




# **Uvalde County Hospital Authority**

## **Independent Auditor's Report and Financial Statements**

June 30, 2023 and 2022



**Uvalde County Hospital Authority**  
**June 30, 2023 and 2022**

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## Independent Auditor's Report

Board of Directors  
Uvalde County Hospital Authority  
Uvalde, Texas

### ***Opinion***

We have audited the financial statements of the Uvalde County Hospital Authority (Authority) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, and the changes in 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 Opinion***

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

### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, on July 1, 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the 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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 operational, 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.

**FORVIS, LLP**

**Waco, Texas  
November 17, 2023**

# **Uvalde County Hospital Authority**

## **Management's Discussion and Analysis**

### **Years Ended June 30, 2023 and 2022**

#### ***Introduction***

This management's discussion and analysis of the financial performance of Uvalde County Hospital Authority (the Authority) provides an overview of the Authority's financial activities for the years ended June 30, 2023 and 2022. It should be read in conjunction with the accompanying financial statements of the Authority. In addition, the 2021 balances included in this management's discussion and analysis have not been restated to reflect the adoption of the new GASB 96, *Subscription-Based Information Technology Arrangements*, accounting standard that was required to be adopted for the fiscal year ended June 30, 2023, and retroactively restated the amounts reported in the 2022 financial statements.

#### ***Financial Highlights***

- The Authority's net position increased in 2023 by \$38,414,493, or 15%, and increased by \$48,096,869, or 24%, in 2022.
- The Authority reported operating income in 2023 and 2022 of \$28,511,605 and \$19,334,100, respectively.
- Net nonoperating revenues (expenses), not including capital grants and gifts, decreased by \$11,524,305, or 54%, in 2023 compared to 2022, and decreased by \$1,507,402, or 7%, in 2022 compared to 2021.

#### ***Using This Annual Report***

The Authority's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Authority, including resources held by the Authority but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Authority is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

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

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all deferred outflows of resources and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that 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 Authority's net position and changes in them. The Authority's total net position—the difference between assets, deferred outflows of resources and liabilities—is one measure of the Authority's financial health or financial position. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Authority's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Authority.

## ***The Statement of Cash Flows***

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of 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 and cash equivalents during the reporting period.

## ***The Authority's Net Position***

The Authority's net position is the difference between its assets, deferred outflows of resources and liabilities reported in the balance sheets. The Authority's net position increased in 2023 by \$38,414,493, or 15%, and increased in 2022 by \$48,096,869, or 24%, as shown in Table 1.

**Table 1: Assets, Deferred Outflows of Resources, Liabilities and Net Position**

	2023	2022 (As Restated)	2021
<b>Assets</b>			
Patient accounts receivable, net	\$ 9,392,585	\$ 8,052,825	\$ 9,574,052
Nursing facility patient accounts receivable, net	16,789,245	21,169,245	16,269,245
Other current assets	93,711,596	104,632,182	111,319,116
Capital assets, net	89,806,968	97,236,092	76,289,758
Other noncurrent assets	113,532,245	61,956,364	90,803,280
Total assets	323,232,639	293,046,708	304,255,451
<b>Deferred Outflows of Resources</b>	957,208	960,106	-
Total assets and deferred outflows of resources	\$ 324,189,847	\$ 294,006,814	\$ 304,255,451
<b>Liabilities</b>			
Long-term debt	\$ -	\$ -	\$ 41,000,000
Lease and subscription liabilities	1,275,989	1,548,123	-
Other current and noncurrent liabilities	32,090,348	40,049,674	58,943,303
Total liabilities	33,366,337	41,597,797	99,943,303
<b>Net Position</b>			
Net investment in capital assets	89,560,750	91,818,232	24,060,570
Unrestricted	201,262,760	160,590,785	180,251,578
Total net position	290,823,510	252,409,017	204,312,148
Total liabilities and net position	\$ 324,189,847	\$ 294,006,814	\$ 304,255,451

A significant change in the Authority's 2023 assets is the decrease in other current assets and the increase in other noncurrent assets due to the Authority's purchase of long-term investments in 2023. This resulted in an increase in noncurrent investments of \$51,564,478, or 86%, in 2023. A significant change in the Authority's 2023 liabilities is the decrease in accounts payable of \$5,571,670, or 72%, due to the completion of the parking lot project related to the replacement facility.

A significant change in the Authority's 2022 assets is the increase in capital assets of \$20,946,334, or 27%, due to the completion of the replacement facility. In addition, other noncurrent assets significantly decreased in the current year, due to the utilization of noncurrent investments to finance the replacement facility project. A significant change in the Authority's 2022 liabilities is the decrease in long-term debt of \$40,775,480, or 99%, due to the payoff of the Series 2019 Bonds in 2022, and the decrease in other current and noncurrent liabilities of \$18,893,629, or 32%, due to the recognition of Provider Relief Funds and decrease in accounts payable with the completion of the construction project.

### ***Operating Results and Changes in the Authority's Net Position***

The increase in net position of \$38,414,493 for 2023 is the result of income from operations of \$28,511,605 and the net of nonoperating revenues (expenses), including capital grants and gifts, of \$9,902,888. Hospital net patient service revenue increased by \$6,264,293, or 7%. Operating expenses, as a percentage of net patient service revenue and nursing facility revenue, decreased slightly from 95% in 2022 to 92% in 2023.

The increase in net position of \$48,096,869 for 2022 is the result of income from operations of \$19,334,100 and the net of nonoperating revenues (expenses), including capital grants and gifts, of \$21,427,193. Hospital net patient service revenue increased by \$14,388,120 or 18%. Operating expenses, as a percentage of net patient service revenue and nursing facility revenue, decreased slightly from 98% in 2021 to 95% in 2022.

**Table 2: Operating Results and Changes in Net Position**

	2023	2022 (As Restated)	2021
<b>Operating Revenues</b>			
Net patient service revenue	\$ 100,248,826	\$ 93,984,533	\$ 79,596,413
Nursing facility revenue, net	223,602,217	231,233,515	217,645,136
Other operating revenues	1,757,672	4,284,358	4,620,488
Total operating revenues	325,608,715	329,502,406	301,862,037
<b>Operating Expenses</b>			
Salaries and wages and employee benefits	47,159,256	41,865,477	41,599,411
Purchased services and professional fees	9,890,342	9,272,409	8,903,285
Nursing facility fees	209,258,929	233,672,301	220,698,622
Supplies and other	21,052,954	21,763,874	15,073,870
Depreciation and amortization	9,735,629	3,594,245	3,748,032
Total operating expenses	297,097,110	310,168,306	290,023,220
<b>Operating Income</b>	28,511,605	19,334,100	11,838,817
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	3,863,915	736,544	773,329
Interest expense	(49,657)	(212,337)	(139,379)
Noncapital grants and gifts	4,830,316	19,693,863	21,193,997
Other nonoperating revenues and expenses, net	1,258,314	1,209,123	1,106,648
Total nonoperating revenues	9,902,888	21,427,193	22,934,595
<b>Capital Grants and Gifts and Special Item</b>			
Capital Grants and Gifts	-	3,085,576	632,594
Special Item - Forgiveness of debt	-	4,250,000	-
Total capital grants and gift and special item	-	7,335,576	632,594
<b>Increase in Net Position</b>	\$ 38,414,493	\$ 48,096,869	\$ 35,406,006



## ***Operating Income***

The Authority reported operating income for 2023 of \$28,511,605, as compared to operating income in 2022 of \$19,334,100. The primary components of the increase in operating income are:

- An increase in hospital net patient service revenue of \$6,264,293, or 7%.
- A decrease in other operating revenue of \$2,526,686, or 59%.
- An increase in salaries and wages for the Authority's employees of \$2,285,048, or 7%.
- A decrease in nursing facility revenues of \$7,631,298, or 3%, due to the reduction in the number of nursing home partners and a decrease in nursing facility fees of \$24,413,372, or 10%.

