

BIG BEND REGIONAL HOSPITAL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

BIG BEND REGIONAL HOSPITAL DISTRICT
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Bend Regional Hospital District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Big Bend Regional Hospital District ("the District"), as of and for the year ended September 30, 2024, 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 and each major fund of the District, as of September 30, 2024, and the respective changes in financial position 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.

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.

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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.

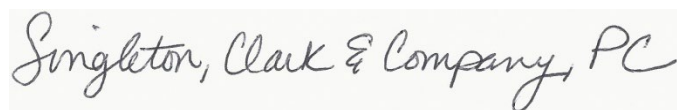
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the General Fund budgetary comparison schedule following the notes to the financial statements 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2025, 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.



Singleton, Clark & Company, PC
Alpine, Texas

February 7, 2025

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BIG BEND REGIONAL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Big Bend Regional Hospital District (the "District") discuss and analyze the financial performance of the District for the fiscal year ended September 30, 2024. Please read this information in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities increased by \$460,258 as a result of this year's current operations, to end at \$7,307,631.
- Total governmental funds of the District (the General Fund plus the Community Facilities Grant Fund) reported an overall fund balance increase of \$317,639, to end at \$6,587,452.
- The General Fund of the District reported a fund balance increase of \$316,936 for the year, to end at \$6,587,452.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial Report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information.

Independent Auditor's Report

State law requires the District's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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. The District received an *Unmodified* opinion on its financial statements this year.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

BIG BEND REGIONAL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents a required schedule showing budget to actual information for the General Fund.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, an auditor is required to consider the internal controls an organization has in place over its financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. The *Report on Internal Controls and Compliance* describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control regarding the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

BIG BEND REGIONAL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grant funding provided by the U.S. Department of Agriculture to assist with indigent health care funding (program revenues), and revenues provided by the property taxpayers or by the State of Texas (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, under the governmental financial reporting framework, governmental organizations may divide up their financial activities into two basic categories:

- Governmental activities – Basic services are reported here, such as the provision of indigent health care services, community services, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities – Some organizations may charge a fee to "customers" to help them cover all or most of the cost of services they provide for some programs. These activities are setup to closely model a business venture.

Big Bend Regional Hospital District reported governmental activities this year, however, we did not engage in business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

Governmental organizations utilize two different kinds of funds for their operations that are not classified as being of a fiduciary nature. Those two fund types are governmental funds and proprietary funds, each of which uses a different accounting approach as follows:

- Governmental organizations will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

BIG BEND REGIONAL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

- Governmental organizations will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the organization). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when an organizations utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the organization's other programs and activities, such as self-insurance programs.

Big Bend Regional Hospital District reported several governmental funds this year, however, we did not utilize proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I
BIG BEND REGIONAL HOSPITAL DISTRICT
NET POSITION

| | Governmental Activities 2024 | Governmental Activities 2023 | Change |
|--|------------------------------------|------------------------------------|-------------------|
| ASSETS | | | |
| Current & Other Assets | \$ 7,269,939 | \$ 7,095,174 | \$ 174,765 |
| Capital Assets | 451,888 | 474,347 | (22,459) |
| Total Assets | 7,721,827 | 7,569,521 | 152,306 |
| LIABILITIES | | | |
| Current Liabilities | 381,026 | 693,762 | (312,736) |
| Long-term Liabilities | 33,170 | 24,786 | 8,384 |
| Total Liabilities | 414,196 | 718,548 | (304,352) |
| NET POSITION | | | |
| Net Investment in Capital Assets, net of Related Debt | 427,102 | 437,877 | (10,775) |
| Unrestricted | 6,880,529 | 6,413,096 | 467,433 |
| Total Net Position | \$ 7,307,631 | \$ 6,850,973 | \$ 456,658 |

Net position of the District's governmental activities increased from \$6,850,973 to \$7,307,631. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$6,880,529 at September 30, 2024. The increase in governmental net position was primarily due to underlying fund balance increase which is discussed in the following section.

