CONCHO COUNTY HOSPITAL DISTRICT
EDEN, TEXAS

AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying statements of net position of Concho County Hospital District, (the "District") as of September 30, 2023 and 2022, and the related statements revenues, expenses, and changes in net position and cash flows for the years then ended, the related notes to the financial statements, which collectively comprise the District's basic financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2023 and 2022, 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 Qualified Opinion

The District did not reconcile cash as of September 30, 2023 and 2022, resulting in an difference between the carrying amount and bank balance of cash in the amount of $229,821 and $186,435 in 2023 and 2022, respectively. In accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the cash balance reported on the balance sheet must be reconciled with the company's external bank statements to account for any timing differences, errors, or unrecorded transactions. If the District reconciled cash, revenues could have potentially increased by $229,821 and $186,435 as of and for the years ended September 30, 2023 and 2022, respectively.

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 qualified 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 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.

Other Matters

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-5 and pages 31 through 33, 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, LLP

Durbin & Company, L. L. P.
Lubbock, Texas
September 23, 2025

CONCHO COUNTY HOSPITAL DISTRICT
EDEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

CONCHO COUNTY HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022
(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, 2023 and 2022. Please read it in conjunction with the District's financial statements, which begin on page 1.

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.

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 $3,396,865 or 29.7% decrease in 2023 and a $213,886 or 1.9% increase in 2022.
- Net patient service revenue decreased by $2,046,009 or 22.6% in 2023 and increased by $1,826,131 or 25.3% in 2022.
- The District reported an operating loss in 2023 of $4,890,547 and an operating loss in 2022 of $1,546,483.
- Nonoperating revenues (expenses) decreased $266,687 or 15.1% in 2023 over 2022. In 2022, nonoperating revenues (expenses) decreased $1,315,874 or 42.8% over 2021.

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.

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 factors to access 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 $3,396,865 or 29.7% in 2023 and increased by $213,886 or 1.9% in 2022, as you can see from **Table 1**.

OPERATING RESULTS AND CHANGES IN THE DISTRICT'S NET POSITION

The District's net position decreased by $3,396,865 and $213,886 in 2023 and 2022, 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

	2023	2022	2021
Operating Revenues:			
Net Patient Service Revenue	$ 6,991,153	$ 9,037,162	$ 7,211,031
Delivery System Reform Incentive Program	-	190,236	164,139
Other Operating Revenue	22,373	40,130	28,463
Total Operating Revenue	7,013,526	9,267,528	7,403,633
Operating Expenses:			
Salaries, Benefits and Payroll Taxes	4,122,845	4,184,548	4,039,581
Other Operating Expenses	7,236,806	5,970,570	5,435,794
Depreciation / Amortization	544,422	658,893	461,469
Total Operating Expenses	11,904,073	10,814,011	9,936,844
Operating Income (Loss)	(4,890,547)	(1,546,483)	(2,533,211)
Nonoperating Revenues and (Expenses):			
Property Tax Revenue	754,512	730,843	708,872
Payment in Lieu of Taxes	524,340	443,340	111,300
Noncapital Grants and Contributions	30,990	10,969	93,817
Investment Income	32,450	8,122	12,438
Interest Expense	(7,187)	(8,844)	6,271
COVID-19 Federal Financial Assistance	543,977	682,419	1,550,536
Gain on Extinguishment of Debt	-	-	580,600
Other	14,600	12,037	12,409
Loss on Abandoned Project	(400,000)	(118,517)	-
Total Nonoperating Revenues (Expenses)	1,493,682	1,760,369	3,076,243
Excess (Deficiency) of Revenues over Expenses Before Capital Grants and Contributions	(3,396,865)	213,886	543,032
Increase (Decrease) in Net Position	(3,396,865)	213,886	543,032
Net Position, Beginning of Year	11,437,223	11,223,337	10,680,305
Net Position, End of Year	$ 8,040,358	$ 11,437,223	$ 11,223,337

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 2023 and 2022 of $4,890,547 and $1,546,483, respectively.

