiscal years 2022 and 2023 and the expected outcome and timing of the resolution remained uncertain. Subsequent to the year end, the District entered into a settlement agreement, which expressly states that the settlement does not constitute an admission of liability by the District. Pursuant to the terms of the settlement agreement, the District agreed to pay a total of \$82,250. Based on information available prior to the issuance of the financial statements, the District recorded an accrued liability of \$82,250 as of September 30, 2024 which is included within other accrued liabilities in the accompanying statements of net position. The settlement was paid in full in May 2025.

Leases – The District leases various equipment and facilities under operating leases expiring at various dates. Total rental expense, including operating leases, in September 30, 2024 and 2023 was \$54,485 and \$15,102, respectively.

NOTE 14 – EMPLOYEE BENEFITS

Plan Description

The District participates in the Texas County & District Retirement System (“TCDRS”), an agent multiple-employer defined benefit pension plan covering all full-time and part-time non temporary employees, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the plan document and were established and can be amended by action of the District’s governing body within the options available in the state statutes governing TCDRS. The plan does not issue a separate report that includes financial statements and required supplementary information for the plan. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The most recent CAFR for TCDRS can be found at the following link, www.tcdrs.org.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Benefits Provided

The Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TCDRS.

Members can retire at ages 60 and above with 10 or more years, with 30 years regardless of age, when the sum of their age and years of service equals 80 or more. A member is vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. If a member withdraws their personal contributions in a lump sum, they are not entitled to any amounts contributed by the employer.

The following employees were covered by the benefit terms at December 31:

	<u>2023</u>	<u>2022</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	23	23
Inactive Employees Entitled to but not Yet Receiving Benefits	73	64
Active Employees	<u>87</u>	<u>82</u>
Total	<u>183</u>	<u>169</u>

Contributions

The District’s governing board has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The plan funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Plan members are required to contribute 5% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the plan year ended September 30, 2024 and 2023, employees contributed \$170,032 and \$162,133, or 5.0% and 5.0% of covered payroll, respectively, and the District contributed \$133,170 and \$131,943, or 4.0% and 4.0% of covered payroll, to the Plan.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Net Pension Asset/(Liability)

At September 30, 2024 and 2023, the District’s net pension asset/(liability) was measured as of December 31, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was respectively determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total pension asset/(liability) in the December 31, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.

Mortality rates were based as follows:

Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Non-depositing Members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total pension (asset)/liability as of December 31, 2023 were developed from an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are provided by TCDRS’ investment consultant. The numbers shown are based on January 2024 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed March 2021.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Net Pension Asset/Liability (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
U.S Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities-Developed	5.00%	4.75%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships (MLP's)	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	<u>2.00%</u>	0.60%
	<u>100%</u>	

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.60% at December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table summarizes the changes in the net pension liability as of December 31, 2023, the valuation date:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
Balances as of December 31, 2022	\$ 5,130,901	\$ 5,297,563	\$ (166,662)
Changes for the Year:			
Service Cost	303,014	-	303,014
Interest on Total Pension Liability	404,897	-	404,897
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	(6,225)	-	(6,225)
Effect of Assumptions Changes or Inputs	-	-	-
Refund of Contributions	(18,503)	(18,503)	-
Benefit Payments	(198,116)	(198,116)	-
Administrative Expenses	-	(3,120)	3,120
Member Contributions	-	170,878	(170,878)
Net Investment Income	-	583,115	(583,115)
Employer Contributions	-	137,386	(137,386)
Other	-	6,714	(6,714)
Balances as of December 31, 2023	<u>\$ 5,615,968</u>	<u>\$ 5,975,917</u>	<u>\$ (359,949)</u>

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Discount Rate (Continued)