BIG BEND REGIONAL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Table II
BIG BEND REGIONAL HOSPITAL DISTRICT
CHANGES IN NET POSITION

| | Governmental Activities 2024 | Governmental Activities 2023 | Change |
|-------------------------------------|------------------------------------|------------------------------------|-------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 6,000 | \$ - | \$ 6,000 |
| Operating Grants & Contributions | 1,997,302 | 844,532 | 1,152,770 |
| General Revenues: | | | |
| Property Taxes | 1,673,370 | 1,610,625 | 62,745 |
| Investment Earnings | 352,108 | 286,335 | 65,773 |
| Miscellaneous | 25,014 | 40,933 | (15,919) |
| Total Revenue | <u>4,053,794</u> | <u>2,782,425</u> | <u>1,271,369</u> |
| Expenses: | | | |
| General Government | 574,407 | 602,773 | (28,366) |
| Health & Welfare | 3,017,145 | 1,658,210 | 1,358,935 |
| Interest on debt service | 1,984 | 827 | 1,157 |
| Total Expenses | <u>3,593,536</u> | <u>2,261,810</u> | <u>1,331,726</u> |
| Increase (Decrease) in Net Position | <u>460,258</u> | <u>520,615</u> | <u>(60,357)</u> |
| Net Position - Beginning | <u>6,850,973</u> | <u>6,330,358</u> | <u>520,615</u> |
| Prior Period Adjustment | <u>(3,600)</u> | <u>-</u> | <u>(3,600)</u> |
| Net Position - Ending | <u>\$ 7,307,631</u> | <u>\$ 6,850,973</u> | <u>\$ 456,658</u> |

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$6,587,452, which is \$316,936 more than last year's total of \$6,270,516. The increase in fund balance is mainly attributable to expenditures in the General Fund within the general government and health and welfare budgetary line items being significantly less than anticipated in the originally adopted budget.

The Community Facilities Grant Fund reported a fund balance of \$-0- as of year end which is expected for grants structured as cost-reimbursement arrangements. Under these grants, revenues from the grantor are recognized as expenditures are incurred and reported for reimbursement. The Community Facilities Grant Fund reported revenues for the current year of \$1,978,801 and expenditures of \$1,978,098. The slight difference between revenues and expenditures this year was needed in order to bring the ending fund balance to zero.

Over the course of the year, the Board of Directors may approve revisions to the originally adopted budget of the District based on financial updates provided by management. These amendments may involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. However, during the year amendments did not need to be made to the District's originally adopted budget.

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BIG BEND REGIONAL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the District had \$451,888 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2024 and 2023 is as follows:

| | Governmental Activities 2024 | Governmental Activities 2023 | Change |
|-------------------------------------|------------------------------------|------------------------------------|--------------------|
| Land | \$ 100,000 | \$ 100,000 | \$ - |
| Buildings | 377,765 | 377,765 | - |
| Furniture and Equipment | 26,106 | 26,106 | - |
| Right to Use Lease Assets | 40,060 | 40,060 | - |
| Total | <u>543,931</u> | <u>543,931</u> | <u>-</u> |
| Less Accumulated Depreciation | (92,043) | (69,584) | (22,459) |
| Capital assets, net of depreciation | <u>\$ 451,888</u> | <u>\$ 474,347</u> | <u>\$ (22,459)</u> |

Debt

At year-end, the District had \$33,170 in long-term debt outstanding versus \$36,470 last year. The decrease is attributable to the payments made on the District's lease obligations during the year.

A summary of the ending balances of long-term debt by type for both 2024 and 2023 is as follows:

| | Governmental Activities 2024 | Governmental Activities 2023 | Change |
|-----------------------------------|------------------------------------|------------------------------------|-------------------|
| Right to Use Lease Assets Payable | \$ 24,786 | \$ 36,470 | \$ (11,684) |
| Compensated Absences | 8,384 | - | 8,384 |
| Total | <u>\$ 33,170</u> | <u>\$ 36,470</u> | <u>\$ (3,300)</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2024-2025 budget and tax rates. Those factors include property values, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$2.0 million for the 2024-2025 fiscal year. This reflects an approximate increase of \$80,000 in budgeted expenditures from the fiscal year 2023-2024 adopted budget. For the 2024-2025 budget year, the District has kept its maintenance and operations tax rate constant at \$0.066091 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and grantors 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 additional financial information, contact the District's Business Office, at Big Bend Regional Hospital District, 105 W. Holland Avenue, Alpine, Texas 79830, or by calling (432) 837-7051.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

