

PARKER COUNTY HOSPITAL DISTRICT

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Parker County Hospital District Financial Report

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**Parker County Hospital District
Principal Officials**

Board of Directors

Dianna French, President

Michael Carter, Vice President

Dr. Bart Robbins, Secretary

David Barbrick

Debbie Barnett

Eric Floyd, M.D.

Chad Lee

District Officials

Randy Bacus, Chief Executive Officer

Judy Harris, Controller

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parker County Hospital District
Weatherford, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Parker County Hospital District (the District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Parker County Hospital District as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principles

As described in Note 1 to the financial statements, in fiscal year 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in net pension liability (asset) and related ratios, and the schedule of employer pension contributions and related ratios on pages 6-13 and 50-52 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of principal officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
November 15, 2024

Parker County Hospital District Management's Discussion and Analysis

The management's discussion and analysis (MD&A) of the Parker County Hospital District (the District) provides an overview of the District's financial activities for the fiscal year ended September 30, 2023. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$57,819,147 (*net position*). Of this amount, \$7,136,938 represents unrestricted net position. As required by GASB 34, net position also reflects \$50,682,209 that is net investment in capital assets.
- In contrast to the government-wide statements, the governmental fund statements report a fund balance at year-end of \$55,936,373, of which \$55,422,586, or 99% represents unassigned fund balance and \$513,787 represents non-spendable fund balance.
- The enterprise fund statements report a net position of \$4,394,027 at year-end, of which \$8,598,055 represents net investment in capital assets and \$4,204,028 represents a deficit in unrestricted net position.
- The District implemented Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during fiscal year 2023. See Note 1 to the financial statements for more information regarding implementation and effect, if any, on beginning net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. Both are prepared using the economic resource focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how net position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Parker County Hospital District Management's Discussion and Analysis (Continued)

The Statement of Net Position and the Statement of Activities divide the primary government (the District) activities into two types:

Governmental activities – Most of the District's basic services are reported here, including general government, outreach, and medical assistance. The majority of financing for these activities is provided by general property taxes.

Business-type activities – Activities for which the District charges a fee to customers to pay most or all costs of a service it provides are reported here. The District's business-type activities include its emergency medical services, clinic services, and nursing home services.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The District does not have any fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for future spending. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is classified as a major fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule (original versus final) has been provided in this report for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 17 through 19 of this report.

Proprietary funds. When the District charges customers for services it provides, the activities are generally reported in proprietary funds. The District maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its emergency medical services, clinic services, and nursing home services. These services are primarily provided to outside or non-governmental customers.

**Parker County Hospital District
Management's Discussion and Analysis (Continued)**

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Emergency and Clinical Services Fund and the Nursing Home Fund, which are considered to be major proprietary funds of the District.

The proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 48 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison information and information concerning pension benefits. The required supplementary information can be found on pages 50 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57,819,147 as of September 30, 2023.

Parker County Hospital District's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 84,083,713	\$ 78,508,936	\$ 835,575	\$ 1,590,921	\$ 84,919,288	\$ 80,099,857
Capital assets, net of depreciation/amortization	42,623,403	44,325,910	35,946,053	36,644,496	78,569,456	80,970,406
Total assets	126,707,116	122,834,846	36,781,628	38,235,417	163,488,744	161,070,263
Deferred outflows of resources	334,281	44,576	1,522,835	167,691	1,857,116	212,267
Long-term liabilities	887,255	156,435	28,553,910	30,486,237	29,441,165	30,642,672
Other liabilities	405,276	146,252	5,356,526	3,493,733	5,761,802	3,639,985
Total liabilities	1,292,531	302,687	33,910,436	33,979,970	35,202,967	34,282,657
Deferred inflows of resources	72,323,746	22,313,981	-	-	72,323,746	22,313,981
Net position:						
Net investment in capital assets	42,084,154	44,325,910	8,598,055	6,737,105	50,682,209	51,063,015
Unrestricted	11,340,966	55,936,844	(4,204,028)	(2,313,967)	7,136,938	53,622,877
Total net position	<u>\$ 53,425,120</u>	<u>\$ 100,262,754</u>	<u>\$ 4,394,027</u>	<u>\$ 4,423,138</u>	<u>\$ 57,819,147</u>	<u>\$ 104,685,892</u>

Net investment in capital assets (e.g., land, construction in progress, buildings and improvements, hospital building and equipment, and furniture and equipment) represents \$50,682,209 or 88% of total net position. The District uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. The remaining balance of the District's net position is \$7,136,938, which represents unrestricted net position, and may be used to meet the District's ongoing obligations to citizens and creditors.

**Parker County Hospital District
Management's Discussion and Analysis (Continued)**

The District's total net position increased by \$6,276,178 during the current fiscal year. The District's governmental activities increased net position by \$6,305,289. The total cost of all governmental activities this year was \$11,620,770. The District's business-type activities decreased net position by \$29,111. The total cost of all business-type activities for fiscal year 2023 was \$61,316,626.

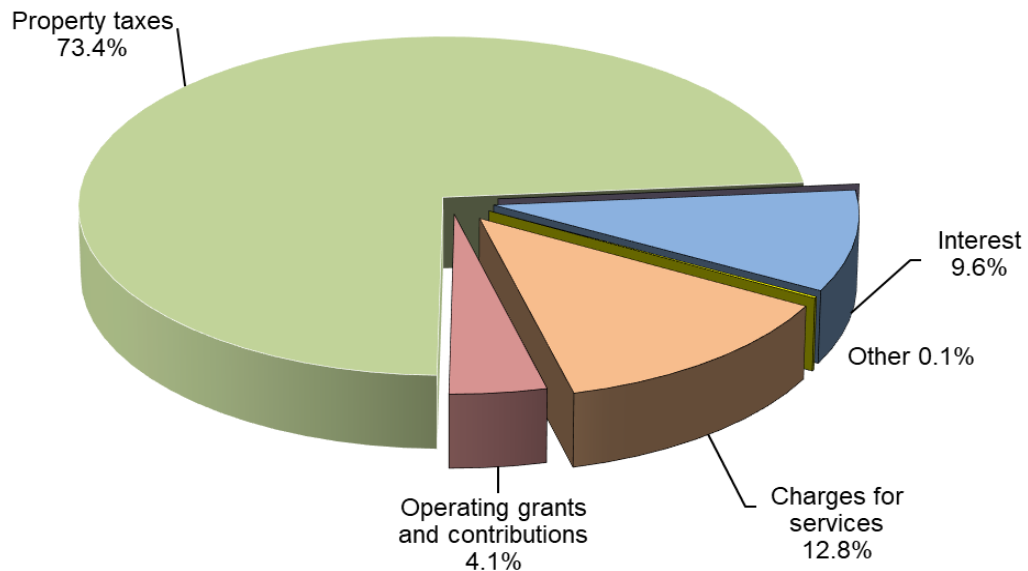
Parker County Hospital District's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,676,267	\$ 2,238,067	\$ 45,348,633	\$ 46,191,228	\$ 49,024,900	\$ 48,429,295
Operating grants and contributions	1,186,188	680,503	5,857,749	7,081,554	7,043,937	7,762,057
Capital grants and contributions	-	29,309	-	5,454	-	34,763
General revenues:						
Property taxes	21,058,663	19,110,077	-	-	21,058,663	19,110,077
Interest income (expense)	2,744,192	386,077	(817,279)	(67,659)	1,926,913	318,418
Other	11,061	21,277	-	-	11,061	21,277
Insurance proceeds	-	-	60,992	9,481	60,992	9,481
Gain (loss) on disposal of assets	-	-	87,108	28,600	87,108	28,600
Total revenues	<u>28,676,371</u>	<u>22,465,310</u>	<u>50,537,203</u>	<u>53,248,658</u>	<u>79,213,574</u>	<u>75,713,968</u>
Expenses:						
General government	7,627,881	6,823,968	-	-	7,627,881	6,823,968
Outreach	3,483,548	3,159,840	-	-	3,483,548	3,159,840
Medical assistance	509,341	319,006	-	-	509,341	319,006
Emergency medical services	-	-	16,569,511	13,627,310	16,569,511	13,627,310
Clinic	-	-	3,386,848	3,210,097	3,386,848	3,210,097
Nursing home services	-	-	41,360,267	45,015,465	41,360,267	45,015,465
Total expenses	<u>11,620,770</u>	<u>10,302,814</u>	<u>61,316,626</u>	<u>61,852,872</u>	<u>72,937,396</u>	<u>72,155,686</u>
Change in net position before transfers and contributions	17,055,601	12,162,496	(10,779,423)	(8,604,214)	6,276,178	3,558,282
Transfers, net	(10,365,045)	(8,561,558)	10,365,045	8,561,558	-	-
Capital contributions	(385,267)	-	385,267	-	-	-
Total transfers and contributions	<u>(10,750,312)</u>	<u>(8,561,558)</u>	<u>10,750,312</u>	<u>8,561,558</u>	<u>-</u>	<u>-</u>
Change in net position	6,305,289	3,600,938	(29,111)	(42,656)	6,276,178	3,558,282
Net position, beginning of year	100,262,754	96,661,816	4,423,138	4,465,794	104,685,892	101,127,610
Prior period adjustment	(53,142,923)	-	-	-	(53,142,923)	-
Net position, beginning of year, restated	47,119,831	96,661,816	4,423,138	4,465,794	51,542,969	101,127,610
Net position, end of year	<u>\$ 53,425,120</u>	<u>\$ 100,262,754</u>	<u>\$ 4,394,027</u>	<u>\$ 4,423,138</u>	<u>\$ 57,819,147</u>	<u>\$ 104,685,892</u>