The Authority receives Disproportionate Share revenue from the state for providing healthcare services to low-income patients. The state also supplements rural public hospitals with the Texas Healthcare Transformation and Quality Improvement Program (the Waiver). The combined Disproportionate Share and uncompensated care program revenue recognized by the Authority in 2023 decreased by approximately \$400,000 from prior year. The revenue is recorded in net patient service revenue.

Other operating revenue of \$1,757,672 for 2023 decreased by \$2,526,686 compared to prior year, due to the ending of the DSRIP program discussed in *Note 2* as well as a reduction in 340B pharmacy program revenue. Other operating income consists of DSRIP revenue, 340B pharmacy, cafeteria sales, rental income, purchase discounts, and other miscellaneous income.

The Authority reported operating income for 2022 of \$19,334,100, as compared to operating income in 2021 of \$11,838,817. The primary components of the increase in operating income are:

- An increase in net patient service revenue of \$14,388,120, or 18%, due to increased census.
- A decrease in other operating revenue of \$336,130, or 7%.
- An increase in salaries and wages for the Authority's employees of \$1,097,061, or 4%.
- An increase in nursing facility revenues of \$13,588,379, or 6%, due to the addition of new nursing homes and an increase in nursing facility fees of \$12,973,679, or 6%, which includes additional fees for COVID related losses covered under the Provider Relief Funds.

The combined Disproportionate Share and Waiver revenue recognized by the Authority in 2022 increased by approximately \$800,000 from prior year. The revenue is recorded in net patient service revenue.

Other operating revenue of \$4,284,358 for 2022 decreased by \$336,130 compared to prior year. Other operating income consists of Advantage Care membership fees, medical record fees, cafeteria sales, rental income, purchase discounts, and other miscellaneous income.

## ***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist primarily of sales tax revenue, interest income, interest expense and noncapital contributions. Sales tax revenue is distributed by Uvalde County and designated for healthcare expenditure. Noncapital grants and gifts decreased in 2023 by \$14,863,547, or 75%, from 2022, and decreased in 2022 by \$1,500,134, or 7%, from 2021 due to CARES Act funding as discussed further in *Note 16*.

## ***The Authority's Cash Flows***

The changes in the Authority's cash flows are consistent with changes in assets, deferred outflows of resources, liabilities, operating income and nonoperating revenues and expenses for 2023 and 2022, as discussed earlier.

## ***Capital Asset and Debt Administration***

### **Capital Assets**

At June 30, 2023 and 2022, the Authority had \$89,806,968 and \$97,236,092, respectively, invested in capital assets, net of accumulated depreciation, as detailed in *Note 6* to the financial statements. In 2023 and 2022, the Authority purchased new fixed assets costing \$216,777 and \$24,741,680, respectively.

### **Debt**

At June 30, 2023, the Authority had \$0 in long-term debt. During 2022, the Authority paid off the Series 2019 revenue bonds obtained in 2020. In September 2021, the Authority received forgiveness of the Authority's paycheck protection program loan obtained in 2020, as detailed in *Note 9* to the financial statements.

### ***Contacting the Authority's Financial Management***

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Authority's Chief Financial Officer, at Uvalde County Hospital Authority, 1025 Garner Field Road, Uvalde, TX, 78801.

# Uvalde County Hospital Authority

## Balance Sheets

June 30, 2023 and 2022

### Assets and Deferred Outflows of Resources

	2023	2022 (As Restated)
<b>Current Assets</b>		
Cash	\$ 24,033,706	\$ 21,396,167
Short-term investments	34,352,173	45,765,467
Patient accounts receivable, net of allowance; 2023 - \$9,612,900; 2022 - \$8,425,300	9,392,585	8,052,825
Nursing facility patient accounts receivable, net of allowance; 2023 - \$14,621,000; 2022 - \$21,157,500	16,789,245	21,169,245
Estimated amounts due from third-party payers	30,418,423	32,881,379
Supplies	1,804,554	1,299,275
Prepaid expenses and other	3,102,740	3,289,894
Total current assets	119,893,426	133,854,252
<b>Noncurrent Investments</b>		
Board designated for self-insured risks	300,000	300,000
Board designated for capital acquisitions	93,300,110	59,533,276
Other long-term investments	17,797,644	-
	111,397,754	59,833,276
<b>Capital Assets, Net</b>	89,806,968	97,236,092
<b>Lease Assets, Net</b>	188,093	244,520
<b>Leases Receivable</b>	148,432	268,615
<b>Subscription Assets, Net</b>	986,679	1,303,603
<b>Other Assets</b>	811,287	306,350
Total assets	323,232,639	293,046,708
<b>Deferred Outflows of Resources</b>	957,208	960,106
Total assets and deferred outflows of resources	\$ 324,189,847	\$ 294,006,814

See Notes to Financial Statements

## Liabilities and Net Position

	2023	2022 (As Restated)
<b>Current Liabilities</b>		
Current portion of lease liabilities	\$ 55,677	\$ 54,034
Current portion of subscription liabilities	323,468	313,535
Accounts payable	2,151,099	7,722,769
Accrued expenses	4,112,265	4,688,549
Estimated amounts due to third-party payers	413,246	706,159
Estimated self-insured health insurance costs	1,461,379	539,106
Unearned revenue	793,985	731,210
Nursing facility payable	23,158,374	25,661,881
Total current liabilities	32,469,493	40,417,243
<b>Lease Liabilities</b>	137,118	190,486
<b>Subscription Liabilities</b>	759,726	990,068
Total liabilities	33,366,337	41,597,797
<b>Net Position</b>		
Net investment in capital assets	89,560,750	91,818,232
Unrestricted	201,262,760	160,590,785
Total net position	290,823,510	252,409,017
Total liabilities and net position	\$ 324,189,847	\$ 294,006,814