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%.

The primary components of the increased operating loss in 2022 are:

- Net patient service revenue increased by $1,826,131 or 25.3%.
- Other operating expenses increased by $534,776 or 9.8%.

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 $23,669, or 3.2%, in 2023 and increased by $21,971, or 3.1%, in 2022, respectively. During 2023 and 2022, the District received payment in lieu of property taxes of $524,340 and $443,735, respectively.

The District recognized $543,977 and $682,419 in CAREs Act Provider Relief Funds program revenue in 2023 and 2022. 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 2023 and 2022 were $30,990 and $10,969, 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.

The net of all cash flow activities resulted in a net decrease in cash and cash equivalents of $1,353,494 and of $909,998 in 2023 and in 2022, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital and Lease Assets

At September 30, 2023 and 2022, the District had $4,609,384 and $4,988,025, 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 $433,130 and $263,846 in 2023 and 2022, respectively.

Debt

At September 30, 2023 the District had long-term debt outstanding of $488,773 and $178,211, respectively, as detailed in Note 9 of the financial statements. During fiscal year 2023 and 2022, the District made payments of $197,091 and $46,647, 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, 2023 AND 2022

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	$ 133,231	$ 1,486,725
Short-Term Investments	2,067,037	2,626,562
Patient Accounts Receivable, Net of Allowance	1,058,802	1,077,185
Estimated Third-Party Payor Settlements	617,459	996,801
Other Receivables	19,004	582,573
Inventory of Supplies	190,786	212,604
Prepaid and Other Current Assets	52,809	50,101
Property Taxes Receivable	10,958	20,706
Total Current Assets	4,150,086	7,053,257
NONCURRENT ASSETS		
Land	105,513	105,513
Depreciable Capital Assets, Net	4,503,871	4,882,512
Total Noncurrent Assets	4,609,384	4,988,025
Total Assets	8,759,470	12,041,282
DEFERRED OUTFLOWS OF RESOURCES		
Difference Between Projected and Actual Earnings	117,083	-
Contributions Subsequent to the Measurement Date	94,884	104,089
Difference Between Changes in Assumption	105,167	161,124
Total Deferred Outflows of Resources	317,134	265,213
NET PENSION ASSET	166,662	731,776
Total Assets and Deferred Outflows of Resources	$ 9,243,266	$ 13,038,271

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

CONCHO COUNTY HOSPITAL DISTRICT

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2023 AND 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:	2023	2022
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 104,226	$ 178,211
Accounts Payable	254,335	289,677
Accrued Payroll, Benefits, and Related Liabilities	237,078	256,619
Other Accrued Liabilities	34,595	139,115
Total Current Liabilities	630,234	863,622
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	384,547	-
Total Liabilities	1,014,781	1,488,354
DEFERRED INFLOWS OF RESOURCES		
Differences Between Expected and Actual Experience	188,127	112,694
Differences Between Expected and Actual Investment Earnings	-	624,732
Total Deferred Inflows of Resources	188,127	112,694
Total Liabilities and Deferred Inflows of Resources	1,202,908	1,601,048
NET POSITION		
Net Investment in Capital Assets	4,120,611	4,809,814
Unrestricted	3,919,747	6,627,409
Total Net Position	8,040,358	11,437,223
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 9,243,266	$ 13,038,271