BIG BEND REGIONAL HOSPITAL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

| | Primary Government Governmental Activities |
|---------------------------------------|---|
| ASSETS | |
| Cash and Temporary Investments | \$ 752,927 |
| Investments | 6,032,844 |
| Property Taxes Receivable | 376,828 |
| Allowance for Uncollectible Taxes | (75,367) |
| Due from Others | 161,585 |
| Deferred Expenditures | 19,622 |
| Other Current Assets | 1,500 |
| Capital Assets not Being Depreciated: | |
| Land | 100,000 |
| Capital Assets, Being Depreciated | |
| Buildings and Improvements | 377,765 |
| Machinery, Equipment, and Vehicles | 26,106 |
| Right to Use Lease Assets | 40,060 |
| Accumulated Depreciation | (92,043) |
| Total Assets | 7,721,827 |
| LIABILITIES | |
| Accounts Payable | 92,881 |
| Payroll Deductions and Withholdings | 237 |
| Accrued Salaries and Wages | 12,024 |
| Due to Others | 159,813 |
| Unearned Revenues | 116,071 |
| Long-Term Liabilities: | |
| Due in One Year | 16,715 |
| Due in More Than One Year | 16,455 |
| Total Liabilities | 414,196 |
| NET POSITION | |
| Net Investment in Capital Assets | 427,102 |
| Unrestricted | 6,880,529 |
| Total Net Position | \$ 7,307,631 |

The notes to the financial statements are an integral part of this statement.

BIG BEND REGIONAL HOSPITAL DISTRICT
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2024

| Functions/Programs: | Expenses | Program Revenues | | | Net (Expense) |
|--------------------------------|---------------------|----------------------------|--|--|---------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 574,407 | \$ 6,000 | \$ - | \$ - | \$ (568,407) |
| Health and Welfare | 3,017,145 | - | 1,997,302 | - | (1,019,843) |
| Debt Interest | 1,984 | - | - | - | (1,984) |
| Total Governmental Activities: | <u>\$ 3,593,536</u> | <u>\$ 6,000</u> | <u>\$ 1,997,302</u> | <u>\$ -</u> | <u>(1,590,234)</u> |
| General Revenues: | | | | | |
| Property Taxes | | | | | 1,673,370 |
| Investment Income | | | | | 352,108 |
| Intergovernmental Revenues | | | | | 25,014 |
| Total General Revenues | | | | | <u>2,050,492</u> |
| Change in Net Position | | | | | <u>460,258</u> |
| Net Position - Beginning | | | | | <u>6,850,973</u> |
| Prior Period Adjustment | | | | | <u>(3,600)</u> |
| Net Position - Ending | | | | | <u>\$ 7,307,631</u> |

The notes to the financial statements are an integral part of this statement.

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FUND BASIS FINANCIAL STATEMENTS

BIG BEND REGIONAL HOSPITAL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

| | <u>010</u> | <u>020</u> | |
|--------------------------------------|---------------------|---------------------------------------|--------------------------------|
| | General Fund | Community Facilities Grant Fund | Total Governmental Funds |
| ASSETS | | | |
| Cash and Temporary Investments | \$ 622,153 | \$ 130,774 | \$ 752,927 |
| Investments | 6,032,844 | - | 6,032,844 |
| Property Taxes Receivable | 376,828 | - | 376,828 |
| Allowance for Uncollectible Taxes | (75,367) | - | (75,367) |
| Due from Other funds | 21,432 | - | 21,432 |
| Due from Others | - | 161,585 | 161,585 |
| Deferred Expenditures | 19,622 | - | 19,622 |
| Other Current Assets | 1,500 | - | 1,500 |
| Total Assets | <u>\$ 6,999,012</u> | <u>\$ 292,359</u> | <u>\$ 7,291,371</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 92,881 | \$ - | \$ 92,881 |
| Payroll Deductions and Withholdings | 237 | - | 237 |
| Accrued Salaries and Wages | 12,024 | - | 12,024 |
| Due to Other Funds | - | 21,432 | 21,432 |
| Due to Others | 4,957 | 154,856 | 159,813 |
| Unearned Revenues | - | 116,071 | 116,071 |
| Total Liabilities | <u>110,099</u> | <u>292,359</u> | <u>402,458</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows - Property Taxes | 301,461 | - | 301,461 |
| Total Deferred Inflows of Resources | <u>301,461</u> | <u>-</u> | <u>301,461</u> |
| FUND BALANCES (DEFICITS) | | | |
| Committed for: | | | |
| Medical Enhancements | 150,000 | - | 150,000 |
| Unassigned | 6,437,452 | - | 6,437,452 |
| Total Fund Balances | <u>6,587,452</u> | <u>-</u> | <u>6,587,452</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,999,012</u> | <u>\$ 292,359</u> | <u>\$ 7,291,371</u> |

The notes to the financial statements are an integral part of this statement.