**Uvalde County Hospital Authority**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b> <b>(As Restated)</b>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2023 - \$7,502,500; 2022 - \$7,191,500	\$ 100,248,826	\$ 93,984,533
Nursing facility revenue, net	223,602,217	231,233,515
Other	1,757,672	4,284,358
Total operating revenues	325,608,715	329,502,406
<b>Operating Expenses</b>		
Salaries and wages	33,864,331	31,579,283
Employee benefits and payroll taxes	13,294,925	10,286,194
Purchased services and professional fees	9,890,342	9,272,409
Nursing facility fees	209,258,929	233,672,301
Supplies and other	21,052,954	21,763,874
Depreciation and amortization	9,735,629	3,594,245
Total operating expenses	297,097,110	310,168,306
<b>Operating Income</b>	28,511,605	19,334,100
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	3,863,915	736,544
Interest expense	(49,657)	(212,337)
Noncapital grants and gifts	4,830,316	19,693,863
Noncapital sales tax appropriations, Uvalde County	1,258,314	1,209,123
Total nonoperating revenues	9,902,888	21,427,193
<b>Income Before Capital Grants and Gifts and Special Item</b>	38,414,493	40,761,293
<b>Capital Grants and Gifts and Special Item</b>		
Capital Grants and Gifts	-	3,085,576
Special Item - Forgiveness of debt	-	4,250,000
Total capital grants and gifts and special item	-	7,335,576
<b>Increase in Net Position</b>	38,414,493	48,096,869
<b>Net Position, Beginning of Year</b>	252,409,017	204,312,148
<b>Net Position, End of Year</b>	\$ 290,823,510	\$ 252,409,017

**Uvalde County Hospital Authority**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b> <b>(As Restated)</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from and on behalf of patients	\$ 329,644,956	\$ 327,284,249
Payments to suppliers and contractors	(243,639,584)	(264,292,547)
Payments to employees	(47,595,062)	(41,428,194)
Other receipts, net	1,859,147	3,490,170
	<u>40,269,457</u>	<u>25,053,678</u>
<b>Net cash provided by operating activities</b>		
	<u>40,269,457</u>	<u>25,053,678</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital grants and gifts	4,174,191	9,952,715
Noncapital sales tax appropriations, Uvalde County	1,258,314	1,209,123
	<u>5,432,505</u>	<u>11,161,838</u>
<b>Net cash provided by noncapital financing activities</b>		
	<u>5,432,505</u>	<u>11,161,838</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital grants and gifts	-	3,085,576
Principal payments received on leases receivable	120,183	-
Interest payments received on leases receivable	4,070	-
Principal paid on leases payable	(51,725)	-
Interest paid on leases payable	(6,650)	-
Principal paid on subscription liabilities	(220,409)	(129,676)
Interest paid on subscription liabilities	(35,298)	(5,986)
Principal paid on long-term debt	-	(56,000,000)
Proceeds from issuance of long-term debt	-	15,000,000
Interest paid on long-term debt	-	(212,337)
Purchase of capital assets	(5,489,636)	(30,517,608)
	<u>(5,679,465)</u>	<u>(68,780,031)</u>
<b>Net cash used in capital and related financing activities</b>		
	<u>(5,679,465)</u>	<u>(68,780,031)</u>
<b>Cash Flows from Investing Activities</b>		
Interest on investments	2,766,226	834,797
Purchase of investments	(118,390,870)	(15,069,197)
Proceeds from disposition of investments	78,239,686	43,897,911
	<u>(37,384,958)</u>	<u>29,663,511</u>
<b>Net cash provided by (used in) investing activities</b>		
	<u>(37,384,958)</u>	<u>29,663,511</u>
<b>Increase (Decrease) in Cash</b>	2,637,539	(2,901,004)
<b>Cash, Beginning of Year</b>	<u>21,396,167</u>	<u>24,297,171</u>
<b>Cash, End of Year</b>	<u><u>\$ 24,033,706</u></u>	<u><u>\$ 21,396,167</u></u>

**Uvalde County Hospital Authority**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b> <b>(As Restated)</b>
<hr/>		
<b>Reconciliation of Operating Income to</b>		
<b>Net Cash Provided by Operating Activities</b>		
Operating income	\$ 28,511,605	\$ 19,334,100
Depreciation and amortization	9,735,629	3,594,245
Provision for uncollectible accounts	7,502,487	7,191,468
Changes in operating assets and liabilities:		
Patient receivables, net	(4,462,247)	(10,570,241)
Accounts payable and accrued liabilities	(3,378,602)	2,412,327
Estimated amounts due from and to third-party payers	2,888,943	4,983,528
Other assets and liabilities	(528,358)	(1,891,749)
	<hr/>	<hr/>
Net cash provided by operating activities	<u>\$ 40,269,457</u>	<u>\$ 25,053,678</u>
<b>Noncash Investing, Capital and Financial Activities</b>		
Forgiveness of debt	\$ -	\$ 4,250,000
Fixed assets included in accounts payable	\$ 145,001	\$ 5,417,860
Lease obligation incurred for lease assets	\$ -	\$ 282,138
Subscription obligation incurred for subscription assets	\$ -	\$ 1,433,279

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations and Reporting Entity***

The Uvalde County Hospital Authority (the Authority), located in Uvalde, Texas, is a county hospital created by the Commissioner's Court of Uvalde County, Texas (the Court). The Authority primarily earns revenues by providing inpatient, outpatient, and emergency care services to the residents of Uvalde County (the County) and surrounding areas.

The Authority is under the control and management of a seven-member Board of Directors (the Board). The Court appoints three of the Directors, and the existing Board appoints the successors for the remaining four positions.

The Uvalde Medical and Surgical Associates (the Associates) is a Texas nonprofit health organization certified by the Texas State Board of Medical Examiners. The Associates operate primarily for the purpose of providing physician services to the Authority's patients. The Authority is the sole corporate member of the Associates and has the authority to exercise significant control over the financial operations of the Associates. As such, the Associates is presented as a blended component unit of the Authority. Separate financial statements of the Associates can be obtained by contacting the Authority's management.

Between 2015 and 2022, the Authority acquired the operations of 30 nursing homes located in the Authority's service area.

#### ***Basis of Accounting and Presentation***

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, deferred outflows of resources, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as county appropriations), investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### ***Risk Management***

The Authority is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters, except for employee health benefits, for which the Authority is self-insured, and professional liability, for which the Authority is partially self-insured. Settled claims have not exceeded commercial coverage in any of the three preceding years.

The Authority is self-insured for a portion of its exposure to risk of loss from medical malpractice and employee health claims. Annual estimated provisions are accrued for the self-insured portion of medical malpractice and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

### ***Investments and Investment Income***

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. The Authority invests in Texas Local Government Investment Pool (TexPool), which is considered an investment for financial reporting. The Authority has an undivided beneficial interest in the pool of assets held by TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the state of Texas or its agencies, certificates of deposit, and repurchase agreements. The Authority's interest in TexPool are carried at amortized cost per share under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

### ***Patient Accounts Receivable***

The Authority reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Authority provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

### ***Supplies***

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### ***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation and amortization is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Authority:

Land improvements	5 – 25 years
Buildings and improvements	25 – 40 years
Equipment	3 – 20 years
Computer software	3 - 5 years

### ***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

### ***Subscription Assets***

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

### ***Capital, Lease, and Subscription Asset Impairment***

The Authority evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended June 30, 2023 and 2022.