Parker County Hospital District Management's Discussion and Analysis (Continued)

Governmental activities. Governmental activities increased the District's net position by \$6,305,289. Key elements of this increase were primarily the result of increases in charges for services and property tax revenues, offset by an increase in transfers out.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities decreased the District's net position by \$29,111. This is the result of increases in transfers in and capital contributions, offset by increased emergency medical services and clinic expenses.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing and budgeting requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$55,936,373, an increase of \$6,533,180 from the prior year's ending fund balance. \$55,422,586 or approximately 99% of the fund balance represents unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance (\$513,787) is non-spendable fund balance for prepaid expenses and inventory supplies.

The general fund is the chief operating fund of the District. As the general fund is the only fund comprising the District's governmental fund, the fund balance amounts discussed above are the same for both the general fund and the governmental fund.

Parker County Hospital District Management's Discussion and Analysis (Continued)

A key element of the increase of \$6,533,180 in the fund balance of the District's general fund was an increase in property tax revenue and interest income that exceeded increases in general fund expenditures and transfers between funds.

Enterprise funds. The District uses two enterprise funds, the Emergency and Clinical Services Fund and the Nursing Home Services Fund, to account for its emergency medical services, clinic operations, and nursing home services. At the end of the current fiscal year, the Emergency and Clinical Services Fund had a net position of \$4,394,027 and the Nursing Home Services Fund had a net position of \$-0-, for an overall net position of \$4,394,027. This was a decrease of \$29,111 from the prior year's overall net position. The decrease was primarily related to an increase in transfers from other funds offset by a larger increase in emergency medical services and clinic expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District approved budget amendments to the original 2022-2023 general fund annual budget. The most significant amendments include:

- Increase of \$1,146,000 in property tax revenue;
- Increase of \$689,161 in intergovernmental revenue;
- Increase of \$2,560,000 in interest income; and
- Increase of \$3,715,000 in general government expenditures
- Increase of \$2,642,500 in capital outlay expenditures.

Comparing budget to actual amounts, the District was under the final budgeted revenue estimate by \$4,069,451. The primary revenue that came in under the estimated budget amounts was intergovernmental revenue.

Total expenditures were less than the final budgeted amounts. Actual expenditures were less than budgeted amounts primarily due to capital outlay expenditures being \$6,986,086 less than appropriated.

CAPITAL ASSETS AND LONG-TERM LIABILITIES ADMINISTRATION

Capital assets. The District's investments in total capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$78,569,456 (net of accumulated depreciation/amortization). Investments in capital assets related to governmental activities (\$42,623,403) includes land, construction in progress, buildings and improvements, hospital building and equipment, furniture and equipment, and right-of-use assets. The District's investments in capital assets related to business-type activities (\$35,946,053) includes construction in progress, building and improvements, furniture and equipment, and right-of-use assets.

Major capital asset events during the current fiscal year include the following:

- Purchase of E. Anderson Street property;
- Purchase of three new vehicles; and
- Acquisition of equipment (right of use assets).

**Parker County Hospital District
Management's Discussion and Analysis (Continued)**

**Parker County Hospital District Capital Assets
(net of depreciation/amortization)**

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,035,526	\$ -	\$ 1,035,526
Construction in progress	11,100	1,976,409	1,987,509
Building and improvements	6,503,077	4,889,797	11,392,874
Hospital building and equipment	33,324,455	-	33,324,455
Furniture and equipment	1,232,185	2,272,656	3,504,841
Right-of-use asset - buildings	-	24,669,758	24,669,758
Right-of-use asset - equipment	-	1,776,416	1,776,416
Right-of-use asset - subscriptions	517,060	361,017	878,077
Total	\$ 42,623,403	\$ 35,946,053	\$ 78,569,456

Additional information on the District's capital assets can be found in Note 4 on pages 35 and 36 of this report.

Long-term liabilities. The District's long-term liabilities at September 30, 2023 included lease liability, subscription liability, compensated absences, and net pension asset.

Parker County Hospital District Long-term Liabilities

	Governmental Activities	Business-Type Activities	Total
Lease liability	\$ -	\$ 26,687,242	\$ 26,687,242
Subscription liability	539,249	285,985	825,234
Compensated absences	156,651	708,956	865,607
Net pension liability	191,355	871,727	1,063,082
Total	\$ 887,255	\$ 28,553,910	\$ 29,441,165

Additional information on the District's long-term obligations can be found in Note 5 on pages 37 through 39 of this report. Additional information related to the District's pension obligations can be found in Note 8 on pages 41 through 47.

**Parker County Hospital District
Management's Discussion and Analysis (Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the District's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the District's Board of Directors sets the direction of the District, allocates its resources, and establishes its priorities. In considering the District's budget for fiscal year 2024, the Board of Directors and management considered the following factors:

General Fund

- Budgeted for the construction of a medical office building to lease to Medical City.
- Budgeted for the purchase of property on Santa Fe Drive, East Anderson, and State Street.
- Budgeted for the purchase of replacement Medpods due to aging equipment.

Emergency and Clinical Services Fund

- Budgeted for the completion of the renovations at 750 E. Anderson, as well as for the Dispatch remodel.
- Budgeted funds to remount one ambulance on a new chassis, as well as for the purchase of a new ambulance.
- Budgeted for the purchase of land in Aledo for an additional station.
- Budgeted for the purchase of replacement vehicles for supervisors.
- Budgeted for the purchase of a rescue ATV that will be used for deployed emergency personnel.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Administration Office at Parker County Hospital District, 1130 Pecan, Weatherford, Texas 76086.

BASIC FINANCIAL STATEMENTS

Parker County Hospital District
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 27,307,110	\$ 111,082	\$ 27,418,192
Investments	46,491,419	-	46,491,419
Receivables (net of allowances for uncollectibles of \$3,238,291)			
Patient	-	7,686,696	7,686,696
Property taxes	428,759	-	428,759
Other	97,223	333,083	430,306
Due from other governments	-	280,886	280,886
Interfund balances	9,245,415	(9,245,415)	-
Prepaid expenses	141,354	1,393,678	1,535,032
Inventory supplies	372,433	275,565	647,998
Capital assets			
Land and construction in progress	1,046,626	1,976,409	3,023,035
Other capital assets, net of depreciation/amortization	41,576,777	33,969,644	75,546,421
Total assets	126,707,116	36,781,628	163,488,744
Deferred outflows of resources			
Deferred outflows of resources - pension	334,281	1,522,835	1,857,116
Total deferred outflows of resources	334,281	1,522,835	1,857,116
Liabilities			
Accounts payable and accrued expenses	400,276	5,333,726	5,734,002
Unearned revenue - rent	5,000	-	5,000
Unearned revenue - grants	-	22,800	22,800
Long-term liabilities			
Due within one year	289,671	4,407,486	4,697,157
Due in more than one year	597,584	24,146,424	24,744,008
Total liabilities	1,292,531	33,910,436	35,202,967
Deferred inflows of resources			
Public-private partnership arrangement	72,323,746	-	72,323,746
Total deferred inflows of resources	72,323,746	-	72,323,746
Net position			
Net investment in capital assets	42,084,154	8,598,055	50,682,209
Unrestricted	11,340,966	(4,204,028)	7,136,938
Total net position	\$ 53,425,120	\$ 4,394,027	\$ 57,819,147