BIG BEND REGIONAL HOSPITAL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2024

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

| | | |
|---|-----------------|-------------------------|
| Total Fund Balances - Governmental Funds | \$ | 6,587,452 |
| <p>Capital assets and related accumulated depreciation used in governmental activities are not current financial resources, and therefore not reported in the funds. These are detailed as follows:</p> | | |
| Governmental activities capital assets | \$ | 543,931 |
| Less accumulated depreciation | <u>(92,043)</u> | 451,888 |
| <p>Uncollected property taxes are not available to pay for current operations and are therefore not recorded within the fund balance of the governmental funds. These amounts are however recorded in the statement of net position, net of an allowance for uncollectible amounts.</p> | | |
| | | 301,461 |
| <p>Long-term liabilities, such as bonds and notes payable, are not due and payable in the current period, and therefore not reported as liabilities in the governmental funds. These are detailed as follows:</p> | | |
| Right to use lease assets & SBITA Payables | (24,786) | |
| Compensated absences | <u>(8,384)</u> | <u>(33,170)</u> |
| Net Position of Governmental Activities | \$ | <u><u>7,307,631</u></u> |

The notes to the financial statements are an integral part of this statement.

BIG BEND REGIONAL HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | <u>010</u> | <u>020</u> | Total |
|----------------------------|---------------------|---------------------------------------|-----------------------|
| | General Fund | Community Facilities Grant Fund | Governmental Funds |
| REVENUES | | | |
| Property Taxes | \$ 1,511,592 | \$ - | \$ 1,511,592 |
| Rent and Lease Revenue | 6,000 | - | 6,000 |
| Investment Income | 352,108 | - | 352,108 |
| Intergovernmental Revenues | 43,515 | 1,978,801 | 2,022,316 |
| Total Revenues | <u>1,913,215</u> | <u>1,978,801</u> | <u>3,892,016</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 562,475 | - | 562,475 |
| Health and Welfare | 1,020,136 | 1,978,098 | 2,998,234 |
| Debt Service: | | | |
| Principal | 11,684 | - | 11,684 |
| Interest | 1,984 | - | 1,984 |
| Total Expenditures | <u>1,596,279</u> | <u>1,978,098</u> | <u>3,574,377</u> |
| Net Change in Fund Balance | 316,936 | 703 | 317,639 |
| Fund Balance - Beginning | <u>6,270,516</u> | <u>2,897</u> | <u>6,273,413</u> |
| Prior Period Adjustment | - | (3,600) | (3,600) |
| Fund Balance - Ending | <u>\$ 6,587,452</u> | <u>\$ -</u> | <u>\$ 6,587,452</u> |

The notes to the financial statements are an integral part of this statement.

BIG BEND REGIONAL HOSPITAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

| | |
|--|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 317,639</u> |
|--|-------------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, depreciation expense is only reported on the Statement of Activities.

| | |
|--------------------------------|-----------------------------|
| Less current year depreciation | <u>\$ (22,459) (22,459)</u> |
|--------------------------------|-----------------------------|

Long-term liabilities, such as bonds and notes payable, are not recorded within the governmental funds due to them not representing current liabilities. When principal repayments are made on these obligations, they represent expenditures in the governmental funds and reduce long-term liabilities in the statement of activities.

| | |
|--|----------------------|
| Payments on long-term debt | 11,684 |
| Change in long-term liabilities for compensated absences | <u>(8,384) 3,300</u> |

| | |
|--|----------------|
| Revenues in the statements of activities for property taxes are recognized in the period levied, not collected. Therefore the uncollected property taxes of the current period increase the change in net position | <u>161,778</u> |
|--|----------------|

| | |
|---|--------------------------|
| Change in Net Position- Governmental Activities | <u><u>\$ 460,258</u></u> |
|---|--------------------------|

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

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BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE-1 Summary of Significant Accounting Policies

Organization

The Big Bend Regional Hospital District (District) is a bi-county hospital district created by an Act of the State of Texas in 1991, that serves Brewster and Presidio Counties. The District is a political subdivision of the State of Texas and, as dictated by State law, is responsible for the health care of indigent residents of Brewster and Presidio Counties who do not qualify for other state or federal healthcare programs. The District is governed by a board comprised of 5 individuals who are elected by the voters of the counties for staggered 4 year terms. The management, control, and administration of and all funds and resources of the District are vested in the Board of Directors. The District is funded by an ad valorem tax on real and personal property within its jurisdiction.

