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Board of Directors
Uvalde County Hospital Authority
Uvalde, Texas

As part of our audit of the financial statements of Uvalde County Hospital Authority (the Authority) as of and for the year ended June 30, 2020, we wish to communicate the following to you.

## AUDIT SCOPE AND RESULTS

### Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

### Qualitative Aspects of Significant Accounting Policies and Practices

*Significant Accounting Policies*

The Authority's significant accounting policies are described in *Note 1* of the audited financial statements.

*Alternative Accounting Treatments*

No matters are reportable.

*Management Judgments and Accounting Estimates*

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for uncollectible accounts and contractual adjustments
- Self-funded employee health insurance accrual
- Estimated amounts due from third-party payers
- Provider Relief Fund revenue recognition – The Authority is a recipient of distributions from the Provider Relief Fund established by the CARES Act. The Authority attested to the terms and conditions upon receipt of the funding, including the requirement to demonstrate that funds received have been used for health care-related expenses or lost revenue attributable to coronavirus as defined in the CARES Act. Based on guidance issued by the U.S. Department of Health and Human Services as of June 30, 2020, management recognized revenue from the Provider Relief Fund based on expenses attributable to coronavirus that have not been reimbursed from other sources or that other sources are not obligated to reimburse, including expenses to maintain health care delivery capacity.

*Financial Statement Disclosures*

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Supplemental Medicaid programs including Section 1115 Waiver program, Medicaid Disproportionate Share program, and Nursing Home Quality Improvement Payment Program
- Nursing Home operations
- COVID-19 and CARES Act funding

## Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

*Proposed Audit Adjustments Recorded*

- Bond issuance costs

*Proposed Audit Adjustments Not Recorded*

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole.

**Auditor's Judgments About the Quality of the Authority's Accounting Principles**

No matters are reportable.

**Other Material Communications**

Listed below are other material communications between management and us related to the audit:

- Management representation letter *(attached)*
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

## OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

**Future Change in Accounting Standard – GASB 87**

GASB Statement No. 87, *Leases* (GASB 87), provides a new framework for accounting for leases under the principle that leases are financings. Leases will no longer be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for the Authority's fiscal year ending June 30, 2022. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

**GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period***

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, removes the concept of capitalized interest from all types of governmental entities. This Statement is effective for the Authority's fiscal year ending June 30, 2022, and will be applied prospectively.

**Price Transparency**

On November 15, 2019, CMS finalized policies for making charges for items and services provided by hospitals in the U.S. more transparent for patients. CMS hopes patients will be more informed about what they might pay related to hospital items and services. CMS believes the final policies will help increase market competition and ultimately drive down the cost of health care items and services, making them more affordable for all patients.

CMS' guidelines regarding price transparency, published as a supplement to the calendar-year 2020 Outpatient Prospective Payment System final rule, expand interpretations of section 2718(e) of the Public Health Service Act. In the final rule, effective January 1, 2021, CMS defines "hospital" and the "items and services" that are covered under the new requirements. CMS also redefined and expanded the definition of "standard charges" to include five separate concepts: gross charge, payor-specific negotiated charge, de-identified minimum negotiated charge, de-identified maximum negotiated charge and discounted cash price.

Hospitals must make their standard charges for all items and services in the charge description master publicly available in a comprehensive, machine-readable file. In addition, hospitals must make public, in a consumer-friendly format, standard charge information for 300 shoppable services. Shoppable services are defined as non-urgent services that could be scheduled in advance. CMS selected 70 shoppable services, and hospitals must select 230 additional shoppable services. Hospitals will be required to report standard charges for the primary shoppable service as well as all ancillary services customarily provided as part of the primary service.

While the price transparency final rule isn't effective until January 1, 2021, hospitals should be proactive and start planning for how they'll collect and report on the required elements. CMS estimates the burden for hospitals to review and post standard charges for the first year will be 150 hours per hospital; however, the effort could be even more burdensome than CMS estimates. Failure to comply could result in civil monetary penalties of up to $300 per day.

**Current Environment – Due to COVID-19**

Two significant events occurred in the first quarter of 2020. First, the World Health Organization has characterized the effects of coronavirus as a pandemic. Second, President Donald Trump declared a national emergency related to the coronavirus. These two events caused significant changes to the economy in the short term and most likely will have ongoing impact in the future that is unknown at this time.