The following table summarizes the changes in the net pension liability as of December 31, 2022, the valuation date:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
Balances as of December 31, 2021	\$ 4,811,111	\$ 5,542,887	\$ (731,776)
Changes for the Year:			
Service Cost	320,579	-	320,579
Interest on Total Pension Liability	381,220	-	381,220
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	(146,435)	-	(146,435)
Effect of Assumptions Changes or Inputs	-	-	-
Refund of Contributions	(40,897)	(40,897)	-
Benefit Payments	(194,677)	(194,677)	-
Administrative Expenses	-	(3,104)	3,104
Member Contributions	-	168,034	(168,034)
Net Investment Income	-	(331,241)	331,241
Employer Contributions	-	141,148	(141,148)
Other	-	15,413	(15,413)
Balances as of December 31, 2022	<u>\$ 5,130,901</u>	<u>\$ 5,297,563</u>	<u>\$ (166,662)</u>

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Discount Rate (Continued)

Sensitivity to the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability of the District as of the December 31, 2023 and 2022 valuation dates, calculated using the discount rate of 7.60% as well as what the District’s net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate as of the valuation date December 31:

	2023		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.60%	7.60%	8.60%
Total Pension Liability	\$ 6,448,277	\$ 5,615,968	\$ 4,930,677
Fiduciary Net Position	5,975,917	5,975,917	5,975,917
Net Pension (Asset)/Liability	<u>\$ 472,360</u>	<u>\$ (359,949)</u>	<u>\$ (1,045,240)</u>
	2022		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.60%	7.60%	8.60%
Total Pension Liability	\$ 5,891,202	\$ 5,130,901	\$ 4,502,971
Fiduciary Net Position	5,297,563	5,297,563	5,297,563
Net Pension (Asset)/Liability	<u>\$ 593,639</u>	<u>\$ (166,662)</u>	<u>\$ (794,592)</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Pension (Income)/Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2024 and 2023, the District recognized pension (income)/expense of (\$7,216) and \$100,730, respectively. At September 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the TCDRS defined benefit pension plan from the following sources:

	2023	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 142,037	\$ 8,286
Change in Assumptions or Inputs	369	52,859
Net Difference Between Projected and Actual Earnings	-	32,350
Contributions Made Subsequent to Measurement Date	N/A	90,668

	2022	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 200,556	\$ 12,429
Change in Assumptions or Inputs	553	105,720
Net Difference Between Projected and Actual Earnings	-	117,083
Contributions Made Subsequent to Measurement Date	N/A	94,884

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31:

2024	\$ (41,464)
2025	(35,886)
2026	90,308
2027	(60,834)
2028	(1,035)
Thereafter	-

CONCHO COUNTY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

NOTE 15 – SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2024, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is January 30, 2026, which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CONCHO COUNTY HOSPITAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024**