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

Parker County Hospital District
Statement of Activities
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 7,627,881	\$ 3,247,957	\$ 389,153	\$ -	\$ (3,990,771)	\$ -	\$ (3,990,771)
Outreach	3,483,548	428,310	322,045	-	(2,733,193)	-	(2,733,193)
Medical assistance	509,341	-	474,990	-	(34,351)	-	(34,351)
Total governmental activities	<u>11,620,770</u>	<u>3,676,267</u>	<u>1,186,188</u>	<u>-</u>	<u>(6,758,315)</u>	<u>-</u>	<u>(6,758,315)</u>
Business-type activities							
Emergency medical services	16,569,511	5,657,546	178,467	-	-	(10,733,498)	(10,733,498)
Clinic services	3,386,848	1,888,416	83,499	-	-	(1,414,933)	(1,414,933)
Nursing home services	41,360,267	37,802,671	5,595,783	-	-	2,038,187	2,038,187
Total business-type activities	<u>61,316,626</u>	<u>45,348,633</u>	<u>5,857,749</u>	<u>-</u>	<u>-</u>	<u>(10,110,244)</u>	<u>(10,110,244)</u>
Total primary government	<u>\$ 72,937,396</u>	<u>\$ 49,024,900</u>	<u>\$ 7,043,937</u>	<u>\$ -</u>	<u>(6,758,315)</u>	<u>(10,110,244)</u>	<u>(16,868,559)</u>
General revenues							
Property taxes					21,058,663	-	21,058,663
Interest income (expense)					2,744,192	(817,279)	1,926,913
Other income					11,061	-	11,061
Insurance proceeds					-	60,992	60,992
Gain on disposal of assets					-	87,108	87,108
Capital contributions					(385,267)	385,267	-
Transfers, net					(10,365,045)	10,365,045	-
Total general revenues and transfers					<u>13,063,604</u>	<u>10,081,133</u>	<u>23,144,737</u>
Change in net position					6,305,289	(29,111)	6,276,178
Net position, beginning of year					100,262,754	4,423,138	104,685,892
Prior period adjustment (Note 9)					(53,142,923)	-	(53,142,923)
Net position, beginning of year, restated					<u>47,119,831</u>	<u>4,423,138</u>	<u>51,542,969</u>
Net position, end of year					<u>\$ 53,425,120</u>	<u>\$ 4,394,027</u>	<u>\$ 57,819,147</u>

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

**Parker County Hospital District
Balance Sheet
Governmental Fund
September 30, 2023**

	General Fund	Total Governmental Fund
Assets		
Cash and cash equivalents	\$ 27,307,110	\$ 27,307,110
Investments	46,491,419	46,491,419
Receivables		
Property taxes (net of allowance for uncollectibles of \$230,520)	428,759	428,759
Other	97,223	97,223
Due from other funds	9,245,415	9,245,415
Prepaid expenses	141,354	141,354
Inventory supplies	372,433	372,433
Total assets	\$ 84,083,713	\$ 84,083,713
Liabilities		
Accounts payable and accrued expenses	\$ 387,121	\$ 387,121
Total liabilities	387,121	387,121
Deferred inflows of resources		
Public-private partnership arrangement	27,430,347	27,430,347
Unavailable revenue - rent	5,000	5,000
Unavailable revenue - property taxes	324,872	324,872
Total deferred inflows of resources	27,760,219	27,760,219
Fund balance		
Nonspendable for:		
Prepaid expenses	141,354	141,354
Inventory supplies	372,433	372,433
Unassigned	55,422,586	55,422,586
Total fund balance	55,936,373	55,936,373
Total liabilities, deferred inflows of resources, and fund balance	\$ 84,083,713	
Amounts reported for governmental activities in the statement of net position are different		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		42,623,403
Deferred outflows of resources for pension are not financial resources, and, therefore, are not reported in the funds.		334,281
Property taxes receivable, net of allowance, that are not collectible within 60 days of fiscal year end are not available to pay for current period expenditures and, therefore, are deferred in the funds.		324,872
Deferred inflows of resources for public-private partnership arrangements in governmental activities includes improvements, which included in capital assets and are not financial resources and, therefore, are not reported in the funds. This is the effect of the difference in the two statements.		(44,893,399)
Some liabilities including net pension liability, compensated absences, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.		(900,410)
Net position of governmental activities - statement of net position		\$ 53,425,120

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

Parker County Hospital District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended September 30, 2023

	General Fund	Total Governmental Fund
Revenues		
Property taxes	\$ 21,036,618	\$ 21,036,618
Patient fees	428,310	428,310
Rental revenue	1,303,117	1,303,117
Intergovernmental revenue	1,186,188	1,186,188
Interest income	2,744,192	2,744,192
Other	11,061	11,061
	<hr/>	<hr/>
Total revenues	26,709,486	26,709,486
Expenditures		
Current		
General government	3,805,249	3,805,249
Outreach	2,909,081	2,909,081
Medical assistance	509,340	509,340
Capital outlay	3,091,414	3,091,414
	<hr/>	<hr/>
Total expenditures	10,315,084	10,315,084
Excess of revenues over expenditures	16,394,402	16,394,402
Other financing sources (uses)		
Issuance of right-of-use SBITAs	503,823	503,823
Transfers in	1,227,077	1,227,077
Transfers out	(11,592,122)	(11,592,122)
	<hr/>	<hr/>
Total other financing sources (uses)	(9,861,222)	(9,861,222)
Change in fund balance	6,533,180	6,533,180
Fund balance, beginning of year	55,707,877	55,707,877
Prior period adjustment	(6,304,684)	(6,304,684)
	<hr/>	<hr/>
Fund balance, beginning of year, restated	49,403,193	49,403,193
	<hr/>	<hr/>
Fund balance, end of year	\$ 55,936,373	\$ 55,936,373

Parker County Hospital District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund to the
Statement of Activities
September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental fund	\$	6,533,180
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The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay	\$	3,091,414	
Transfer of capital assets to EMS fund		(385,267)	
Depreciation/amortization expense		(4,570,662)	(1,864,515)

The change in property tax receivable, net of allowance, not considered collectible within 60 days is reported as revenue in the statement of activities; however, this change does not provide current financial resources and is, therefore, not reported as revenue in the fund.		22,044
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.			
Compensated absences	\$	(216)	
Interest expense		165	(51)

Some revenues reported in the statement of activities do not involve the receipt of current financial resources and, therefore, are not reported as revenues in the funds.		1,944,840
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Pension expense in the funds is recorded as contributions when made to the TCDRS plan. Pension expense in governmental activities is recorded as the TCDRS plan's pension expense for the measurement period. This is the effect of the differences between the two statements.		60,352
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The issuance of long-term debt (e.g. subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these transactions in the treatment of long-term debt and related items.			
Proceeds from the issuance of subscription liabilities	\$	(503,823)	
Payments on subscription liabilities		113,262	(390,561)

Change in net position of governmental activities - statement of activities	\$	6,305,289
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Parker County Hospital District
Statement of Net Position
Enterprise Funds
September 30, 2023

	Emergency and Clinical Services	Nursing Home Services	Total Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 400	\$ 110,682	\$ 111,082
Receivables			
Patient (net of allowance for uncollectibles of \$3,007,771)	3,281,798	4,404,898	7,686,696
Other	333,083	-	333,083
Due from other governments	-	280,886	280,886
Prepaid expenses	82,536	1,311,142	1,393,678
Inventory supplies	275,565	-	275,565
	3,973,382	6,107,608	10,080,990
Total current assets			
Noncurrent assets			
Capital assets, net of depreciation/amortization	11,413,697	24,532,356	35,946,053
	11,413,697	24,532,356	35,946,053
Total noncurrent assets			
	15,387,079	30,639,964	46,027,043
Total assets			
Deferred outflows of resources			
Deferred outflows of resources - pension	1,522,835	-	1,522,835
	1,522,835	-	1,522,835
Total deferred outflows of resources			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	1,428,401	3,905,325	5,333,726
Due to other funds	7,551,186	1,694,229	9,245,415
Unearned grant revenue	22,800	-	22,800
Leases - current portion	191,431	3,587,130	3,778,561
Subscriptions - current portion	94,016	-	94,016
Compensated absences - current portion	534,909	-	534,909
	9,822,743	9,186,684	19,009,427
Total current liabilities			
Noncurrent liabilities			
Leases	1,455,401	21,453,280	22,908,681
Subscriptions	191,969	-	191,969
Net pension liability	871,727	-	871,727
Compensated absences	174,047	-	174,047
	2,693,144	21,453,280	24,146,424
Total long-term liabilities			
	12,515,887	30,639,964	43,155,851
Total liabilities			
Net position			
Net investment in capital assets	9,106,109	(508,054)	8,598,055
Unrestricted	(4,712,082)	508,054	(4,204,028)
	\$ 4,394,027	\$ -	\$ 4,394,027
Total net position			