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, 2023 AND 2022

	2023	2022
OPERATING REVENUES:		
Net Patient Service Revenue	$ 6,991,153	$ 9,037,162
Delivery System Reform Incentive Program	-	190,236
Other Revenue	22,373	40,130
Total Operating Revenues	7,013,526	9,267,528
OPERATING EXPENSES:		
Salaries	3,306,799	3,394,913
Employee Benefits and Payroll Taxes	816,046	789,635
Professional Fees and Purchased Services	3,829,071	2,855,128
Supplies	2,326,332	2,218,157
Other Operating	1,081,403	897,285
Depreciation and Amortization	544,422	658,893
Total Operating Expenses	11,904,073	10,814,011
Operating Loss	(4,890,547)	(1,546,483)
NONOPERATING REVENUES (EXPENSES):		
Property Tax Revenue	754,512	730,843
Payment in Lieu of Tax	524,340	443,340
Noncapital Grants and Contributions	30,990	10,969
Investment Income	32,450	8,122
Interest Expense	(7,187)	(8,844)
COVID-19 Federal Financial Assistance	543,977	682,419
Other Non Operating Revenue	14,600	12,037
Loss on Abandonded Project	(400,000)	(118,517)
Total Nonoperating Revenues (Expenses)	1,493,682	1,760,369
Excess (Deficit) of Revenues Over Expenses Before Capital Grants and Contributions	(3,396,865)	213,886
Increase (Decrease) in Net Position	(3,396,865)	213,886
Net Position, Beginning of Year	11,437,223	11,223,337
Net Position, End of Year	$ 8,040,358	$ 11,437,223

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, 2023 AND 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	$ 7,270,278	$ 8,281,922
Other Receipts and Payments, net	600,022	(97,631)
Payments to Suppliers and Contractors	(7,802,337)	(5,374,740)
Payments to Employees	(3,629,193)	(4,748,350)
Net Cash Used by Operating Activities	(3,561,230)	(1,938,799)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	32,450	8,122
Purchase of Investments	(8,188)	(276,761)
Proceeds From Sale of Investments	567,713	-
Net Cash Provided by (Used by) Investing Activities	591,975	(268,639)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt and Notes Payable	375,000	-
Principal Payments on Long-Term Debt and Notes Payable	(17,221)	(46,647)
Interest Payments on Long-Term Debt and Notes Payable	(8,844)	(8,844)
Purchase of Capital Assets	(433,130)	(263,846)
Net Cash Provided by (Used by) Capital and Related	(84,195)	(319,337)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	764,260	640,137
Payments in Lieu of Property Taxes	524,340	443,735
Noncapital Grants and Contributions	30,990	10,969
COVID-19 Federal Financial Assistance	558,577	694,456
Net Cash Provided by Noncapital Financing Activities	1,699,956	1,616,777
Net Decrease in Cash and Cash Equivalents	(1,353,494)	(909,998)
Cash and Cash Equivalents, Beginning of Year	1,486,725	2,396,723
Cash and Cash Equivalents, End of Year	$ 133,231	$ 1,486,725

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, 2023 AND 2022

	2023	2022
RECONCILIATION OF CASH AND EQUIVALENTS TO STATEMENTS OF NET POSITION:		
Cash and equivalents presented under the following titles:		
Cash and Cash Equivalents	$ 133,231	$ 1,486,725
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	$ (4,890,547)	$ (1,546,483)
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided by Operating Activities:		
Provision for Bad Debt	1,013,461	1,055,966
Depreciation and Amortization	544,422	658,893
(Increase) Decrease in:		
Accounts Receivable	(995,078)	(181,756)
Prepaid Expenses and Other Current Assets	582,679	(297,205)
Estimated Third-Party Payor Settlements	379,342	(1,553,050)
Net Pension Asset	565,114	(619,166)
Deferred Outflows of Resources	(51,921)	41,149
Increase (Decrease) in:		
Accounts Payable	(35,342)	162,294
Accrued Salaries and Benefits Payable	(19,541)	14,215
Other Accrued Liabilities	(104,520)	(81,883)
Deferred Inflows of Resources	(549,299)	408,227
Net Cash Used in Operating Activities	$ (3,561,230)	$ (1,938,799)

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

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 Pronouncement.* 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.

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.

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 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 8.5% and 6.7% of its financial support from property taxes for the years ended September 30, 2023 and 2022. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Accounting Pronouncements:

GASB Statement No. 87 – In June 2017, GASB issued GASB Statement No. 87 – *Leases*. The objective of this Statement is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement is effective for reporting periods beginning after June 15, 2021. See GASB Statement No. 95 for notice of implementation postponement. Implementation of the Statement had no effect on the District's net position.