### ***Deferred Outflows of Resources***

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### ***Compensated Absences***

Authority policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

### ***Net Position***

Net position of the Authority is classified in two components on its balance sheets.

- Net investment in capital assets consists of capital and lease assets net of accumulated depreciation amortization and reduced by the outstanding balances of borrowings and lease liabilities used to finance the purchase, use, or construction of those assets.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

### ***Net Patient Service Revenue***

The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

### ***Charity Care***

The Authority provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Authority does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

### **June 30, 2023 and 2022**

#### ***Income Taxes***

As an essential government function of the County, the Authority is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. However, the Authority is subject to federal income tax on any unrelated business taxable income.

The Authority has also been recognized as a not-for-profit corporation pursuant to Section 501(c)(3) of the IRC.

The Associates is organized as a dual status exempt organization pursuant to Section 501(c)(3) of the IRC and is not required to file an Informational Return Form 990.

#### ***Reclassifications***

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation. The reclassifications had no effect on the changes in financial position.

#### ***Change in Accounting Principle***

On July 1, 2021, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, using a retrospective method of adoption to all subscription-based information technology arrangements (SBITA) in place and not yet completed at the beginning of the earliest period presented. The statement requires governmental entities to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The 2022 financial statements and notes to the financial statements were restated to reflect the impact of this adoption.

The effect of the changes made to the accompanying financial statements as of and for the year ended June 30, 2022, are shown in the table on the following page.

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
<b>Balance Sheet</b>			
Subscription Assets, Net	\$ -	\$ 1,303,603	\$ 1,303,603
Total assets	\$ 291,743,105	\$ 1,303,603	\$ 293,046,708
Total assets and deferred outflows of resources	\$ 292,703,211	\$ 1,303,603	\$ 294,006,814
Current portion of subscription liabilities	\$ -	\$ 313,535	\$ 313,535
Subscription Liabilities	\$ -	\$ 990,068	\$ 990,068
Total liabilities	\$ 40,294,194	\$ 1,303,603	\$ 41,597,797
Total liabilities and net position	\$ 292,703,211	\$ 1,303,603	\$ 294,006,814
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
Purchased services and professional fees	\$ 9,402,085	\$ (129,676)	\$ 9,272,409
Depreciation and amortization	\$ 3,464,569	\$ 129,676	\$ 3,594,245
<b>Statement of Cash Flows</b>			
Payments to suppliers and contractors	\$ (264,428,209)	\$ 135,662	\$ (264,292,547)
Net cash provided by operating activities	\$ 24,918,016	\$ 135,662	\$ 25,053,678
Principal paid on subscription liabilities	\$ -	\$ (129,676)	\$ (129,676)
Interest paid on subscription liabilities	\$ -	\$ (5,986)	\$ (5,986)
Net cash used in capital and related financing activities	\$ (68,644,369)	\$ (135,662)	\$ (68,780,031)
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>			
Depreciation and amortization	\$ 3,464,569	\$ 129,676	\$ 3,594,245
Other assets and liabilities	\$ (1,897,735)	\$ 5,986	\$ (1,891,749)
Net cash provided by operating activities	\$ 24,918,016	\$ 135,662	\$ 25,053,678
<b>Noncash Investing, Capital and Financing Activities</b>			
Subscription obligation incurred for subscription assets	\$ -	\$ -	\$ 1,433,279

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **Note 2: Net Patient Service Revenue**

The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. These payment arrangements include:

*Medicare.* The Authority is certified as a Critical Access Hospital (CAH) by Medicare. As a CAH, the Authority is reimbursed for substantially all inpatient and outpatient services to Medicare beneficiaries based on reasonable costs. Additionally, as a CAH, the Authority's licensed beds are limited to 25, and the acute average length of stay may not exceed 96 hours. The Authority is reimbursed for substantially all services at tentative rates with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare administrative contractor.

*Medicaid.* Inpatient services are reimbursed under a prospective payment methodology. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The Authority is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicaid administrative contractor.

Approximately 48% and 47% of hospital net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

### **Supplemental Medicaid Funding**

In response to the growing number of uninsured patients and the rising cost of health care, the Texas Legislature established a Texas Medicaid Disproportionate Share Program (DSH Program) that was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. This program allows the Texas Department of Health and Human Services (HHSC) to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas.

On December 12, 2011, the United States Department of Health and Human Services (HHS) approved a Medicaid Section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. On December 21, 2017, HHSC received an approved extension from Centers for Medicare and Medicaid Services (CMS) for the period of January 1, 2018 through September 30, 2022. Among other

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

changes, the approved plan required a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five-year period.

On April 22, 2022, CMS approved an extension of the Waiver through September 30, 2030. The extension provides for the continuation of the UC Pool. The DSRIP program ended on September 30, 2021 and was not extended under the Waiver extension. CMS also approved an expansion of directed payment programs, which transitions participating hospitals away from the DSRIP program, which are discussed more fully below. Total revenue recognized under the DSRIP program was approximately \$0 and \$2,751,000 for the years ended June 30, 2023 and 2022, respectively, net of intergovernmental transfer payments, and is included in other operating revenue in the statements of revenues, expenses, and changes in net position.

Comprehensive Hospital Increased Reimbursement Program (CHIRP) is a new directed payment program, which adds a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP and CHIRP, HHSC directed managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. The UHRIP program ended on August 31, 2021, and the CHIRP program began on September 1, 2021. CHIRP will require annual approval by CMS and has been approved through August 31, 2024. Revenue from UHRIP and CHIRP are recognized as a component of net patient service revenue in the statements of revenues, expenses, and changes in net position.

Total revenue recognized under the Waiver Program (exclusive of DSRIP, CHIRP and UHRIP) was approximately \$5,376,000 and \$5,776,000 for the years ended June 30, 2023 and 2022, respectively, net of intergovernmental transfer payments, and is included in net patient service revenue in the statements of revenues, expenses, and changes in net position.

The funding from UC Pool is limited to certain costs and is subject to recoupment based on subsequent audit results. At June 30, 2023 and 2022, the Authority has recorded an expected overpayment of \$402,000 and \$706,000, respectively, which is included in estimated amounts due to third-party payers on the balance sheets.

The Authority also participates in Texas Quality Improvement Payment to Qualified Nursing Facilities Program (QIPP). This program is designed to assist nursing facilities serving indigent patients by providing funding to support increased access to health care within the community. Revenue recognized under these programs (net of any intergovernmental transfer payments) was approximately \$17,100,000 and \$14,300,000 for the years ended June 30, 2023 and 2022, respectively, and is included in nursing facility revenue in the statements of revenues, expenses, and changes in net position. At June 30, 2023 and 2022, the Authority had recorded estimated receivables under this program of approximately \$27,000,000 and \$28,800,000, respectively. At June 30, 2023 and 2022, the estimated receivable included approximately \$18,600,000 and \$21,400,000, respectively, of prepaid intergovernmental transfers, which the Authority is required to contribute in advance of receiving any gross proceeds.