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

Parker County Hospital District
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended September 30, 2023

	<u>Emergency and Clinical Services</u>	<u>Nursing Home Services</u>	<u>Total Enterprise Funds</u>
Operating revenues			
EMS patient revenue, net of discounts of \$13,940,234	\$ 5,657,546	\$ -	\$ 5,657,546
Clinic patient revenue, net of discounts of \$1,754,642	1,888,416	-	1,888,416
Nursing home revenue, net of discounts of \$11,011,379	-	37,552,803	37,552,803
Miscellaneous operating revenue	-	249,868	249,868
Total operating revenues	<u>7,545,962</u>	<u>37,802,671</u>	<u>45,348,633</u>
Operating expenses			
Personnel services	14,349,731	-	14,349,731
Supplies	1,485,728	3,062,805	4,548,533
Repair and maintenance	613,286	262,169	875,455
Contracted services	1,998,474	25,242,741	27,241,215
Rent	-	415,609	415,609
Utilities	210,434	981,854	1,192,288
Bad debt	24,926	1,475,467	1,500,393
QIPP expenses	-	2,428,091	2,428,091
Other expenses	167,762	3,578,541	3,746,303
Depreciation/amortization	1,106,018	3,912,990	5,019,008
Total operating expenses	<u>19,956,359</u>	<u>41,360,267</u>	<u>61,316,626</u>
Operating loss	(12,410,397)	(3,557,596)	(15,967,993)
Nonoperating revenues (expenses)			
Intergovernmental revenues	261,966	5,595,783	5,857,749
Insurance proceeds	60,992	-	60,992
Interest expense	(6,169)	(811,110)	(817,279)
Gain on disposal of assets	87,108	-	87,108
Total nonoperating revenues (expenses)	<u>403,897</u>	<u>4,784,673</u>	<u>5,188,570</u>
Income (loss) before transfers and contributions	(12,006,500)	1,227,077	(10,779,423)
Transfers in	11,592,122	-	11,592,122
Transfers out	-	(1,227,077)	(1,227,077)
Capital contributions	385,267	-	385,267
Total transfers and contributions	<u>11,977,389</u>	<u>(1,227,077)</u>	<u>10,750,312</u>
Change in net position	(29,111)	-	(29,111)
Net position - beginning of year	<u>4,423,138</u>	<u>-</u>	<u>4,423,138</u>
Net position - end of year	<u>\$ 4,394,027</u>	<u>\$ -</u>	<u>\$ 4,394,027</u>

Parker County Hospital District
Statement of Cash Flows
Enterprise Funds
September 30, 2023

	Emergency and Clinical Services	Nursing Home Services	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from and on behalf of patients	\$ 7,039,412	\$ 34,748,227	\$ 41,787,639
Cash paid to suppliers and contractors	(3,529,162)	(34,844,447)	(38,373,609)
Cash paid to employees	(14,481,784)	-	(14,481,784)
	<u>(10,971,534)</u>	<u>(96,220)</u>	<u>(11,067,754)</u>
Net cash used in operating activities			
Cash flows from noncapital financing activities:			
Cash received from intergovernmental agencies	284,766	5,709,502	5,994,268
Cash received from (paid to) other funds	13,963,337	(1,311,693)	12,651,644
	<u>14,248,103</u>	<u>4,397,809</u>	<u>18,645,912</u>
Net cash provided by noncapital financing activities			
Cash flows from capital and related financing activities:			
Proceeds from insurance	60,992	-	60,992
Principal payments on lease liability	(203,462)	(3,450,961)	(3,654,423)
Principal payments on subscription liability	(110,631)	-	(110,631)
Purchase of capital assets	(3,017,299)	-	(3,017,299)
Interest paid	(6,169)	(811,110)	(817,279)
	<u>(3,276,569)</u>	<u>(4,262,071)</u>	<u>(7,538,640)</u>
Net cash used in capital and related financing activities			
Net change in cash	-	39,518	39,518
Cash and cash equivalents at beginning of year	400	71,164	71,564
Cash and cash equivalents at end of year	<u>\$ 400</u>	<u>\$ 110,682</u>	<u>\$ 111,082</u>
Reconciliation of operating loss to net cash used in operating activities (used in) operating activities			
Operating loss	\$ (12,410,397)	\$ (3,557,596)	\$ (15,967,993)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation/amortization	1,106,018	3,912,990	5,019,008
(Increase) decrease in:			
Receivables	(481,624)	(1,578,977)	(2,060,601)
Prepaid expenses	43,655	320,208	363,863
Inventory supplies	(51,660)	-	(51,660)
Deferred outflows of resources	(1,355,144)	-	(1,355,144)
Increase (decrease) in:			
Accounts payable and accrued expenses	1,032,838	807,155	1,839,993
Compensated absences	130,110	-	130,110
Net pension liability (asset)	1,014,670	-	1,014,670
	<u>\$ (10,971,534)</u>	<u>\$ (96,220)</u>	<u>\$ (11,067,754)</u>
Net cash used in operating activities			
Non-cash capital and related financing activities:			
Transfer of capital assets from governmental funds	\$ 385,267	\$ -	\$ 385,267
Acquisition of capital assets - right-of-use assets	2,223,076	-	2,223,076
	<u>\$ 2,608,343</u>	<u>\$ -</u>	<u>\$ 2,608,343</u>
Total non-cash capital and related financing activities			

**NOTES TO THE
BASIC FINANCIAL STATEMENTS**

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies

The accounting policies of Parker County Hospital District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following are the most significant accounting policies.

Financial Reporting Entity

The District is a political subdivision of the State of Texas and operations are administered through a Board of Directors elected by the citizens of the District. The District's mission is to provide emergency services for Parker County, Texas through the District's EMS program and to provide affordable primary care through the operations of the clinic, as well as to promote a healthier community through the Outreach program which offers immunizations, health screenings, and other preventative healthcare services to the community.

The District entered into an operations transfer agreement with four skilled nursing facilities, which transferred the operations and certain operating assets of each facility to the District. In connection with the operations transfer agreement, the District records all patient revenue, including the related accounts receivable, along with all operating expenses, incentive payments paid to each management company, and quality incentive fees paid to each management company of the facilities. The District also received an assignment of the Medicare and Medicaid Provider Agreements for each facility. In addition to the transfer agreement, the District entered into a management agreement with each facility whereby the applicable management company will manage the facility on behalf of the District. Further, the District entered into a sublease agreement with each management company / sublandlord for the sublease of real property and capital assets of each facility.

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the District. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, interest income, and other items not categorized as program revenues are reported as general revenues.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds to aid financial management activities and to demonstrate legal compliance. Separate financial statements are provided for governmental funds and proprietary funds. The District has no fiduciary funds. These statements present each major fund as a separate column on the fund financial statements.

Governmental Fund Financial Statements

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The District reports the following major governmental fund:

The General Fund is the main operating fund of the District and is always classified as a major fund. This fund is used to account for all the financial resources that are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to patients for medical services and charges related to nursing home services. The principal operating expenses for the proprietary funds include the cost of services, personnel, supplies, rent, depreciation/amortization on capital assets, and other expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary funds:

The Emergency and Clinical Services Fund is used to account for the operations of emergency services provided through the EMS program and medical services provided by the District's healthcare clinic.

The Nursing Home Services Fund is used to account for the operations of four nursing homes in Parker County, as described in the Financial Reporting Entity note above.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported and accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been met.

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues from taxes are considered available if received within 60 days after the fiscal year-end. Revenue from contributions and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are considered available if received within 60 days after the fiscal year-end. Revenues are classified as program revenues or general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, investment earnings, and various other revenues. Expenditures are recorded when the related liability is incurred and payment is due, except for certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GAAP.

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) On or before the first day of September of each year and at least thirty days prior to adoption of a tax rate for the current fiscal year, the Chief Executive Officer submits to the Board of Directors a balanced budget for the ensuing fiscal year.
- b) The Board of Directors holds one or more public hearings on the proposed budget prior to the final adoption.
- c) The Board of Directors adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
- d) Formal budgetary integration is employed as a management control device during the year.
- e) The annual budget is adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriations budgeted funds lapse at the end of each fiscal year.
- g) The Board of Directors may authorize additional appropriations during the year.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

- h) During the fiscal year, the Board of Directors authorizes and approves amendments to the budget at the department level which provides for and approves all expenditures and transfers.