Financial Reporting Entity

Because the District's Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB").

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also requires that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the District, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no component units to be included within the reporting entity.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs through program revenues. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions paid by organizations outside the District to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as internal balances on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

The fund financial statements report on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for the District’s operations, they are not included in the government-wide statements. The District considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All other revenues and expenses are nonoperating. The District does currently have proprietary or fiduciary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements, and generally include the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary funds use this same focus and basis of accounting although internal activity is not eliminated in these statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt and right-to-use assets, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, except for property tax revenue, available if they are collectible within one year after year end.

Revenues from local sources consist primarily of property taxes and grants. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as deferred inflow of resources, which is recognized as revenue in the period that the amounts become available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. Within this measurement focus, assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into investment in capital assets net of related debt, restricted, and unrestricted. The District does currently have proprietary or fiduciary funds.

Fund Accounting

A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental fund types. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The District reports the following major governmental funds:

1. General Fund – This fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. Community Facilities Grant Fund - This fund is used to account for the Community Facilities Grant awarded to the District by USDA.

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net Position and Fund Balance Reporting

Net Position - Net Position on the Statement of Net Position includes the following:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and any outstanding debt used to finance those assets.
- Restricted - This component of net position consists of restricted assets reduced by liabilities related to those assets.
- Unrestricted Net Position - This component of net position is the net amount of assets and liabilities that are not included in the determination of the other categories described above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District considers restricted resources to have been spent.

Fund Balance - If applicable, the District reports the following fund balance categories which describe the nature and relative strength of the spending constraints:

- **Nonspendable Fund Balance** - Represents amounts that are not in spendable form or are legally or contractually required to be maintained intact, such as inventories.
- **Restricted Fund Balance** - Represents amounts restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or (c) enabling legislation.
- **Committed Fund Balance** - Represents amounts that are restricted for purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Directors. These amounts are committed through a formal resolution, requiring funds to be used only for specific purposes. These amounts can only be re-allocated by the same formal action that was taken to originally commit those amounts. The Board of Directors shall take action to commit funds for a specific purpose prior to the end of the fiscal year.
- **Assigned Fund Balance** - Represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The governing body has delegated authority to the Executive Director. Should the Board opt not to commit any balances, it will implicitly defer to the designees to make appropriate assignments.
- **Unassigned Fund Balance** - Represents amounts that are available for any purpose and have not been restricted, committed, or assigned for specific purposes.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a formal resolution. Assigned fund balance is established by the Executive Director or designated managers through adoption or amendment of the budget as intended for specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, unless the Board has provided otherwise in its budget or its commitment or assignment actions.

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Other Accounting Policies

Deposits and Investments - The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.

Credit Risk:

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2024, the District's investments in the LoneStar Investment Pool were rated AAAM by Standard & Poor's.

Custodial Credit Risk:

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk:

Deposits - The District is not exposed to credit risk.

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. In addition, the District limits investments in a single issuer, to less than 5% of its total investments with the exception of certificates of deposit. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

Interest Rate Risk:

Deposits - The District is not exposed to interest rate risk.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. Each pool invests in different investment instruments and each portfolio has varying maturities.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

Capital Assets - Capital assets, which include land, buildings & improvements, furniture and equipment, and right to use lease assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as furniture and equipment with an initial, individual cost of \$5,000 and an estimated useful life (or right to use lease asset term) in excess of one year and improvement and infrastructure projects with an individual cost of more than \$100,000. Land, buildings and improvements, furniture and equipment, and vehicles are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of the receipt.