These programs are subject to ongoing review by HHSC and the state of Texas and the funding is subject to recoupment based on future audits. The historical funding is not necessarily representative of funding the Authority will receive in future years. The programs could be modified or terminated based on new legislation or regulation in future periods.

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 3: Deposits and Investments

#### Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Texas; bonds of any city, county, school Authority or special road Authority of the state of Texas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2023 and 2022, the Authority's bank balances of \$51,832,070 and \$127,808,330, respectively, were fully insured or collateralized.

#### Investments

The Authority may legally invest in public fund investment pools, direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies or instrumentalities and in bank repurchase agreements.

At June 30, 2023 and 2022, the Authority had the following investments and maturities:

Type	Fair Value	2023			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agency obligations	\$ 56,588,985	\$ 38,791,341	\$ 17,797,644	\$ -	\$ -
U.S. treasury obligations	11,998,569	11,998,569	-	-	-
Certificates of deposit	27,359,057	27,359,057	-	-	-
TexPool	49,803,316	49,803,316	-	-	-
	<u>\$ 145,749,927</u>	<u>\$ 127,952,283</u>	<u>\$ 17,797,644</u>	<u>\$ -</u>	<u>\$ -</u>
Type	Fair Value	2022			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Certificates of deposit	<u>\$ 105,598,743</u>	<u>\$ 105,598,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

**Interest Rate Risk** – Interest rate risk is the risk that market values of investments will change based on changes in market interest rates. The Authority's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to limit its investments to federal agencies, U.S. Treasuries and/or other U.S. government-backed securities maturing in two years or less, TexPool, fully collateralized by certificates of deposit that mature in two years or less and fully collateralized demand deposits. At June 30, 2023, the Authority's investments in TexPool were rated AAAm by Standard & Poor's (S&P), investments in U.S. agency securities were rated AA+ or A-1+ by S&P and Aaa or P-1 by Moody's and investments in U.S. treasury securities were rated Aaa by Moody's and AA+ by S&P.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority is not exposed to custodial credit risk for investments as investments are limited to external investment pools.

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

The following table represents investments that represent more than 5% of total investments:

	<u>2023</u>
U.S. Treasury Bills	8%
Federal Home Loan Bank	17%
Federal National Mortgage Association	6%
Federal Home Loan Mortgage Corp.	8%

**Foreign Currency Risk** – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Authority had no investments denominated in foreign currency at June 30, 2023 and 2022.

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Summary of Carrying Values

The carrying values of deposits shown above are included in the balance sheets as follows:

	<b>2023</b>	<b>2022</b>
Carrying value:		
Deposits	\$ 51,392,763	\$ 126,994,910
Investments	118,390,870	-
	<u>\$ 169,783,633</u>	<u>\$ 126,994,910</u>
Included in the following balance sheets captions:		
Cash	\$ 24,033,706	\$ 21,396,167
Short-term investments	34,352,173	45,765,467
Board Designated:		
Designated for capital acquisitions	93,300,110	59,533,276
Designated for self-insured risks	300,000	300,000
Noncurrent cash and investments	17,797,644	-
	<u>\$ 169,783,633</u>	<u>\$ 126,994,910</u>

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 4: Patient Accounts Receivable

The Authority grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30 consisted of:

	2023	2022
<b><u>Hospital</u></b>		
Medicare	\$ 4,073,035	\$ 2,964,142
Medicaid	1,305,126	1,188,689
Other third-party payers	6,265,033	5,507,339
Patients	7,362,340	6,817,971
	<u>19,005,534</u>	<u>16,478,141</u>
Less allowance for uncollectible accounts	<u>9,612,949</u>	<u>8,425,316</u>
	<u>\$ 9,392,585</u>	<u>\$ 8,052,825</u>
<b><u>Nursing Homes</u></b>		
Medicare	\$ 6,139,208	\$ 9,016,527
Medicaid	7,591,714	8,200,080
Patients and other third-party payers	7,251,803	9,230,291
	<u>20,982,725</u>	<u>26,446,898</u>
Less allowance for uncollectible accounts	<u>4,193,480</u>	<u>5,277,653</u>
	<u>\$ 16,789,245</u>	<u>\$ 21,169,245</u>

### Note 5: Leases Receivable

The Authority leases a portion of its office space to various third parties, the terms of which expire in 2024. Payments increase annually based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement.

Revenue recognized under lease contracts during the years ended June 30, 2023 and 2022, were approximately \$110,000, which includes both lease revenue and interest.

**Uvalde County Hospital Authority**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**Note 6: Capital, Lease, and Subscription Assets**

Capital assets activity for the years ended June 30 was:

<b>2023</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 2,052,976	\$ -	\$ -	\$ -	\$ 2,052,976
Land improvements	157,429	64,453	-	94,831	316,713
Buildings and leasehold improvements	88,276,014	87,530	-	1,764,671	90,128,215
Equipment	29,770,934	64,794	(5,394,390)	1,134,325	25,575,663
Construction in progress	3,267,434	-	-	(2,993,827)	273,607
	<u>123,524,787</u>	<u>216,777</u>	<u>(5,394,390)</u>	<u>-</u>	<u>118,347,174</u>
Less accumulated depreciation:					
Land improvements	130,764	16,244	-	-	147,008
Buildings and leasehold improvements	8,052,258	6,882,213	-	-	14,934,471
Equipment	18,105,673	2,260,922	(6,907,868)	-	13,458,727
	<u>26,288,695</u>	<u>9,159,379</u>	<u>(6,907,868)</u>	<u>-</u>	<u>28,540,206</u>
Capital assets, net	<u>\$ 97,236,092</u>	<u>\$ (8,942,602)</u>	<u>\$ 1,513,478</u>	<u>\$ -</u>	<u>\$ 89,806,968</u>

<b>2022</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 2,052,976	\$ -	\$ -	\$ -	\$ 2,052,976
Land improvements	149,644	7,785	-	-	157,429
Buildings and leasehold improvements	28,615,326	15,077,300	(18,244,200)	62,827,588	88,276,014
Equipment	29,423,218	738,955	(9,420,648)	9,029,409	29,770,934
Construction in progress	66,206,791	8,917,640	-	(71,856,997)	3,267,434
	<u>126,447,955</u>	<u>24,741,680</u>	<u>(27,664,848)</u>	<u>-</u>	<u>123,524,787</u>
Less accumulated depreciation:					
Land improvements	123,695	7,069	-	-	130,764
Buildings and leasehold improvements	22,425,020	2,730,583	(17,103,345)	-	8,052,258
Equipment	27,609,482	726,917	(10,230,726)	-	18,105,673
	<u>50,158,197</u>	<u>3,464,569</u>	<u>(27,334,071)</u>	<u>-</u>	<u>26,288,695</u>
Capital assets, net	<u>\$ 76,289,758</u>	<u>\$ 21,277,111</u>	<u>\$ (330,777)</u>	<u>\$ -</u>	<u>\$ 97,236,092</u>

# Uvalde County Hospital Authority

## Notes to Financial Statements

### June 30, 2023 and 2022

Lease assets activity for the years ended June 30 was:

2023				
	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	\$ 282,138	\$ -	\$ -	\$ 282,138
Less accumulated amortization: Equipment	37,618	56,427	-	94,045
Lease assets, net	<u>\$ 244,520</u>	<u>\$ (56,427)</u>	<u>\$ -</u>	<u>\$ 188,093</u>
2022				
	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	\$ -	\$ 282,138	\$ -	\$ 282,138
Less accumulated depreciation: Equipment	-	37,618	-	37,618
Lease assets, net	<u>\$ -</u>	<u>\$ 244,520</u>	<u>\$ -</u>	<u>\$ 244,520</u>

Subscription assets activity for the years ended June 30 was:

2023				
	Beginning Balance	Additions	Disposals	Ending Balance
Subscription IT asset	\$ 1,433,279	\$ -	\$ -	\$ 1,433,279
Less accumulated amortization: Subscription IT asset	129,676	316,924	-	446,600
Subscription assets, net	<u>\$ 1,303,603</u>	<u>\$ (316,924)</u>	<u>\$ -</u>	<u>\$ 986,679</u>
2022				
	Beginning Balance	Additions	Disposals	Ending Balance
Subscription IT asset	\$ -	\$ 1,433,279	\$ -	\$ 1,433,279
Less accumulated amortization: Subscription IT asset	-	129,676	-	129,676
Subscription assets, net	<u>\$ -</u>	<u>\$ 1,303,603</u>	<u>\$ -</u>	<u>\$ 1,303,603</u>

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 7: Medical Malpractice Claims

The Authority is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person/\$300,000 per occurrence. The Authority is self-insured with respect to medical malpractice for any losses not covered by the tort claims statutes. The Authority created a cash reserve for possible claims of \$300,000 but based on claims history, no liability has been accrued. Losses from asserted claims and from unasserted claims identified under the Authority's incident reporting systems are accrued based on the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Authority's estimate of losses will change by a material amount in the near term.

### Note 8: Employee Health Claims

Substantially all of the Authority's employees and their dependents are eligible to participate in the Authority's employee health insurance plan. The Authority is self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$100,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Authority's estimate will change by a material amount in the near term.

Activity in the Authority's accrued employee health claims liability during 2023 and 2022 is summarized as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 539,106	\$ 539,668
Current year claims incurred and changes in estimates for claims incurred in prior years	9,724,287	7,412,197
Claims and expenses paid	<u>(8,802,014)</u>	<u>(7,412,759)</u>
Balance, end of year	<u>\$ 1,461,379</u>	<u>\$ 539,106</u>

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 9: Long-term Obligations

The following is a summary of long-term obligation transactions for the Authority for the years ended June 30, 2023 and 2022:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Lease liabilities	\$ 244,520	\$ -	\$ (51,725)	\$ 192,795	\$ 55,677
Subscription liabilities	1,303,603	-	(220,409)	1,083,194	323,468
Total long-term obligations	<u>\$ 1,548,123</u>	<u>\$ -</u>	<u>\$ (272,134)</u>	<u>\$ 1,275,989</u>	<u>\$ 379,145</u>
	2022 (As Restated)				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt:					
Paycheck Protection Program Loan	\$ 4,250,000	\$ -	\$ (4,250,000)	\$ -	\$ -
Series 2019 Revenue Bonds	41,000,000	15,000,000	(56,000,000)	-	-
Total long-term debt	<u>45,250,000</u>	<u>15,000,000</u>	<u>(60,250,000)</u>	<u>-</u>	<u>-</u>
Other long-term obligations:					
Estimated amounts due to third-party payers	2,346,392	-	(2,346,392)	-	-
Lease liabilities	-	282,138	(37,618)	244,520	54,034
Subscription liabilities	-	1,433,279	(129,676)	1,303,603	313,535
Total long-term obligations	<u>\$ 47,596,392</u>	<u>\$ 16,715,417</u>	<u>\$ (62,763,686)</u>	<u>\$ 1,548,123</u>	<u>\$ 367,569</u>

### Revenue Bonds, Series 2019

The Series 2019 revenue bonds, issued in the original amount of \$75,000,000 dated November 5, 2019, which bear interest at a variable rate were paid off during December 2021.

### Paycheck Protection Program Loan

During April 2020, the Authority obtained a loan under the paycheck protection program (PPP). The PPP loan was originally due April 23, 2022, with monthly interest payments at 1.00% and monthly principal payments beginning November 2020. The Authority obtained forgiveness of the PPP loan during September 2021.

### Lease Liabilities

The Authority leases equipment, the terms of which expire in various years through 2027. The leases were measured based upon the rates at lease commencement.

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

The following is a schedule by year of payments under the leases as of June 30:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 60,684	\$ 55,677	\$ 5,007
2025	60,684	57,371	3,313
2026	60,684	59,116	1,568
2027	20,757	20,631	126
	<u>\$ 202,809</u>	<u>\$ 192,795</u>	<u>\$ 10,014</u>

During the years ended June 30, 2023 and 2022, the Authority recognized approximately \$810,000 and \$680,000, respectively, of rental expense for short-term and cancellable leases that are not included in the measurement of the lease liability.

### ***Subscription Liabilities***

The Authority has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2027. The subscriptions were measured based upon the rates at lease commencement.

The following is a schedule by year of payments under the SBITAs as of June 30:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 349,439	\$ 323,468	\$ 25,971
2025	352,935	335,615	17,320
2026	274,606	265,514	9,092
2027	160,187	158,597	1,590
	<u>\$ 1,137,167</u>	<u>\$ 1,083,194</u>	<u>\$ 53,973</u>

### **Note 10: Charity Care**

The Authority provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Authority does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The costs associated with the Authority's charity care program were \$6,281,300 and \$7,383,000 for 2023 and 2022, respectively. The cost of charity care is estimated by applying the overall ratio of the Authority's cost to charges to the gross charges related to services provided to patients qualifying for the Authority's charity care program.



# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **Note 11: Pension Plan**

The Authority contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plan. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body. Contribution rates for plan members and the Authority expressed as a percentage of covered payroll was 8.97% and 6.70% for 2023 and 2022, respectively. Contributions made by plan members and the Authority aggregated \$2,208,912 and \$826,606 during 2023 and \$2,111,750 and \$855,563 during 2022, respectively.

### **Note 12: Commitments and Contingencies**

The Authority entered an agreement to provide funding under the Nursing Home QIPP program with the state of Texas. Under the program, the Authority, as a governmental unit, agrees to provide matching funding to allow the state of Texas to obtain federal matching funds for nursing facility residents covered by Medicaid managed care agreements.

### **Note 13: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023:

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. agency obligations	\$ 56,588,985	\$ 6,246,798	\$ 50,342,187	\$ -
U.S. treasury obligations	11,998,569	11,998,569	-	-
	68,587,554	\$ 18,245,367	\$ 50,342,187	\$ -
Investments carried at amortized cost	49,803,316			
Total investments	\$ 118,390,870			

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

### Note 14: Related Party Transactions

As noted in *Note 1*, the Court appoints three members of the Board. Also, Uvalde County, at the discretion of the Court, provided an unrestricted subsidy from sales taxes collected for the purpose of health care services in Uvalde County. The subsidy for the years ended June 30, 2023 and 2022, was \$1,258,314 and \$1,209,123, respectively.