Cash and Cash Equivalents

For the purposes of the accompanying Statement of Cash Flows, the District considers all liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Ad Valorem Tax Revenues and Accounts Receivable

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. In the governmental fund financial statements, taxes not expected to be collected within 60 days of the fiscal year end are recorded as deferred inflows of resources and are recognized when they become available.

The District has estimated an allowance for uncollectible property taxes based upon historical collection information and aged account balances.

Patient Revenue and Accounts Receivable

The District has agreements with third-party payers that provide payments to the District 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.

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

Inventory

Inventory consists of medical and pharmaceutical supplies. Inventory is accounted for under the purchase method in which the cost is recorded as an expenditure at the time inventory is purchased. Quantities on hand at fiscal year end are recorded in the financial statements at the lower of cost or market on a first-in, first-out basis.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, hospital building and equipment, furniture and equipment, and right-of-use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life of at least one year following the acquisition date. Purchased or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Capital assets are depreciated/amortized using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Buildings and improvements	20-40 years
Furniture and equipment	3-20 years
Hospital building and equipment	10-20 years
Right-of-use assets – buildings	4-20 years
Right-of-use assets – equipment	10 years
Right-of-use assets – subscriptions	2-7 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has deferred outflows of resources related to the pension plan reported in the government-wide and enterprise funds' statements of net position. See additional information in Note 8 related to the pension plan.

In addition to liabilities, the statement of net position and balance sheet include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has deferred inflows of resources related to unavailable revenue from property taxes and to the service concession agreement revenue for the lease of the hospital facilities, which is recognized over the term of the lease. Deferred inflows of resources related to unavailable revenue from property taxes and the service concession agreement revenue are reported in the governmental fund balance sheet. Deferred inflows of resources related to the service concession agreement are reported in the government-wide statement of net position.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets consists of all capital assets net of accumulated depreciation/amortization and reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position consists of external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position represents net position not restricted for any project or other purpose.

When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance includes amounts that are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts that have constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments.

Committed Fund Balance includes amounts that can only be used for the specific purposes determined by a formal action by the Board of Directors. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned Fund Balance includes amounts intended to be used for specific purposes that are neither restricted nor committed. Fund balance may be assigned by the Chief Executive Officer or his designee. The Board of Directors established the authority to assign amounts to be used for specific purposes through a formal action.

Unassigned Fund Balance represents the residual classification of all spendable amounts not contained within the other classifications.

When multiple categories of fund balance are available for expenditure, the District will first spend the most restricted funds before moving to the next most restrictive category with available funds.

The District's policy is to maintain a minimum unassigned fund balance in the General Fund ranging from 15 to 20 percent of the subsequent year's budgeted expenditures and outgoing transfers. The District met this minimum unassigned fund balance requirement as of September 30, 2023.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Quality Incentive Payment Program

Effective September 1, 2017, the Texas Health and Human Services Commission (HHSC) implemented a Quality Incentive Payment Program (QIPP) for non-state government-owned nursing facilities. The QIPP is designed to incentivize nursing facilities to improve the quality and innovation of their services by using the Centers for Medicare and Medicaid (CMS) 5-star rating system as its measure of success. The District participated in this program during the fiscal year ended September 30, 2023. Revenues related to the QIPP are included in intergovernmental revenues and expenses are in the applicable QIPP expense account in the Nursing Home fund on the enterprise fund financial statements.

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity and indigent care policies. Indigent care expenses included in medical assistance expenses were \$464,734 for the year ended September 30, 2023.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to / deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. The District purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Standard

During the year ended September 30, 2023, the District implemented Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement defines and public-private and public-public (PPP) as an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. In accordance with this statement, a government is required to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP. This statement was adopted retrospectively by the District. See Note 9 regarding the effect on beginning net position and fund balance due to the implementation of this standard.

During the year ended September 30, 2023, the District implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. The statement establishes requirements for accounting for applicable subscription-based information technology arrangements (SBITAs) based on the principle that a subscription asset derives from contracts that convey control of the right to use another entity's information technology software, alone or in combination with tangible capital assets, for a specified period of time. In accordance with this statement, a government is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. This statement was adopted by the District as of October 1, 2022. There was no effect on beginning net position or fund balances due to the implementation of this standard.

Note 2. Deposits and Investments

Chapter 2256 of the Texas Government code (the Public Funds Investment Act) authorizes the District to invest its funds under a written investment policy (the Investment Policy) that primarily emphasizes safety of principal, maintenance of adequate liquidity, diversification, and maximization of interest earnings. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The District's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable maturity of any individual investment. In addition, it includes an investment strategy that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, and public trust.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 2. Deposits and Investments (continued)

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States Government, its agencies and instrumentalities, not to exceed two years to stated maturity, excluding mortgage-backed securities;
2. Fully insured or collateralized certificates of deposit issued from any bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed three years to stated maturity, to include certificates of deposit purchased through the CDARS program with a Texas bank;
3. AAA-rated, no load, Security and Exchange Commission registered money market funds; and
4. AAA-rated, constant dollar Texas Local Investment Pools as defined by the Public Funds Investment Act.

All investments held by the District at September 30, 2023 were in TexSTAR, an eligible local government investment pool.

External Investment Pools

As of September 30, 2023, the District's investments consisted of external investment pools in compliance with the District's Investment Policy. The following investments are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code:

Texas Short Term Asset Reserve Program (TexSTAR) is a public funds investment pool governed by a board of directors. The Pool maintains an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool. Members are appointed and serve at the will of the Board. TexSTAR is rated AAAM by Standard and Poor's.

The external investment pool uses amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The stated objective of the Pool is to maintain a stable average of \$1.00 per unit net asset value. There are no limitations or restrictions on withdrawals. As of September 30, 2023, TexSTAR had a weighted average maturity (WAM) of 29 days. There are no limitations or restrictions on withdrawals.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 2. Deposits and Investments (continued)

The District's deposits and investments may be exposed to the following types of risks:

Interest Rate Risk – Investments are exposed to interest rate risk if there are changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of shorter-term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. As of September 30, 2023, the District's investments included investment pools with an average maturity of less than 60 days and therefore were not exposed to interest rate risk.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations or in the event of a bank failure, a government's deposits may not be returned to it. State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of September 30, 2023, the TexSTAR investment pool was rated AAAM by Standard & Poor's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Government's investment in a single issuer. The District places no limit on the amount that may be invested in any one issuer. As of September 30, 2023, 100% of the District's portfolio were invested in Local Government Investment Pools.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. At September 30, 2023, the District's cash and cash equivalents were insured or collateralized with securities held by the District or by its agent in the District's name, and the District is in compliance with the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 3. Patient Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Patient receivables with allowances for uncollectible accounts as of September 30, 2023, including the applicable allowances for uncollectible accounts, are presented below.

	Patient Receivables	
	Emergency and Clinical Services	Nursing Home Services
Gross receivables	\$ 5,559,330	\$ 5,135,137
Less: allowance for uncollectibles	2,277,532	730,239
Net receivables	\$ 3,281,798	\$ 4,404,898

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Restated Balance 10/1/2022	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2023
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 1,035,526	\$ -	\$ -	\$ 1,035,526
Construction in progress	368,963	-	357,863	11,100
Total capital assets not being depreciated/amortized	1,404,489	-	357,863	1,046,626
Other capital assets				
Buildings and improvements	5,138,588	2,404,770	-	7,543,358
Hospital building and equipment	105,408,309	-	-	105,408,309
Furniture and equipment	3,463,758	181,121	82,517	3,562,362
Right-of-use assets - subscriptions *	162,008	515,523	-	677,531
Total other capital assets	114,172,663	3,101,414	82,517	117,191,560
Less accumulated depreciation/amortization for:				
Building and improvements	848,725	191,556	-	1,040,281
Hospital building and equipment	68,461,965	3,621,889	-	72,083,854
Furniture and equipment	1,778,544	596,746	45,113	2,330,177
Right-of-use assets - subscriptions *	-	160,471	-	160,471
Total accumulated depreciation/amortization	71,089,234	4,570,662	45,113	75,614,783
Other capital assets, net	43,083,429	(1,469,248)	37,404	41,576,777
Governmental activities capital assets, net	\$ 44,487,918	\$ (1,469,248)	\$ 395,267	\$ 42,623,403