Schedules of Changes in the District's Net Pension Asset and Related Ratios

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 303,014	\$ 320,578	\$ 290,072	\$ 228,282	\$ 238,362	\$ 233,795	\$ 234,946	\$ 235,645	\$ 187,401	\$ 148,554
Interest on Total Pension Liability	404,897	381,220	347,103	333,764	316,711	287,954	263,580	230,539	205,490	183,274
Effect of Plan Changes	-	-	-	-	-	-	-	-	(32,147)	-
Effect of Assumption Changes or Inputs	-	-	(921)	264,303	-	-	19,680	-	38,730	-
Effect of Economic/Demographic (Gains) or Losses	(6,225)	(146,435)	20,715	(140,696)	(66,522)	(459)	(68,612)	(62,611)	(17,194)	(1,302)
Benefit Payments/Refunds of Contributions	(216,619)	(235,574)	(241,450)	(357,670)	(181,648)	(160,440)	(135,113)	(95,783)	(91,224)	(66,310)
Net Change in Total Pension Liability	485,067	319,790	415,519	327,983	306,903	360,850	314,482	307,789	291,055	264,215
Total Pension Liability, Beginning	5,130,901	4,811,111	4,395,591	4,067,609	3,760,706	3,399,856	3,085,374	2,777,585	2,486,530	2,222,315
Total Pension Liability, Ending	5,615,968	5,130,901	4,811,111	4,395,591	4,067,609	3,760,706	3,399,856	3,085,374	2,777,585	2,486,530
Fiduciary Net Position										
Employer Contributions	\$ 137,386	\$ 141,148	\$ 117,802	\$ 118,788	\$ 90,876	\$ 102,102	\$ 108,123	\$ 118,529	\$ 114,882	\$ 114,839
Member Contributions	170,878	168,034	164,069	159,662	132,472	137,976	150,171	140,437	128,216	112,367
Investment Income Net of Investment Expenses	583,115	(331,241)	994,876	429,880	581,429	(64,801)	435,169	193,072	(8,041)	150,962
Benefit Payments/Refunds of Contributions	(216,619)	(235,574)	(241,450)	(357,670)	(181,648)	(160,440)	(135,113)	(95,783)	(91,224)	(66,310)
Administrative Expenses	(3,120)	(3,104)	(2,999)	(3,299)	(3,172)	(2,844)	(2,345)	(2,110)	(1,836)	(1,798)
Other	6,713	15,414	2,387	(1,932)	2,008	2,727	2,422	4,959	(1,628)	(25,558)
Net Changes in Fiduciary Net Position	678,353	(245,324)	1,034,685	345,430	621,964	14,719	558,428	359,104	140,369	284,502
Fiduciary Net Position, Beginning	5,297,563	5,542,887	4,508,202	4,162,771	3,540,807	3,526,088	2,967,661	2,608,557	2,468,188	2,183,687
Fiduciary Net Position, Ending	5,975,916	5,297,563	5,542,887	4,508,202	4,162,771	3,540,807	3,526,088	2,967,661	2,608,557	2,468,189
Net Pension Liability/(Asset), Ending	\$ (359,949)	\$ (166,662)	\$ (731,776)	\$ (112,610)	\$ (95,163)	\$ 219,899	\$ (126,232)	\$ 117,714	\$ 169,029	\$ 18,342
Fiduciary Net Position as a % of Total Pension Liability	106.41%	103.25%	115.21%	102.56%	102.34%	94.15%	103.71%	96.18%	93.91%	99.26%
Pensionable Covered Payroll	\$ 3,417,568	\$ 3,360,676	\$ 3,281,379	\$ 3,193,239	\$ 2,649,447	\$ 2,759,512	\$ 3,003,426	\$ 2,808,736	\$ 2,564,329	\$ 2,247,336
Net Pension Liability as a % of Covered Payroll	-10.53%	-4.96%	-22.30%	-3.53%	-3.59%	7.97%	-4.20%	4.19%	6.59%	0.82%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.
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See independent auditor's report on required supplementary information.

**CONCHO COUNTY HOSPITAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SEPTEMBER 30, 2024**

Schedule of District Contributions(1)

Year Ending December 31,	Actuarially Determined Contribution (1)	Employer Contributions in Relation to the Actuarially Determined Contribution(1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2014	\$ 114,839	\$ 114,839	\$ -	\$ 2,247,336	5.1%
2015	114,882	114,882	-	2,564,329	4.5%
2016	118,529	118,529	-	2,808,736	4.2%
2017	108,123	108,123	-	3,003,426	3.6%
2018	102,102	102,102	-	2,759,512	3.7%
2019	90,876	90,876	-	2,649,447	3.4%
2020	118,778	118,778	-	3,193,239	3.7%
2021	117,802	117,802	-	3,281,379	3.6%
2022	141,148	141,148	-	3,360,676	4.2%
2023	137,386	137,386	-	3,417,568	4.0%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No.68 indicates the employer should reeport employer contributions amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

(2) Payroll is calculated based on contributions as reported to TCDRS.

Notes to Schedule of Employer Contributions:

Valuation Date:

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

**CONCHO COUNTY HOSPITAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SEPTEMBER 30, 2024**

Notes to Schedule of Employer Contributions (Continued):

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.6 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the RP-2010 General Retirees Table for males and 120% of the RP-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in Schedule of Employer Contributions*	2015 : No changes in plan provisions are reflected in the Schedule. 2016: No changes in plan provisions are reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.

See Independent Auditor's Report on required supplemental information.