Right to use lease assets are recorded at the present value of their future payments over the non-cancelable agreement. In a governmental fund, the full amount of the right to use lease asset is reported as an expenditure in the year the agreement is executed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements, furniture and equipment, and vehicles are depreciated using the straight line method over the following estimated useful lives. Right to use lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a lease contains a purchase option the District chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

BIG BEND REGIONAL HOSPITAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

The District provides for depreciation and amortization of capital assets as follows:

| Capital Asset Classes | Lives |
|-------------------------|-------|
| Buildings | 40 |
| Machinery and Equipment | 7-15 |
| Vehicles | 6 |
| Improvements | 20 |
| Infrastructure | 20 |

Long Term Liabilities - In the government-wide financial statements, long-term debt, lease assets payable, subscription based information technology arrangements, and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. When applicable, premiums and discounts are presented as a component of liabilities while deferred losses on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount. The lease assets payable is reported in the government wide statements and in proprietary fund statements, if any. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. Subscription based information technology arrangements (SBITA) liability is reported in the government-wide statements and in proprietary fund statements, if any. The subscription liability is calculated as the present value of the subscription payments expected to be made during the subscription term of the agreement and the interest included in the subscription payment is recorded as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, and new right-to-use arrangements, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. For new right to use lease assets, the initial measurement is reported in governmental fund types as another source during the current period. Payments are reported as principal and interest payments during the reporting period in the fund level statements.

Compensated Absences - It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. Up to 80 hours of PTO may be carried over to the following year, and accrued PTO is capped based on length of service. PTO will not accrue once maximum hours are reached.

Tax Revenue - Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. 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 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the District's fiscal year. A provision for uncollectible taxes is provided based upon historical trends.

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

BIG BEND REGIONAL HOSPITAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Budgetary Data - The budget for the District has been adopted on a modified accrual basis. As a result, capital outlay items and principal payment on debt are treated as expenses. Also, accounts payable at year end are considered to be obligated during the fiscal year in which they are incurred and are included in expenditures in the "budget and actual comparisons" for the fiscal year.

All annual appropriations lapse at year end and encumbrance accounting is not used.

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

1. Prior to September 1, the budget committee submits to the Board a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenses and the means of financing them.
2. Public hearings are conducted by the District to obtain comments. Then the budget is submitted to the board for their approval.
3. Prior to October 1, the Board legally adopts the fiscal year budget.

NOTE-2 Cash and Investments

Deposits and Temporary Investments

All deposits were with West Texas National Bank in interest bearing accounts. The accounts were secured at September 30, 2024, by FDIC coverage, and an irrevocable standby letter of credit provided by Federal Home Loan Bank of Dallas.

Checking and Money Market Bank Balances:

The account and security balances at September 30, 2024, were as follows:

| <u>Investment Type</u> | <u>Totals</u> |
|----------------------------|---------------------|
| Cash and Cash Alternatives | \$ 752,927 |
| Lone Star Investments | 6,032,844 |
| Total Investments | <u>\$ 6,785,771</u> |

Lone Star Investment Pool

Investments for the District are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools (LoneStar) when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

NOTE-3 Due from Other Governments

The District participates in one federal program from which it receives grants to partially or fully finance certain activities. Management has deemed that no allowance for doubtful accounts is necessary for fair presentation as there is usually no risk of these amounts not being collectible. As of September 30, 2024, the District had recorded an amount of \$161,585 due from the federal sources.

BIG BEND REGIONAL HOSPITAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE-4 Interfund Balances

The interfund balances are a result of normal operations and are cleared out periodically. Management intends to pay out these balance within one year. Interfund balances as of September 30, 2024 consisted of \$21,432 due from the Community Facilities Grant Fund to the General Fund.

NOTE-5 Capital Assets

Capital assets activity for the year ended September 30, 2024, was as follows:

| | Balance 10/1/23 | Increases | Decreases | Balance 9/30/24 |
|---|--------------------|--------------------|-------------|--------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 100,000 | \$ - | \$ - | \$ 100,000 |
| Total capital assets, not being depreciated | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>100,000</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 377,765 | - | - | 377,765 |
| Machinery and equipment | 26,106 | - | - | 26,106 |
| Right to Use Lease Assets | 40,060 | - | - | 40,060 |
| Total capital assets, being depreciated | <u>443,931</u> | <u>-</u> | <u>-</u> | <u>443,931</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (49,510) | (9,903) | - | (59,413) |
| Machinery and equipment | (18,896) | (2,942) | - | (21,838) |
| Right to Use Lease Assets | (1,178) | (9,614) | - | (10,792) |
| Total accumulated depreciation | <u>(69,584)</u> | <u>(22,459)</u> | <u>-</u> | <u>(92,043)</u> |
| Total capital assets being depreciated, net | <u>374,347</u> | <u>(22,459)</u> | <u>-</u> | <u>351,888</u> |
| Governmental activities capital assets, net | <u>\$ 474,347</u> | <u>\$ (22,459)</u> | <u>\$ -</u> | <u>\$ 451,888</u> |

Depreciation and amortization expense were charged to governmental functions as follows: \$3,595 to general government and \$18,864 to health and welfare.