* Beginning balances have been adjusted to reflect the adoption of GASB 96, SBITAs

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 4. Capital Assets (continued)

	Restated Balance 10/1/2022	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2023
Business-type activities				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 111,302	\$ 1,865,107	\$ -	\$ 1,976,409
Total capital assets not being depreciated/amortized	111,302	1,865,107	-	1,976,409
Other capital assets				
Buildings and improvements	8,098,555	-	-	8,098,555
Furniture and equipment	5,673,201	1,533,738	542,938	6,664,001
Right-of-use asset - buildings	30,196,718	145,034	1,416,019	28,925,733
Right-of-use asset - equipment	-	1,785,151	-	1,785,151
Right-of-use asset - subscriptions *	114,663	292,891	-	407,554
Total other capital assets	44,083,137	3,756,814	1,958,957	45,880,994
Less accumulated depreciation/amortization for:				
Building and improvements	2,941,665	267,093	-	3,208,758
Furniture and equipment	4,158,262	776,021	542,938	4,391,345
Right-of-use asset - buildings	335,353	3,920,622	-	4,255,975
Right-of-use asset - equipment	-	8,735	-	8,735
Right-of-use asset - subscriptions *	-	46,537	-	46,537
Total accumulated depreciation/amortization	7,435,280	5,019,008	542,938	11,911,350
Other capital assets, net	36,647,857	(1,262,194)	1,416,019	33,969,644
Business type activities capital assets, net	\$ 36,759,159	\$ 602,913	\$ 1,416,019	\$ 35,946,053

* Beginning balances have been adjusted to reflect the adoption of GASB 96, SBITAs

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 3,972,601
Outreach	598,061
Total governmental activities depreciation/amortization	<u>\$ 4,570,662</u>

Business-type activities:

Emergency medical services	\$ 996,728
Clinic	109,290
Nursing homes	3,912,990
Total business-type activities depreciation/amortization	<u>\$ 5,019,008</u>

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 5. Long-term Obligations

The following is a summary of the changes by type of debt for the year ended September 30, 2023:

	Restated Balance 10/1/2022	Transfers/ Additions	Transfers/ Retirements	Balance 9/30/2023	Due Within One Year
<u>Governmental activities</u>					
Subscription liability *	\$ 148,688	\$ 503,823	\$ 113,262	\$ 539,249	\$ 196,670
Compensated absences	156,435	217,955	217,739	156,651	93,001
Net pension liability (asset)	(37,998)	334,112	104,759	191,355	-
Total governmental activities	267,125	1,055,890	435,760	887,255	289,671
<u>Business-type activities</u>					
Lease liability	29,907,391	1,850,293	5,070,442	26,687,242	3,778,561
Subscription liability *	114,663	281,953	110,631	285,985	94,016
Compensated absences	578,846	1,168,870	1,038,760	708,956	534,909
Net pension liability (asset)	(142,943)	1,522,068	507,398	871,727	-
Total business-type activities	30,457,957	4,823,184	6,727,231	28,553,910	4,407,486
Total	\$ 30,725,082	\$ 5,879,074	\$ 7,162,991	\$ 29,441,165	\$ 4,697,157

* Beginning balances have been adjusted to reflect the adoption of GASB 96, *SBITAs*

Leases

Business-type Activities

General information related to leases is summarized below:

Asset	Term, Including Renewals	Interest Rate	Payment Amount
Buildings - College Park	240 months	3.00%	\$ 129,819 - 150,551
Buildings - Hilltop Park	180 months	3.00%	75,000
Buildings - Matlock Place	240 months	3.00%	60,000
Buildings - Willow Park	140 months	3.00%	88,000
Buildings - ESD 1 - Station 7	38 months	3.06%	4,000
Equipment - Lifepak Defibrillators	10 years	3.26%	196,193

There are no variable payments or residual value guarantees or penalties not included in the measurement of the leases. The District did not have any commitments under leases not yet commenced at fiscal year-end, components of losses associated with asset impairments, or sublease transactions.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 5. Long-term Obligations (Continued)

The annual requirements to amortize lease liabilities as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest
2024	\$ 3,778,561	\$ 755,063
2025	3,934,709	639,230
2026	4,096,661	518,621
2027	4,035,466	394,193
2028	3,502,872	280,223
2029 - 2034	7,338,973	571,652
Total	\$ 26,687,242	\$ 3,158,982

Subscription Liabilities

General information related to subscription liabilities is summarized below:

Governmental Activities

Software	Term, Including Renewals	Interest Rate	Payment Amount
Fasthealth Corporation	36 months	3.12%	\$ 795
IntelPeer Cloud Communications, LLC	36 months	3.12%	386
Novatech, Inc.	18 months	2.84%	25,830
Simple Interact, Inc.	48 months	2.53%	725
DebtBook	3 years	2.31%	13,500
Guardian Network Solutions, LLC	4 years	3.07%	3,855
Network Box USA, LLC	4 years	3.14%	32,971
OpenGov, Inc.	3 years	3.12%	51,195

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 5. Long-term Obligations (Continued)

Business-type Activities

Software	Term, Including Renewals	Interest Rate	Payment Amount
Axon Enterprise, Inc.	5 years	2.66%	\$ 47,253
DVS Analytics	4 years	3.07%	7,393
First Arriving IO, Inc.	4 years	3.07%	4,753
Priority Dispatch	7 years	3.07%	3,840
PSTrax	3 years	3.12%	9,520
Timeclock Plus, LLC	3 years	2.31%	12,000
Vector Solutions	2 years	3.11%	17,202

There are no variable payments or residual value guarantees or penalties not included in the measurement of the SBITAs. The District did not have any commitments under SBITAs not yet commenced at fiscal year end, components of losses associated with asset impairments, or sublease transactions.

The annual requirements to amortize subscription liabilities as of September 30, 2023 are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 196,670	\$ 16,180	\$ 94,016	\$ 7,944
2025	203,614	10,171	80,324	5,310
2026	131,797	4,098	60,130	3,109
2027	7,168	83	49,645	1,448
2028	-	-	1,870	114
Total	<u>\$ 539,249</u>	<u>\$ 30,532</u>	<u>\$ 285,985</u>	<u>\$ 17,925</u>

Compensated Absences

District policy allows the accrual of paid time off and sick pay benefits for all full-time employees. Paid time off compensation is paid upon termination if the employee has been continuously employed for 90 days or more, resigns and gives two weeks' notice, or if the employee retires. Lifecare employees are eligible to earn up to 610 hours and all other employees are eligible to earn up to 400 hours. The District considers accrued hours in excess of 240 for Lifecare employees and 160 for all other employees to be long-term liabilities. Sick pay is not paid upon termination for any reason and is therefore not recorded as a liability. At September 30, 2023, the total value of the liability for compensated absences was \$865,607.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 6. Interfund Activity

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2023:

Receivable Fund	Payable Fund	Amount
General Fund	Emergency and Clinical Services Fund	\$ 7,551,186
General Fund	Nursing Home Services Fund	1,694,229
Total		\$ 9,245,415

The amount payable by the Emergency and Clinical Services Fund to the General Fund is to cover temporary cash shortages. The amount payable by the Nursing Home Services Fund is the District's percentage of the intergovernmental revenue that has not been received yet in the Nursing Home Services Fund.

Interfund transfers during the fiscal year were as follows:

Fund	Transfers In	Transfers Out	Total
General Fund	\$ 1,227,077	\$ (11,592,122)	\$ (10,365,045)
Emergency and Clinical Services Fund	11,592,122	-	11,592,122
Nursing Home Services Fund	-	(1,227,077)	(1,227,077)
Total transfers	\$ 12,819,199	\$ (12,819,199)	\$ -

Transfers are generally used to (1) transfer funds from the General Fund to the Emergency and Clinical Services Fund to cover operating losses and cash shortages and (2) to transfer the District's percentage of the intergovernmental revenue reported in the Nursing Home Services Fund to the General Fund.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 7. Net Patient Service Revenue

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

Medicare – All outpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

Medicaid – Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. The District is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor.

Approximately 61% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended September 30, 2023. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that recorded estimates potentially could change materially in the near term.

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

Note 8. Defined Benefit Pension Plan

Plan Description

The District participates in the nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS was created by the Texas Legislature and is overseen by an independent Board of Trustees, which is responsible for the administration of the System. TCDRS is a statewide, agent multiple-employer, public employee retirement system for county and district employees in the State of Texas. The TCDRS Act places the general administration and management of the System with a nine-member Board of Trustees.