GASB Statement No. 92 – In January 2020, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 92 – *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, to be effective for fiscal years beginning after June 15, 2021 and is effective for all reporting periods thereafter;
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB);
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits;
- The applicability of certain requirements of GASB Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements;
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition;
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers;
- Reference to nonrecurring fair value measurements of assets and liabilities in authoritative literature;
- Terminology used to refer to derivative instruments.
- The requirements related to the effective date of Statement 87, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance;
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020;
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Accounting Pronouncements (Continued):

GASB Statement No. 92 (Continued)

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Implementation of the Statement had no effect on the District's net position.

GASB Statement No. 95 - In May 2020, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stake holders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, or later.

- The effective date for GASB Statement No. 87 has been postponed from reporting periods beginning after December 15, 2019 to reporting periods beginning after June 15, 2021.
- The effective date for GASB Statement No. 89 has been postponed from reporting periods beginning after December 15, 2019 to reporting periods beginning after December 15, 2020.
- The effective date for GASB Statement No. 91 has been postponed from reporting periods beginning after December 15, 2020 to reporting periods beginning after December 15, 2021.
- The effective date for GASB Statement No. 92 has been postponed from reporting periods beginning after June 15, 2020 to reporting periods beginning after June 15, 2021.

GASB Statement No. 96 – In May 2020, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This statement is effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. Implementation of the Statement had no effect on the District's net position.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021, with earlier application encouraged. Implementation of the Statement had no effect on the District's net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Adoption of Recent 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. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

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.

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.

NOTE 2 - NET PATIENT SERVICE REVENUE (CONTINUED

Net patient service revenue is comprised as follows:

	2023	2022
Routine Patient Services	$ 261,833	$ 330,665
Ancillary Patient Services		
Inpatient	407,975	509,522
Outpatient	9,970,712	9,673,712
Gross Patient Service Revenue	10,640,520	10,513,899
Charity	(976,676)	(1,136,141)
Third-Party Contractual Adjustments	(2,337,205)	(5,422)
Provision for Bad Debts	(1,013,461)	(1,055,966)
Medicaid Supplemental Payments & Other Credits	677,975	720,792
Net Patient Service Revenue	$ 6,991,153	$ 9,037,162

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, 2023 and 2022 are $617,459 and $996,801, respectively.

Charity Care - The value of charity care provided by the District based upon its established rates, was $976,676 and $1,136,141 in 2023 and 2022, respectively. ASU 2010-23 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 $1,137,543 and $1,216,148 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022 were $2,067,037 and $2,626,562, 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.

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, 2023 and 2022, the carrying amount of the District's deposits with financial institutions was $2,200,268 and $4,113,287, respectively. The bank balance at September 30, 2023 and 2022 was $2,412,382 and $4,671,673 , respectively.

	2023	2022
Amount insured by the FDIC - Demand Deposits	$ 323,979	$ 500,000
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	1,588,403	3,671,673
Total bank balance	$ 2,412,382	$ 4,671,673

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable consist of the following at September 30:

	2023	2022
Gross Accounts Receivable	$ 4,663,560	$ 3,385,401
Less: Allowance for Bad Debts	(2,781,275)	(1,924,733)
Allowance for Contractuals	(823,483)	(383,483)
Accounts Receivable, Net of Allowance	$ 1,058,802	$ 1,077,185

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:

	2023	2022
Medicare	29%	27%
Medicaid	7%	4%
Other Third-Party Payors	22%	22%
Patients	42%	47%
Total	100%	100%

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, 2023 and 2022, was $754,512 and $730,843, respectively. As of September 30, 2023 and 2022, the balance of property taxes receivable, and its related allowance for uncollectible taxes are as follows:

	2023	2022
Property Taxes Receivable	$ 60,727	$ 96,017
Less: Allowance for Uncollectible Taxes	(49,769)	(75,311)
Taxes Receivable, Net of Allowance	$ 10,958	$ 20,706

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, 2023 and 2022, the District has reported the following tax abatement agreements noted below:

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.