The Authority from time to time does business with organizations that are affiliated with Board members. During 2023 and 2022, the Authority had deposits of \$51,832,070 and \$127,808,330, respectively, at a bank for which two Board members of the Authority are also Board members of the bank.

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **Note 15: Nursing Home Operations**

During 2015-2022, the Authority entered a series of lease and management agreements with several nursing home operators that resulted in the Authority becoming the legal operator of thirty nursing homes. Under the management agreements, the managers provide all services necessary to operate the homes, including employees, supplies and other operating costs. The managers also provide all billing and collection services. All patient revenue from the facilities is paid to the Authority. From these collections, the Authority pays the managers for all facility costs and the management fees pursuant to the agreements. The management agreements have initial terms of 2 years. The Authority is obligated to pay a base management fee of 5% of ordinary revenue with potential incentive and quality bonuses of up to 50% of net operating income. However, Authority payments to the manager are generally limited to the amount of net patient revenue received from the facilities. At its option, the Authority may pay additional amounts to the manager above the amounts collected for patient revenue.

For 2023 and 2022, total revenues related to these nursing homes were \$223,602,217 and \$231,233,515, respectively, which is included as nursing facility revenue on the statements of revenues, expenses and changes in net position. For 2023 and 2022, expenses related to these nursing homes were \$209,258,929 and \$233,672,301, respectively, which is included as nursing facility fees.

### **Note 16: COVID-19 Pandemic & CARES Act Funding**

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses and health care facilities.

#### ***Provider Relief Fund and Coronavirus Relief Fund***

During the years ended June 30, 2023 and 2022, the Authority received approximately \$3,994,000 and \$8,500,000, respectively, of distributions from the CARES Act Provider Relief Fund and Coronavirus Relief Fund. These distributions are not subject to repayment, provided the Authority is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services.

The Authority is accounting for such payments as voluntary nonexchange transactions. Payments are recognized as eligibility requirements have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Authority's operating revenues and expenses, the Authority recognized approximately \$4,400,000 and \$18,200,000, respectively, during the years ended June 30, 2023 and 2022, related to the Provider Relief Fund and Coronavirus Relief Fund, and these payments are recorded as nonoperating revenue – noncapital grants and gifts in the statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions of approximately \$0 and \$658,000, respectively, is recorded as a part of unearned revenue in the accompanying balance sheets.

# **Uvalde County Hospital Authority**

## **Notes to Financial Statements**

### **June 30, 2023 and 2022**

The Authority has recognized revenue from the Provider Relief Fund based on guidance issued by HHS as of June 30, 2023, and any clarifications issued by HHS subsequent to year-end, including any referenced above as recognized subsequent events. The Authority will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Authority's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Authority is unable to attest to or comply with current or future terms and conditions, its ability to retain some or all of the distributions received may be affected. Additionally, the amounts recorded in the financial statements compared to the Authority's Provider Relief Fund reporting could differ. Provider Relief Fund payments are subject to government oversight, including potential audits.

#### ***Medicare Accelerated and Advanced Payment Program***

During the year ended June 30, 2020, the Authority requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by CMS according to the payback provisions.

Effective September 30, 2020, the payback provisions were revised and extended the payback period to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25 percent of the remittance advice payment followed by a six-month payback period at 50 percent of the remittance advice payment. After 29 months, CMS expects any amount not paid back through the withhold amounts to be paid back in a lump sum or interest will begin to accrue subsequent to the 29 months at a rate of 4 percent.

During the year ended June 30, 2020, the Authority received approximately \$4,900,000 from these accelerated Medicare payment requests. During the year ended June 30, 2021, the Authority received an additional advance of approximately \$930,000 and repaid through direct payments and recoupments approximately \$5,660,000. During the year ended June 30, 2022, the Authority repaid the outstanding Medicare Accelerated and Advance Payments through direct payments.

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 17: Combining Component Unit Information

The following tables include combining balance sheet information for the Authority and its component unit as of June 30, 2023 and 2022.

	2023				2022 (As Restated)			
	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Eliminations	Combined Balance	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Eliminations	Combined Balance
<b>Assets and Deferred Outflows of Resources</b>								
<b>Current Assets</b>								
Cash	\$ 23,922,256	\$ 111,450	\$ -	\$ 24,033,706	\$ 20,917,596	\$ 478,571	\$ -	\$ 21,396,167
Short-term investments	34,352,173	-	-	34,352,173	45,765,467	-	-	45,765,467
Patient accounts receivable, net	9,252,941	139,644	-	9,392,585	7,931,445	121,380	-	8,052,825
Nursing facility patient accounts receivable, net	16,789,245	-	-	16,789,245	21,169,245	-	-	21,169,245
Estimated amounts due from third-party payers	30,418,423	-	-	30,418,423	32,881,379	-	-	32,881,379
Supplies	1,804,554	-	-	1,804,554	1,299,275	-	-	1,299,275
Prepaid expenses and other	3,108,826	(6,086)	-	3,102,740	3,176,345	113,549	-	3,289,894
Due from affiliates	32,081,377	-	(32,081,377)	-	30,633,855	-	(30,633,855)	-
Total current assets	151,729,795	245,008	(32,081,377)	119,893,426	163,774,607	713,500	(30,633,855)	133,854,252
<b>Noncurrent Investments</b>								
Board designated for self-insured risks	300,000	-	-	300,000	300,000	-	-	300,000
Board designated for capital acquisitions	93,300,110	-	-	93,300,110	59,533,276	-	-	59,533,276
Other long-term investments	17,797,644	-	-	17,797,644	-	-	-	-
	111,397,754	-	-	111,397,754	59,833,276	-	-	59,833,276
<b>Capital Assets, Net</b>	89,806,709	259	-	89,806,968	97,235,211	881	-	97,236,092
<b>Lease Assets, Net</b>	188,093	-	-	188,093	244,520	-	-	244,520
<b>Leases Receivable</b>	148,432	-	-	148,432	268,615	-	-	268,615
<b>Subscription Assets, Net</b>	986,679	-	-	986,679	1,303,603	-	-	1,303,603
<b>Other Assets</b>	811,287	-	-	811,287	306,350	-	-	306,350
Total assets	355,068,749	245,267	(32,081,377)	323,232,639	322,966,182	714,381	(30,633,855)	293,046,708
<b>Deferred Outflow of Resources</b>	957,208	-	-	957,208	960,106	-	-	960,106
Total assets and deferred outflows of resources	\$ 356,025,957	\$ 245,267	\$ (32,081,377)	\$ 324,189,847	\$ 323,926,288	\$ 714,381	\$ (30,633,855)	\$ 294,006,814