TCDRS in the aggregate issues an annual comprehensive financial report on a calendar year basis. In addition, detailed information about the pension plan's fiduciary net position is available in a separately issued TCDRS financial report. Both reports are available at www.tcdrs.org.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 8. Defined Benefit Pension Plan (continued)

Benefits Provided

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

The plan provides retirement, disability, and survivor benefits. TCDRS is a savings-based plan. For the District's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity. There are no automatic Cost of Living Adjustments (COLAs). Each year the District may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation. Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year by the Board of Directors but must remain in conformity with the Act. Plan provisions for the District are as follows:

Employee deposit rate	6.0%
Employer matching (future deposits)	100%
Prior service credit	50%
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20, 80 total age plus service

Members may choose to receive their retirement benefit in one of seven actuarially equivalent payment options. The District has also opted to provide prior service which gives employees monetary credit for time worked for an organization before it joined TCDRS.

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>138</u>
Total	<u>196</u>

Contributions

The deposit rates for employees in TCDRS can range from 4% to 7% of employee compensation, as adopted by the employer's governing body. Participating employers are required, by law, to contribute at actuarially determined rates, although the employer may elect to contribute at a higher rate to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and are based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 8. Defined Benefit Pension Plan (continued)

Employees for the District were required to contribute 6.00% of their annual gross earnings during the fiscal year. The elected contribution rate for the District was 5.18% in both calendar years 2023 and 2022. The District's contributions to TCDRS for the fiscal year ended September 30, 2023 were \$682,782, which was higher than the required contribution rates of 4.58% and 4.97% for calendar years 2023 and 2022, respectively.

Net Pension Liability (Asset)

The District's net pension liability (asset) (NPL/NPA) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

For funding calculations, TCDRS uses an entry-age normal actuarial cost method assuming the current plan provisions had always been in place. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following TCDRS system-wide and employer specific assumptions:

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term rate of return	7.50%, net of investment and administrative expenses

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.70% per year for a career employee.

Mortality rates for depositing members were based on the Pub-2010 General Employees Amount-Weighted Mortality Table for males and females as appropriate, projected with 100% of the MP-2021 Ultimate scale after 2010. Service retirees, beneficiaries, and non-depositing members were based on the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and females as appropriate, projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and females as appropriate, projected with 100% of the MP-2021 Ultimate scale after 2010.

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 8. Defined Benefit Pension Plan (continued)

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Discount Rate

In order to determine the discount rate to be used by each employer, TCDRS has used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The District's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability (asset) of the employer is equal to the long-term assumed rate of return on investments.

The discount rate used to measure the total pension liability is 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The numbers shown are based on January 2023 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 8. Defined Benefit Pension Plan (continued)

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

Asset Class	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
International Equities - Developed Markets	5.00%	4.95%
International Equities - Emerging Markets	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
Total	<u>100.00%</u>	

⁽¹⁾ Target asset allocation adopted at the March 2023 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

Sensitivity Analysis

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Current Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Net pension liability (asset)	<u>\$ 3,332,000</u>	<u>\$ 1,063,082</u>	<u>\$ (781,193)</u>

Parker County Hospital District
Notes to the Financial Statements
September 30, 2023

Note 8. Defined Benefit Pension Plan (continued)

Changes in Net Pension Liability (Asset)

<u>Changes in the NPL (NPA)</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	(a)	(b)	(a) - (b)
Balance as of December 31, 2021	\$ 11,089,249	\$ 11,270,190	\$ (180,941)
Changes for the year:			
Service cost	927,053	-	927,053
Interest on total pension liability	901,122	-	901,122
Effect of economic / demographic gains or losses	134,290	-	134,290
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(111,791)	(111,791)	-
Benefit payments	(213,027)	(213,027)	-
Administrative expenses	-	(6,835)	6,835
Member contributions	-	709,063	(709,063)
Net investment income	-	(745,647)	745,647
Employer contributions	-	612,158	(612,158)
Other	-	149,703	(149,703)
Balance as of December 31, 2022	<u>\$ 12,726,896</u>	<u>\$ 11,663,814</u>	<u>\$ 1,063,082</u>

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

For the measurement period ending December 31, 2022, the District recognized pension expense of \$282,037.

As of September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 412,367	\$ 41,656
Changes of assumptions	538,929	12,033
Net difference between project and actual earnings	435,242	-
Contributions made subsequent to measurement date	524,267	-
Total	<u>\$ 1,910,805</u>	<u>\$ 53,689</u>

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 8. Defined Benefit Pension Plan (continued)

Contributions made subsequent to measurement date of \$524,267 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability (asset) for the fiscal year ending September 30, 2023. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended <u>September 30:</u>	
2023	\$ 117,074
2024	187,389
2025	229,223
2026	485,233
2027	151,060
Thereafter	<u>162,870</u>
Total	<u>\$ 1,332,849</u>

Note 9. Public-Private Partnership Arrangement

During fiscal year 2007, the District entered into an agreement with Community Health Systems, Inc. (CHS), under which CHS will operate, improve, and collect patient fees from the District's hospital facility for 40 years. CHS paid the District a one-time payment of \$49,000,000 at the inception of the agreement. As part of the agreement, CHS agreed to continue providing indigent care services to the citizens of Parker County and the District agreed to pay CHS \$57,930,000 over nine years to fund the indigent care services. These payments are dependent upon CHS continuing operations. As of September 30, 2012, the District fulfilled its payment obligations under the Indigent Care Agreement. In October 2017, the agreement was assigned to Weatherford Health Services, LLC.

The District reports the facility as hospital building and equipment with a net book value of \$33,324,455 at September 30, 2023.

**Parker County Hospital District
Notes to the Financial Statements
September 30, 2023**

Note 9. Public-Private Partnership Arrangement (continued)

The District implemented the provisions of GASBS No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, as of October 1, 2022. Prior to the implementation of GASB No. 94, the District recognized leasehold improvements made by CHS as revenue in the year they were placed in service. Under GASB No. 94, these should be recorded as deferred inflows of resources and recognized over the remaining lease term using the straight-line method. The prior period adjustment to recognize the effects of implementation includes the following:

	Amount
Change in rent income previously recognized	\$ 6,304,684
Prior period adjustment - fund balance	\$ 6,304,684
Leasehold improvements previously recognized as revenue	\$ 66,577,851
Less: leasehold improvements recognized on a straight-line basis over the life of the lease through September 30, 2022	(19,739,612)
Change in rent income previously recognized	6,304,684
Prior period adjustment - net position	\$ 53,142,923

Note 10. Subsequent Events

The District evaluated subsequent events through November 15, 2024, the date the financial statements were available to be issued, and noted the following:

- In November 2023, the District purchased real estate at 1400 Santa Fe Drive, Weatherford, Texas in the amount of \$2,782,892.
- In February 2024, the District acquired ownership of a new nursing home facility.
- In May 2024, the District purchased real estate at 1410 Vine Street, Weatherford, Texas in the amount of \$999,000.
- In summer and fall of 2024, EMS crews were deployed across the United States to assist with natural disaster response.
- In October 2024, the District opened ESD Station 8 in Poolville, Texas.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Parker County Hospital District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Fiscal Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 19,866,352	\$ 21,012,352	\$ 21,036,618	\$ 24,266
Patient fees	610,000	598,000	428,310	(169,690)
Rental revenue	1,602,424	1,717,424	1,303,117	(414,307)
Intergovernmental revenue	4,000,000	4,689,161	1,186,188	(3,502,973)
Interest income	185,000	2,745,000	2,744,192	(808)
Other	9,500	17,000	11,061	(5,939)
Total revenues	<u>26,273,276</u>	<u>30,778,937</u>	26,709,486	<u>(4,069,451)</u>
Expenditures				
Current				
General government	3,820,012	4,191,512	3,805,249	386,263
Outreach	3,396,814	3,391,814	2,909,081	482,733
Medical assistance	1,356,500	1,356,500	509,340	847,160
Capital outlay	7,435,000	10,077,500	3,091,414	6,986,086
Total expenditures	<u>16,008,326</u>	<u>19,017,326</u>	10,315,084	<u>8,702,242</u>
Excess of revenues over expenditures	10,264,950	11,761,611	16,394,402	4,632,791
Other financing sources and uses				
Issuance of right-of-use SBITAs	-	1,095,418	503,823	591,595
Transfers in	1,200,000	1,200,000	1,227,077	27,077
Transfers out	<u>(10,818,847)</u>	<u>(11,592,000)</u>	<u>(11,592,122)</u>	<u>(122)</u>
Total other financing sources and uses	<u>(9,618,847)</u>	<u>(9,296,582)</u>	<u>(9,861,222)</u>	<u>618,550</u>
Change in fund balance	<u>\$ 646,103</u>	<u>\$ 2,465,029</u>	6,533,180	<u>\$ 5,251,341</u>
Fund balance, beginning of year			55,707,877	
Prior period adjustment			(6,304,684)	
Fund balance, beginning of year, restated			49,403,193	
Fund balance, end of year			<u>\$ 55,936,373</u>	