NOTE 7 – PROPERTY TAX ABATEMENT (CONTINUED)

For fiscal years ending September 30, 2023 and 2022, the District abated property taxes totaling $1,026,400 and $821,432, respectively. Payments in lieu of taxes are recognized as revenue in the period for which they are levied. For the years ended September 30, 2023 and 2022, the District recognize revenue for payments in lieu of taxes of $524,340 and $443,340, 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, 2023 and 2022 were as follows:

	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	(3,133,421)	(104,329)	-	(3,237,750)
Total Accumulated Depreciation	(5,480,478)	(369,056)	-	(5,849,534)
Capital Assets, Net of Accumulated Depreciation	4,812,657	64,074	(400,000)	4,476,731
Lease Assets:				
Right-to-Use Lease Assets	350,731	132,653	(350,731)	132,653
Less Accumulated Amortization for:				
Right-to-Use Lease Assets	(175,363)	(175,366)	350,729	-
Lease Assets, Net of Accumulated Amortization	175,368	(42,713)	(2)	132,653
Total Capital Assets, Net	4,988,025	21,361	(400,002)	4,609,384

NOTE 8 – CAPITAL AND LEASE ASSETS (CONTINUED)

	Balance 09/30/21	Additions	Reclass/ Retirements	Balance 09/30/22
Land	$ 105,513	$ -	$ -	$ 105,513
Building and Improvements	6,389,353	90,006	3,600	6,482,959
Equipment	3,601,273	83,390	20,000	3,704,663
Construction in progress	31,667	90,450	(122,117)	-
Totals at Historical Cost	10,127,806	263,846	(98,517)	10,293,135
Less Accumulated Depreciation for:				
Building and Improvements	(2,088,791)	(258,266)	-	(2,347,057)
Equipment	(2,979,939)	(153,482)	-	(3,133,421)
Total Accumulated Depreciation	(5,068,730)	(411,748)	-	(5,480,478)
Capital Assets, Net of Accumulated Depreciation	5,059,076	(147,902)	(98,517)	4,812,657
Lease Assets:				
Right-to-Use Lease Assets	1,217,752	350,731	(1,217,752)	350,731
Less Accumulated Amortization for:				
Right-to-Use Lease Assets	(1,125,970)	(247,145)	1,197,752	(175,363)
Lease Assets, Net of Accumulated Amortization	91,782	103,586	(20,000)	175,368
Total Capital Assets, Net	$ 5,150,858	$ (44,316)	$ (118,517)	$ 4,988,025

Construction in progress ("CIP") at September 30, 2022 includes costs related to Concho County Hospital Tracing System. The System was never utilized once installed and the related service agreements were terminated. 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 2023 and 2022, was $544,422 and $658,893, respectively.

NOTE 8 – CAPITAL AND LEASE ASSETS (CONTINUED)

Abandoned Projects – During 2022, the District was unable to effectively implement the Real-time Locating System and Tracing Software System ("System"). Because the System will not be placed into the service, the costs related to the System recorded in construction in progress at September 30, 2022 were determined to be impaired.

During 2023, the District began and discontinued construction on a new nursing home facility. Because the construction ceased and the nursing home will not be completed or placed into service, the costs related to the nursing home were determined to be impaired.

Abandoned Projects (Continued) – As a result, the District recognized a loss on abandoned projects in the amount of $400,000 and $118,517, as of September 30, 2023 and 2022 respectively.

Idle Property - During the year ended September 30, 2023, 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; therefore, meets the definition of an idle capital asset. The property remains owned by the District but is not currently in service.

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. Based on this analysis, no impairment loss was recognized because the carrying value did not exceed fair market value. The building continues to be reported at its historical cost of $220,866, less accumulated depreciation of $35,382, resulting in a net book value of $185,484 at September 30, 2023.