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

	2023				2022 (As Restated)			
	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Eliminations	Combined Balance	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Eliminations	Combined Balance
<b>Liabilities and Net Position</b>								
<b>Current Liabilities</b>								
Current portion of lease liabilities	\$ 55,677	\$ -	\$ -	\$ 55,677	\$ 54,034	\$ -	\$ -	\$ 54,034
Current portion of subscription liabilities	323,468	-	-	323,468	313,535	-	-	313,535
Accounts payable	2,093,623	57,476	-	2,151,099	7,660,034	62,735	-	7,722,769
Accrued expenses	4,107,125	5,140	-	4,112,265	4,679,881	8,668	-	4,688,549
Estimated amounts due to third-party payers	413,246	-	-	413,246	706,159	-	-	706,159
Estimated self-insured health insurance costs	1,461,379	-	-	1,461,379	539,106	-	-	539,106
Unearned revenue	793,985	-	-	793,985	731,210	-	-	731,210
Nursing facility payable	23,158,374	-	-	23,158,374	25,661,881	-	-	25,661,881
Due to affiliates	-	32,081,377	(32,081,377)	-	-	30,633,855	(30,633,855)	-
Total current liabilities	32,406,877	32,143,993	(32,081,377)	32,469,493	40,345,840	30,705,258	(30,633,855)	40,417,243
<b>Lease Liabilities</b>	137,118	-	-	137,118	190,486	-	-	190,486
<b>Subscription Liabilities</b>	759,726	-	-	759,726	990,068	-	-	990,068
Total liabilities	33,303,721	32,143,993	(32,081,377)	33,366,337	41,526,394	30,705,258	(30,633,855)	41,597,797
<b>Net Position</b>								
Net investment in capital assets	89,560,750	-	-	89,560,750	91,818,232	-	-	91,818,232
Unrestricted	233,161,486	(31,898,726)	-	201,262,760	190,581,662	(29,990,877)	-	160,590,785
Total net position	322,722,236	(31,898,726)	-	290,823,510	282,399,894	(29,990,877)	-	252,409,017
Total liabilities and net position	\$ 356,025,957	\$ 245,267	\$ (32,081,377)	\$ 324,189,847	\$ 323,926,288	\$ 714,381	\$ (30,633,855)	\$ 294,006,814

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

The following tables include combining statements of revenues, expenses and changes in net position information for the Authority and its component unit for the years ended June 30, 2023 and 2022.

	2023			2022 (As Restated)		
	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Combined Balance	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Combined Balance
<b>Operating Revenues</b>						
Net patient service revenue, net of provision for uncollectible accounts	\$ 96,690,523	\$ 3,558,303	\$ 100,248,826	\$ 91,140,309	\$ 2,844,224	\$ 93,984,533
Nursing facility revenue, net	223,602,217	-	223,602,217	231,233,515	-	231,233,515
Other	1,652,984	104,688	1,757,672	4,220,294	64,064	4,284,358
Total operating revenues	321,945,724	3,662,991	325,608,715	326,594,118	2,908,288	329,502,406
<b>Operating Expenses</b>						
Salaries and wages	31,459,731	2,404,600	33,864,331	29,872,072	1,707,211	31,579,283
Employee benefits and payroll taxes	12,970,785	324,140	13,294,925	9,597,931	688,263	10,286,194
Purchased services and professional fees	8,156,215	1,734,127	9,890,342	7,154,495	2,117,914	9,272,409
Nursing facility fees	209,258,929	-	209,258,929	233,672,301	-	233,672,301
Supplies and other	19,756,389	1,296,565	21,052,954	21,067,270	696,604	21,763,874
Depreciation and amortization	9,723,635	11,994	9,735,629	3,583,003	11,242	3,594,245
Total operating expenses	291,325,684	5,771,426	297,097,110	304,947,072	5,221,234	310,168,306
<b>Operating Income (Loss)</b>	30,620,040	(2,108,435)	28,511,605	21,647,046	(2,312,946)	19,334,100
<b>Nonoperating Revenues (Expenses)</b>						
Interest income	3,863,915	-	3,863,915	736,544	-	736,544
Interest expense	(49,657)	-	(49,657)	(212,337)	-	(212,337)
Noncapital grants and gifts	4,629,730	200,586	4,830,316	19,693,863	-	19,693,863
Noncapital sales tax appropriations, Uvalde County	1,258,314	-	1,258,314	1,209,123	-	1,209,123
Total nonoperating revenues	9,702,302	200,586	9,902,888	21,427,193	-	21,427,193
<b>Income Before Capital Grants and Gifts and Special Item</b>	40,322,342	(1,907,849)	38,414,493	43,074,239	(2,312,946)	40,761,293
<b>Capital Grants and Gifts and Special Item</b>						
Capital Grants and Gifts	-	-	-	3,085,576	-	3,085,576
Special Item - Forgiveness of debt	-	-	-	4,250,000	-	4,250,000
Total capital grants and gifts and special item	-	-	-	7,335,576	-	7,335,576
<b>Increase (Decrease) in Net Position</b>	40,322,342	(1,907,849)	38,414,493	50,409,815	(2,312,946)	48,096,869
<b>Net Position, Beginning of Year</b>	282,399,894	(29,990,877)	252,409,017	231,990,079	(27,677,931)	204,312,148
<b>Net Position, End of Year</b>	\$ 322,722,236	\$ (31,898,726)	\$ 290,823,510	\$ 282,399,894	\$ (29,990,877)	\$ 252,409,017

# Uvalde County Hospital Authority

## Notes to Financial Statements

June 30, 2023 and 2022

The following table includes condensed combining statements of cash flow information for the Authority and its component unit for the years ended June 30, 2023 and 2022.

	2023			2022		
	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Combined Balance	Uvalde County Hospital Authority	Uvalde Medical and Surgical Associates	Combined Balance
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ 40,825,792	\$ (556,335)	\$ 40,269,457	\$ 25,775,200	\$ (721,522)	\$ 25,053,678
<b>Net Cash Provided by Noncapital Financing Activities</b>	5,231,919	200,586	5,432,505	11,161,838	-	11,161,838
<b>Net Cash Used in Capital and Related Financing Activities</b>	(5,668,093)	(11,372)	(5,679,465)	(68,769,410)	(10,621)	(68,780,031)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(37,384,958)</u>	<u>-</u>	<u>(37,384,958)</u>	<u>29,663,511</u>	<u>-</u>	<u>29,663,511</u>
<b>Increase (Decrease) in Cash</b>	3,004,660	(367,121)	2,637,539	(2,168,861)	(732,143)	(2,901,004)
<b>Cash, Beginning of Year</b>	<u>20,917,596</u>	<u>478,571</u>	<u>21,396,167</u>	<u>23,086,457</u>	<u>1,210,714</u>	<u>24,297,171</u>
<b>Cash, End of Year</b>	<u><u>\$ 23,922,256</u></u>	<u><u>\$ 111,450</u></u>	<u><u>\$ 24,033,706</u></u>	<u><u>\$ 20,917,596</u></u>	<u><u>\$ 478,571</u></u>	<u><u>\$ 21,396,167</u></u>