In addition, new legislation was enacted by the United States Congress to respond to the overall effect of the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19). The new legislation is unprecedented in scale and scope and includes four bills as of April 28, 2020, which are as follows:

- *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020*
- *Families First Coronavirus Response Act*
- *Coronavirus Aid, Relief and Economic Security Act* (CAREs Act)
- *Paycheck Protection Program and Health Care Enactment Act* (PPPHEA)

The passage of these four laws have a wide sweeping effect on all businesses but especially to health care organizations, as they address the impact to their business in the preparation for the COVID-19 pandemic, treating patients impacted by the COVID-19 pandemic and its' impact on their business in treating patients not directly infected with COVID-19. The Authority has received grants pursuant to the CARES Act provider relief fund provisions. These funds contain specific eligibility requirements and restrictions to be used specifically for preparing for or responding to the coronavirus, including reimbursement for eligible expenses and lost revenues. Management should ensure that the use of these funds is monitored and tracked to ensure program compliance as these programs will be subject to additional audit and review.

The overall impact of the COVID-19 pandemic and the effect it will have on the economic and specifically the health care environment is unknown at this time due to the uncertainty of the virus and it constantly changing and evolving.

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

BKD, LLP

November 6, 2020

Uvalde Memorial Hospital

Nov. 6, 2020

**BKD, LLP**
Certified Public Accountants
510 N. Valley Mills Drive, Suite 200
Waco, TX 76710

We, Uvalde County Hospital Authority (the Authority), are providing this letter in connection with your audits of our financial statements as of and for the years ended June 30, 2020 and 2019. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated July 23, 2020, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:

   (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

   (b) Additional information that you have requested from us for the purpose of the audit.

   (c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

   (d) All minutes of directors' meetings held through the date of this letter.

   (e) All significant contracts and grants.

   (f) All peer review organizations, fiscal intermediary and third-party payer reports and information.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets or liabilities.

8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

9. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

   (c) Communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, customers, regulators, suppliers or others.

11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term <u>related party</u> refers to an affiliate; principal owners; management, and members of their immediate families, subsidiaries accounted for by the equity method; and any other party with which the Authority may deal if the Authority can significantly influence, or be influenced by, the management or operating policies of the other. The term <u>affiliate</u> refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the Authority.

13. Except as reflected in the financial statements, there are no:

    (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    (b) Material transactions omitted or improperly recorded in the financial records.

    (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

    (e) Agreements to purchase assets previously sold.

    (f) Restrictions on cash balances or compensating balance agreements.

    (g) Guarantees, whether written or oral, under which the Authority is contingently liable.

14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

15. We have no reason to believe the Authority owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and

Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

17. We have informed you of all pending or completed investigations by regulatory authorities of which we are aware. There are no known circumstances that could jeopardize the Authority's participation in the Medicare or other governmental health care programs.

18. Adequate provisions and allowances have been accrued for any material losses from:

    (a) Uncollectible receivables.

    (b) Medicare/Medicaid and other third-party payer contractual, audit or other adjustments.

    (c) Reducing obsolete or excess inventories to estimated net realizable value.

    (d) Purchase commitments in excess of normal requirements or above prevailing market prices.

19. Except as disclosed in the financial statements, the Authority has:

    (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

    (b) Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

20. With respect to the Authority's possible exposure to past or future medical malpractice assertions:

    (a) We have disclosed to you all incidents known to us that could possibly give rise to an assertion of malpractice.

    (b) All known incidents have been reported to the appropriate medical malpractice insurer and are appropriately considered in our malpractice liability accrual.

(c) There is no known lapse in coverage, including any lapse subsequent to the fiscal year-end, that would result in any known incidents being uninsured.

(d) Management does not expect any claims to exceed malpractice insurance limits.

(e) We believe our accruals for malpractice claims are sufficient for all known and probable potential claims.

21. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of collateral pledges.

22. With respect to any nonattest services you have provided us during the year, including preparation of the Medicare/Medicaid cost reports and preparation of the financial statements and related notes:

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.