NOTE 9 – LONG-TERM DEBT

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

	Balance 09/30/22	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	$ 178,211	$ 507,653	$ (197,091)	$ 488,773	$ 104,226

NOTE 9 – LONG-TERM DEBT (CONTINUED)

	Balance 09/30/21	Additions	Reductions	Balance 09/30/22	Due Within One Year
Right-to-Use Lease Obligations					
Kingsbridge	-	178,211	-	178,211	178,211
GE	46,647	-	(46,647)	-	-
Total Right-to-Use Lease Obligations	46,647	178,211	(46,647)	178,211	178,211
Total Long-Term Debt and Right-to-Use Lease Obligations	$ 46,647	$ 178,211	$ (46,647)	$ 178,211	$ 178,211

Long-Term Debt - The terms and due dates of the District's long-term debt at September 30, 2023 and 2022 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, 2023 and 2022 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.

- GE: Capital lease obligation with vendor, for CT scanner equipment, payable in 11 monthly installments of $9,457 followed by 48 monthly installments of $4,067 with a stated interest rate of (8.24%), matured August 2022.

In 2023 and 2022, total interest incurred was $7,187 and $8,844, respectively, all of which was charged to interest expense.

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

	Long-Term Debt			Right-to-Use Lease Obligations	
For the Year Ending September 30,	Principal	Interest	Total	Principal	Interest
2024	$ 65,045	$ 25,141	$ 90,186	$ 39,181	$ 3,576
2025	70,095	20,091	90,186	44,200	2,444
2026	75,536	14,650	90,186	45,772	872
2027	81,401	8,786	90,187		
2028	67,543	2,515	70,058		
Total	$ 359,620	$ 71,183	$ 430,803	$ 129,153	$ 6,892

NOTE 10 – SECTION 1115 DEMONSTRATION WAIVER PROGRAM

Uncompensated Care - The District participated 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 $251,445 and $224,709, and received $689,142 and $687,317 for the years ended September 30, 2023 and 2022, respectively. The District recognized net revenue of $437,723 and $462,607 for the years ended September 30, 2023 and 2022, respectively. The respective revenue is included within net patient service revenue in the statements of revenues, expenses, and changes in net position.

Delivery System Reform Incentive Program - As part of the Section 1115 Demonstration Waiver Program, the District is eligible to receive incentive payments through the Delivery System Reform Incentive Payment Program (DSRIP). This incentive program is designed to improve the experience of care, improve the health of populations, and containing costs. By participating in the DSRIP program, the District provides an intergovernmental transfer to finance the non-federal share of the incentive payments. In connection with this program, the District provided intergovernmental transfers of $-0- and $93,699, and received $-0- and $283,935 for the years ended September 30, 2023 and 2022, respectively. The District recognized net revenue of $-0- and $190,236 for the years ended September 30, 2023 and 2022, respectively, which is included within other 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 $219,374 and $236,097 for the years ended September 30, 2023 and 2022, 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.

- **PRF & ARP Distributions** – By accepting the Relief Funds, the District must maintain compliance with the Secretary's terms and conditions, including but not limited to, using the Relief Funds to prevent, prepare for, and respond to coronavirus, and shall reimburse the District only for healthcare related expenses or lost revenues that are attributable to coronavirus.. The District received PRF & ARP Distributions in the amount of $-0- and $355,972 for the years ended September 30, 2023 and 2022, respectively.

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, 2023 and 2022 the District recognized $543,977 and $250,000, respectively, in SLRFR revenue.

Rural Health Clinic Testing – The Department of Health and Human Services distributed funds received from the Public Health and Social Services Emergency Fund, as appropriated in P.L. 116-139 ("Rural Testing Relief Fund"). In connection with this program, the District received $-0- and $76,447 for the years ended September 30, 2023 and 2022, respectively, in Rural Testing Relief Funds. The Hospital is to use the funding to reimburse for COVID-19 testing requirements, including purchasing supplies (such as test kits and other testing supplies).

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.

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases – The District leases various equipment and facilities under operating leases expiring at various dates. Total rental expense, including operating leases, in September 30, 2023 and 2022 was $15,102 and $11,977, respectively.