Parker County Hospital District
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last Nine Measurement Years **

Measurement Date - December 31st: *	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 927,053	\$ 834,278	\$ 577,923	\$ 538,654	\$ 518,029	\$ 491,953	\$ 480,792	\$ 401,462	\$ 365,411
Interest on total pension liability	901,122	775,017	638,688	550,277	469,859	402,928	320,871	285,461	240,092
Effect of plan changes	-	-	-	-	-	-	-	(69,251)	-
Effect of assumption changes or inputs	-	76,613	714,042	-	-	(36,093)	-	27,203	-
Effect of economic/demographic (gains) or losses	134,290	110,338	239,278	44,829	47,116	1,860	20,004	(208,295)	1,245
Benefit payments/refunds of contributions	(324,818)	(138,088)	(90,151)	(73,242)	(52,785)	(67,768)	(62,057)	(55,900)	(31,958)
Net change in total pension liability	1,637,647	1,658,158	2,079,780	1,060,518	982,219	792,880	759,610	380,680	574,790
Total pension liability, beginning	11,089,249	9,431,091	7,351,311	6,290,793	5,308,574	4,515,694	3,756,084	3,375,404	2,800,614
Total pension liability, ending (a)	<u>\$ 12,726,896</u>	<u>\$ 11,089,249</u>	<u>\$ 9,431,091</u>	<u>\$ 7,351,311</u>	<u>\$ 6,290,793</u>	<u>\$ 5,308,574</u>	<u>\$ 4,515,694</u>	<u>\$ 3,756,084</u>	<u>\$ 3,375,404</u>
Fiduciary Net Position									
Employer contributions	\$ 612,158	\$ 518,582	\$ 429,425	\$ 825,108	\$ 334,430	\$ 311,823	\$ 363,932	\$ 351,323	\$ 333,597
Member contributions	709,063	600,675	497,403	387,034	372,970	343,922	333,327	303,737	271,205
Investment income net of investment expenses	(745,647)	1,941,127	700,796	787,989	(71,042)	468,420	172,056	(27,405)	74,673
Benefit payments/refunds of contributions	(324,818)	(138,088)	(90,151)	(73,242)	(52,785)	(67,768)	(62,057)	(55,900)	(31,958)
Administrative expenses	(6,835)	(6,097)	(6,091)	(5,157)	(3,860)	(2,797)	(1,871)	(1,464)	(1,081)
Other	149,703	30,089	25,433	39,932	19,925	7,854	65,365	(139)	(81)
Net change in fiduciary net position	393,624	2,946,288	1,556,815	1,961,664	599,638	1,061,454	870,752	570,152	646,355
Fiduciary net position, beginning	11,270,190	8,323,902	6,767,087	4,805,423	4,205,785	3,144,331	2,273,579	1,703,427	1,057,072
Fiduciary net position, ending (b)	<u>\$ 11,663,814</u>	<u>\$ 11,270,190</u>	<u>\$ 8,323,902</u>	<u>\$ 6,767,087</u>	<u>\$ 4,805,423</u>	<u>\$ 4,205,785</u>	<u>\$ 3,144,331</u>	<u>\$ 2,273,579</u>	<u>\$ 1,703,427</u>
Net Pension Liability (Asset), ending (a) - (b)	<u>\$ 1,063,082</u>	<u>\$ (180,941)</u>	<u>\$ 1,107,189</u>	<u>\$ 584,224</u>	<u>\$ 1,485,370</u>	<u>\$ 1,102,789</u>	<u>\$ 1,371,363</u>	<u>\$ 1,482,505</u>	<u>\$ 1,671,977</u>
Fiduciary net position as a percentage of total pension liability	91.65%	101.63%	88.26%	92.05%	76.39%	79.23%	69.63%	60.53%	50.47%
Pensionable covered payroll	\$ 11,817,718	\$ 10,011,243	\$ 8,290,054	\$ 6,450,565	\$ 6,216,163	\$ 5,732,038	\$ 5,555,438	\$ 5,048,270	\$ 4,520,083
Net pension liability (asset) as a percentage of covered payroll	9.00%	-1.81%	13.36%	9.06%	23.90%	19.24%	24.69%	29.37%	36.99%

* The amounts presented above are as of the measurement date of the collective net pension liability (asset).

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Parker County Hospital District
Schedule of Employer Pension Contributions and Related Ratios
Last Nine Fiscal Years **

Fiscal Year Ended September 30th: *	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 603,695	\$ 556,827	\$ 508,349	\$ 400,082	\$ 324,297	\$ 337,427	\$ 318,166	\$ 351,894	\$ 342,945
Contributions in relation to the actuarially determined amount	\$ 682,782	\$ 580,355	\$ 508,349	\$ 900,082	\$ 324,297	\$ 337,427	\$ 318,166	\$ 351,894	\$ 342,945
Contribution deficiency (excess)	\$ (79,087)	\$ (23,528)	\$ -	\$ (500,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Pensionable covered payroll	\$ 13,181,113	\$ 11,203,758	\$ 9,767,633	\$ 7,986,848	\$ 6,276,764	\$ 6,195,038	\$ 5,548,145	\$ 5,297,174	\$ 4,873,420
Actual contribution as a percentage of covered payroll	5.2%	5.2%	5.2%	11.3%	5.2%	5.4%	5.7%	6.6%	7.0%

Notes to Schedule of Contributions

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and Assumptions Used to Determine Contributions Rates:	
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	8.6 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

The District made an additional payment of \$500,000 in fiscal year 2020.

The District elected a higher contribution rate (5.18%) than the actuarially determined required contribution rate (4.97%) in fiscal year 2022.

The District elected a higher contribution rate (5.18%) than the actuarially determined required contribution rate (4.58%) in fiscal year 2023.

* The amounts presented above are as of the District's fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**OVERALL COMPLIANCE
AND
INTERNAL CONTROLS**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Parker County Hospital District
Weatherford, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Parker County Hospital District (the District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Snow Garrett Williams
November 15, 2024

**Parker County Hospital District
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be Reported in accordance with section 2 CFR Section 200.516(a)?

_____ yes X no

Identification of Major Programs:

ALN	Name of Federal Program
93.498	COVID-19 Provider Relief Fund

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

**Parker County Hospital District
Corrective Action Plan
For the Year Ended September 30, 2023**

A corrective action plan is not needed.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Parker County Hospital District
Weatherford, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Parker County Hospital District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Parker County Hospital District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
November 15, 2024

**Parker County Hospital District
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Health and Human Services</u>			
COVID-19 Provider Relief Fund	93.498		\$ <u>952,953</u>
Total Department of Health and Human Services			<u>952,953</u>
<u>Department of the Treasury</u>			
Passed Through From:			
Texas Health and Human Services Commission			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	HHS0011337	\$ <u>100,000</u>
Total Department of the Treasury			<u>100,000</u>
<u>Department of Homeland Security</u>			
Passed Through From:			
Texas Division of Emergency Management			
FEMA Public Assistance Grant - Texas COVID-19 Pandemic	97.036	4485DRTXP0000001	\$ <u>389,153</u>
Total Department of Homeland Security			<u>389,153</u>
Total Expenditures of Federal Awards			\$ <u>1,442,106</u>

Parker County Hospital District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Parker County Hospital District under programs of the federal government for the fiscal year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Parker County Hospital District, it is not intended to and does not present the financial position or changes in net position or cash flows of the Parker County Hospital District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Parker County Hospital District has elected not to use the 10% de minimis cost rate as permitted in the Uniform Guidance, section 200.414.

Note 3: Reconciliation of Federal Expenditures:

Per Statement of Activities:	
Total Grant and Contribution Revenue	\$ 7,043,937
Reconciling Items:	
Add: Provider Relief Funds expended during Reporting Period 4 included on the Statement of Activities in fiscal year 2022.	952,953
Less: Non-federal awards	<u>(6,554,784)</u>
Total Expenditures of Federal Awards	<u>\$ 1,442,106</u>