23. We are an organization exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.

24. We further acknowledge the Authority's exemption under Section 501(c) is subject to additional operating requirements under Section 501(r). As such, we made publicly available a community health needs assessment performed in accordance with IRS requirements, and the Authority's Board of Trustees subsequently approved an implementation strategy to address needs identified in the assessment. The Authority is also in compliance with certain requirements dealing with financial assistance, billing and collection practices and limitations on charges for uninsured patients that meet our financial assistance requirements.

25. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

26. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

27. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

28. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

29. Billings to third-party payers comply in all material respects with applicable coding guidelines, laws and regulations. Billings reflect only charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.

30. With regard to cost reports filed with Medicare, Medicaid or other third parties:

    (a) All required reports have been properly filed.

    (b) Management is responsible for the accuracy and propriety of those reports.

    (c) All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient-related and properly allocated to applicable payers.

    (d) The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.

    (e) All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.

    (f) Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the Authority is entitled to all the amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.

31. To the best of our knowledge, the amounts recorded as receivables under the Section 1115(a) waiver program (Uncompensated Care and Delivery System Reform Inventive Payment Program) and Medicaid DSH, are reasonable estimates of the amounts we will ultimately receive for these programs. We have accrued appropriate allowances for any amounts subject to retrospective audit and adjustment by the state of Texas or the Center for Medicare and Medicaid Services.

32. With regards to the Authority's participation in the Nursing Facility Quality Incentive Payment Program, it is the intention of the Authority and management companies that losses from operation of the nursing homes, if any, will be limited to no more than 50 percent of the net program revenue received by the Authority.

33. We acknowledge the current economic volatility presents difficult circumstances and challenges for the health care industry. Hospitals are potentially facing declines in the fair values of investments and other assets, declines in contributions, constraints on liquidity and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and contributions receivable, etc. that could negatively impact the Authority's ability to meet debt covenants or maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on

the Authority's financial statements. Further, management and the Board are solely responsible for all aspects of managing the Authority, including questioning the quality and valuation of investments and other assets, reviewing allowances for uncollectible amounts and evaluating capital needs and liquidity plans.

34. With regards to our loan obtained under the Paycheck Protection Program (PPP), dated April 23, 2020, we represent the following:

(a) At the time of the loan application, the current economic uncertainty that existed made this loan request necessary to support the Authority's ongoing operations. In making this assessment, we considered the nature of our business activities at the time of the loan application and our ability to access other sources of liquidity that were (could have been) sufficient to support ongoing operations.

(b) The Authority, when considered together with all of its affiliates (using the affiliate determinations required by the PPP), had fewer than 500 employees at the date of the loan application.

i. In addition, we have determined the number of full-time equivalent employees on payroll (at the time of the application) in a manner that is consistent with the clarification guidance released by the Small Business Administration.

(c) During the period beginning on February 15, 2020, and ending on the date of this letter, we have not received more than one loan under the Paycheck Protection Program. In addition, we have confirmed with our affiliated entities (using the affiliate determinations required by the PPP) that the total of any PPP loans received by us and by those affiliates does not exceed $20 million in the aggregate.

(d) We have not used the proceeds from the PPP loan for expenditures that were covered by other funding sources, *i.e.*, government grants or contracts.

(e) We have not reported any revenue related to the PPP loan and have not submitted the application for forgiveness as of June 30, 2020.

35. With regards to the payments received from the Provider Relief Fund established by the CARES Act, we represent the following:

(a) We believe we have met the eligibility requirements as outlined in the U.S. Department of Health and Human Services' (HHS) terms and conditions for the Provider Relief Fund.

(b) We believe the method we have utilized to recognize revenue associated with the Provider Relief Fund is consistent with acceptable methods outlined in HHS' terms and conditions and other guidance available as of June 30, 2020.

(c) Consistent with the terms and conditions established by HHS, Provider Relief Fund payments were not used to reimburse expenses or losses that have been reimbursed or are obligated to be reimbursed by other sources.

(d) With regards to the Provider Relief Fund payments received for the nursing homes participating in the Nursing Facility Quality Incentive Payment Program, the management companies will comply with the terms and conditions established by HHS.