Texas Medicaid 1115 Healthcare Transformation Waiver Recoupment Liability – During 2017, several hospitals filed a lawsuit against the federal government challenging the rule calculating disproportionate share (DSH) and uncompensated care (UC) payments. The hospitals claimed the rule's definition of "costs incurred" was contrary to the Medicaid Act. The main issue is whether payments made by Medicare and private insurers should be subtracted from a hospital's "costs incurred" in the calculation of the Medicaid Hospital Specific Limit (HSL). In August 2019, the D.C. Circuit reinstated the 2017 Final Rule as adopted by the Centers for Medicare and Medicaid Services. As a result, the HSL was subsequently recalculated, resulting in numerous hospitals receiving DSH and UC funds in excess of the calculated limit during demonstration years 7 and 8. Consequently, management has recorded an estimate for the anticipated recoupment of DSH and UC funds at September 30, 2023 and 2022. At September 30, 2023 and 2022, management recorded an estimated recoupment liability of $-0- and $118,600, respectively. The recoupment liability is included within other accrued liabilities in the accompanying combined statements of net position.

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.

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.

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

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:

	2022	2021
Inactive Employees or Beneficiaries Currently Receiving Benefits	23	22
Inactive Employees Entitled to but not Yet Receiving Benefits	64	49
Active Employees	82	77
Total	169	148

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, 2023 and 2022, employees contributed $162,133 and $164,920, or 5.0% and 5.0% of covered payroll, respectively, and the District contributed $131,943 and $133,530, or 4.0% and 3.9% of covered payroll, to the Plan.

Net Pension Asset/(Liability)

At September 30, 2023 and 2022, the District's net pension asset/(liability) was measured as of December 31, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was respectively determined by an actuarial valuation as of that date.

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Net Pension Asset/(Liability) (Continued)

Actuarial Assumptions – The total pension asset/(liability) in the December 31, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Acutarial 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 Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy 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, 2022 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 2023 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 30-year time horizon; the most recent analysis was performed March 2021.

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:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
U.S Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
International Equities-Developed	5.00%	4.95%
International Equities-Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLP's)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
	100%	

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.60% at December 31, 2022 and 2021. 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, 2022, the valuation date:

	Increase (Decrease)		
Changes in Net Pension Liability / (Asset)	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	320,578	-	320,578
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	-	15,414	(15,414)
Balances as of December 31, 2022	$ 5,130,901	$ 5,297,563	$ (166,662)

NOTE 14 – EMPLOYEE BENEFITS (CONTINUED)

Discount Rate (Continued)

The following table summarizes the changes in the net pension liability as of December 31, 2021, the valuation date:

	Increase (Decrease)		
Changes in Net Pension Liability / (Asset)	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
Balances as of December 31, 2018	$ 4,395,591	$ 4,508,202	$ (112,611)
Changes for the Year:			
Service Cost	290,072	-	290,072
Interest on Total Pension Liability	347,103	-	347,103
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	20,715	-	20,715
Effect of Assumptions Changes or Inputs	(921)	-	(921)
Refund of Contributions	(50,018)	(50,018)	-
Benefit Payments	(191,432)	(191,432)	-
Administrative Expenses	-	(2,999)	2,999
Member Contributions	-	164,069	(164,069)
Net Investment Income	-	994,876	(994,876)
Employer Contributions	-	117,802	(117,802)
Other	-	2,387	(2,387)
Balances as of December 31, 2019	$ 4,811,111	$ 5,542,887	$ (731,776)

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, 2020 and 2019 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:

	2022		
	1% Decrease	Current Discount Rate	1% 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	$ 593,639	$ (166,662)	$ (794,592)

	2021		
	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	$ 5,507,699	$ 4,811,111	$ 4,231,033
Fiduciary Net Position	5,542,887	5,542,887	5,542,887
Net Pension (Asset)/Liability	$ (35,188)	$ (731,776)	$ (1,311,854)