(e) We believe the "Post-Payment Notice of Reporting Requirements" guidance HHS issued on September 19, 2020, is a substantive change in guidance rather than a clarification of guidance existing at June 30, 2020. Therefore, we consider the issuance of the notice on September 19, 2020, a nonrecognized subsequent event in accordance with *GASB codification Section 2250*. However, we have reviewed this guidance and believe it will not have a material impact on the amount of Provider Relief Fund the Authority has recognized through June 30, 2020 and have disclosed this impact in the notes to the financial statements. In addition, we acknowledge that HHS may issue new guidance that could have a material impact of the amount of revenue recognized from the Provider Relief Fund as of June 30, 2020.

**Uvalde County Hospital Authority**

Valerie Lopez
Valerie Lopez, Chief Financial Officer

T Contreras
Terri Contreras, Controller

# Uvalde County Hospital Authority

## ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

### QUANTITATIVE ANALYSIS

| | Before Misstatements | Misstatements | Subsequent to Misstatements | % Change |
|---|---|---|---|---|
| Current Assets | 161,478,704 | - | 161,478,704 | |
| Non-Current Assets & Deferred Outflows | 74,701,803 | 415,699 | 75,117,502 | 0.56% |
| Current Liabilities | (63,893,519) | | (63,893,519) | |
| Non-Current Liabilities & Deferred Inflows | (3,380,846) | | (3,380,846) | |
| Current Ratio | 2.527 | | 2.527 | |
| | | | | |
| Total Assets & Deferred Outflows | 236,180,507 | 415,699 | 236,596,206 | 0.18% |
| Total Liabilities & Deferred Inflows | (67,274,365) | | (67,274,365) | |
| Total Net Position | (168,906,142) | (415,699) | (169,321,841) | 0.25% |
| | | | | |
| Operating Revenues | (298,338,518) | | (298,338,518) | |
| Operating Expenses | 280,137,842 | | 280,137,842 | |
| Nonoperating (Revenues) Exp | (2,012,880) | (21,533) | (2,034,413) | 1.07% |
| Change in Net Position | (20,213,556) | (21,533) | (20,235,089) | 0.11% |

**Client: Uvalde County Hospital Authority**
**Period Ending: June 30, 2020**

**Major Enterprise Fund**
***SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)***

| Description | Financial Statement Line Item | Factual (F), Judgmental (J) or Projected (P) | Assets & Deferred Outflows Current DR (CR) | Assets & Deferred Outflows Noncurrent DR (CR) | Liabilities & Deferred Inflows Current DR (CR) | Liabilities & Deferred Inflows Noncurrent DR (CR) | Operating Revenues DR (CR) | Operating Expenses DR (CR) | Nonoperating (Revenues) Exp DR (CR) | Net Position DR (CR) | Net Effect on Following Year: Change in Net Position DR (CR) | Net Effect on Following Year: Net Position DR (CR) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FY19 - THIE Surplus | | F | 0 | 0 | 0 | 0 | 0 | 0 | 394,166 | (394,166) | 0 | 0 |
| | Net position | | | | | | | | | (394,166) | N/A - turnaround effect of FY19 PAJE | |
| | Nonoperating revenue | | | | | | | | 394,166 | | | |
| FY20 - THIE Surplus | | F | 0 | 415,699 | 0 | 0 | 0 | 0 | (415,699) | 0 | 415,699 | (415,699) |
| | Other assets | | | 415,699 | | | | | | | | |
| | Nonoperating revenue | | | | | | | | (415,699) | | 415,699 | (415,699) |
| **Total passed adjustments** | | | 0 | 415,699 | 0 | 0 | 0 | 0 | (21,533) | (394,166) | 415,699 | (415,699) |

| | |
|---|---|
| **Impact on Change in Net Position** | **(21,533)** |
| **Impact on Net Position** | **(415,699)** |

*SCHEDULE OF UNCORRECTED MISSTATEMENTS (NOTES TO THE FINANCIAL STATEMENTS)*

| Uncorrected and/or Omitted Disclosure (Include Guidance Reference) | Misstatement Type | Quantitative Amount(s) | Relevant Financial Statement Line(s) |
|---|---|---|---|