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

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, 2023 and 2022, the District recognized pension (income)/expense of $100,730 and ($30,159), respectively. At September 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the TCDRS defined benefit pension plan from the following sources:

	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

	2021	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	$ 129,266	$ 16,572
Change in Assumptions or Inputs	737	161,861
Net Difference Between Projected and Actual Earnings	624,732	-
Contributions Made Subsequent to Measurement Date	N/A	104,089

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

Year Ended December 31:	
2023	$ (63,711)
2024	(5,037)
2025	541
2026	126,735
2027	(24,405)
Thereafter	-

NOTE 15 – SUBSEQUENT EVENTS

After September 30, 2023, the District received approximately $1,055,000 in various grants.

After September 30, 2023, the District used approximately $1,300,000 in matured certificates of deposit ("CDs") to fund hospital operations.

The date to which events occurring after September 30, 2023, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is September 23, 2025, 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, 2023

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

Schedule of Changes in the District's Net Pension Liability and Related Ratios

	Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	$ 320,578	$ 290,072	$ 228,282	$ 238,362	$ 233,795	$ 234,946	$ 235,645	$ 187,401	$ 148,554
Interest on Total Pension Liability	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	(146,435)	20,715	(140,696)	(66,522)	(459)	(68,612)	(62,611)	(17,194)	(1,302)
Benefit Payments/Refunds of Contributions	(235,574)	(241,450)	(357,670)	(181,648)	(160,440)	(135,113)	(95,783)	(91,224)	(66,310)
Net Change in Total Pension Liability	319,789	415,519	327,983	306,903	360,850	314,481	307,790	291,056	264,216
Total Pension Liability, Beginning	4,811,111	4,395,591	4,067,609	3,760,706	3,399,856	3,085,375	2,777,585	2,486,530	2,222,315
Total Pension Liability, Ending	5,130,900	4,811,111	4,395,591	4,067,609	3,760,706	3,399,856	3,085,375	2,777,586	2,486,531
Fiduciary Net Position									
Employer Contributions	$ 141,148	$ 117,802	$ 118,788	$ 90,876	$ 102,102	$ 108,123	$ 118,529	$ 114,882	$ 114,839
Member Contributions	168,034	164,069	159,662	132,472	137,976	150,171	140,437	128,216	112,367
Investment Income Net of Investment Expenses	(331,241)	994,876	429,880	581,429	(64,801)	435,169	193,072	(8,041)	150,962
Benefit Payments/Refunds of Contributions	(235,574)	(241,450)	(357,670)	(181,648)	(160,440)	(135,113)	(95,783)	(91,224)	(66,310)
Administrative Expenses	(3,104)	(2,999)	(3,299)	(3,172)	(2,844)	(2,345)	(2,110)	(1,836)	(1,798)
Other	15,414	2,387	(1,932)	2,008	2,727	2,422	4,959	(1,628)	(25,558)
Net Changes in Fiduciary Net Position	(245,323)	1,034,685	345,429	621,965	14,720	558,427	359,104	140,369	284,502
Fiduciary Net Position, Beginning	5,542,887	4,508,202	4,162,772	3,540,807	3,526,087	2,967,661	2,608,557	2,468,188	2,183,687
Fiduciary Net Position, Ending	5,297,564	5,542,887	4,508,202	4,162,772	3,540,807	3,526,087	2,967,661	2,608,557	2,468,189
Net Pension Liability/(Asset), Ending	$ (166,664)	$ (731,776)	$ (112,611)	$ (95,163)	$ 219,899	$ (126,231)	$ 117,714	$ 169,029	$ 18,343
Fiduciary Net Position as a % of Total Pension Liability	103.25%	115.21%	102.56%	102.34%	94.15%	103.71%	96.18%	93.91%	99.26%
Pensionable Covered Payroll	$ 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	-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.

See independent auditor's report on required supplementary information.

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
2013	$ 87,305	$ 87,305	$ -	$ 1,760,182	5.0%
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%

(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.

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	17.2 years (based on contribution rate calculated in 12/31/2022 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.