NOTE-6 Unearned Revenue

Unearned revenue at year end consisted of the following:

| Fund | Net Tax Revenue |
|--------------|--------------------|
| General Fund | <u>\$ 116,071</u> |
| Total | <u>\$ 116,071</u> |

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE-7 Changes in Long-Term Liabilities

Details of long-term debt obligations outstanding at September 30, 2024 are as follows:

Governmental Activities:

| Type | Issue Date | Original Borrowing | Interest Rates to Maturity | Final Maturity | Outstanding 9/30/24 |
|-----------------------------------|------------|--------------------|----------------------------|----------------|---------------------|
| Right to Use Leases: | | | | | |
| Presidio Office - Copier | Jul-23 | \$ 8,030 | 1.50% | Jun-28 | \$ 6,079 |
| Presidio Office - Building | Jun-23 | \$ 32,030 | 7.75% | May-26 | 18,707 |
| Total Right to Use Leases Payable | | | | | \$ 24,786 |

A summary of changes in the general long-term liabilities for the year ended September 30, 2024 is as follows:

| Description | Balance 10/1/23 | Additions | Deletions | Balance 9/30/24 | Due in One Year |
|---------------------------------------|-----------------|-----------|-------------|-----------------|-----------------|
| Leases Payable: | | | | | |
| Right to Use Lease Assets Payable | \$ 36,470 | \$ - | \$ (11,684) | \$ 24,786 | \$ 12,523 |
| Compensated Absences | - | 8,384 | - | 8,384 | 4,192 |
| Total Other Long-Term Debt | 36,470 | 8,384 | (11,684) | 33,170 | 16,715 |
| Gov. Activities Long-term Liabilities | \$ 36,470 | \$ 8,384 | \$ (11,684) | \$ 33,170 | \$ 16,715 |

NOTE-8 Right-to-Use Lease Liabilities

The District entered into lease agreements as lessee to lease a building and office equipment with lease terms from 36 to 60 months from two different vendors.

In July 2023, the District executed a lease for copiers throughout the District for a term of five years with monthly payments of \$139. Management utilized a 1.5% interest rate to calculate the net present value of the lease. The right to use asset is being amortized over the term of the lease using the straight-line method.

In June 2023, the District executed a lease for an office building for a term of 3 years with monthly payments of \$1,000. Management utilized a 7.75% interest rate to calculate the net present value of the lease. The right to use asset is being amortized over the term of the lease using the straight-line method.

During the fiscal year ending September 30, 2024, total principal paid by the District was \$11,684 and total interest paid by the District was \$1,984 related to these lease agreements. Future payments are as follows:

| Year Ended September 30, | Right to Use Lease Assets Payable | | Total Requirements |
|-----------------------------|-----------------------------------|----------|-----------------------|
| | Principal | Interest | |
| 2025 | \$ 12,523 | \$ 1,145 | \$ 13,668 |
| 2026 | 9,384 | 283 | 9,667 |
| 2027 | 1,636 | 32 | 1,668 |
| 2028 | 1,243 | 8 | 1,251 |
| | \$ 24,786 | \$ 1,468 | \$ 26,254 |

BIG BEND REGIONAL HOSPITAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE-9 Ad Valorem Taxes

Property taxes are levied on October 1 of each year in conformity with the Texas Property Tax Code. Taxes are due upon receipt of the tax statement and become delinquent if not paid before February 1 of the following year. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The tax rate for the year ended September 30, 2024, was \$0.0660910 per \$100 valuation.

Property taxes receivable consisted of the following at September 30, 2024:

| | | |
|---|--|--------------------------|
| Current taxes receivable | | \$ 77,780 |
| Delinquent taxes receivable | | <u>299,048</u> |
| | | 376,828 |
| Less allowance for uncollectible taxes: | | <u>(75,367)</u> |
| Taxes receivable, net | | <u><u>\$ 301,461</u></u> |
| | | |
| Delinquent taxes by fiscal year: | | |
| 2023 | | \$ 44,770 |
| 2022 | | 32,488 |
| 2021 | | 27,081 |
| 2020 | | 23,135 |
| 2019 | | 20,578 |
| 2018 and prior | | <u>150,996</u> |
| | | <u><u>\$ 299,048</u></u> |

NOTE-10 Fund Balances

As of September 30, 2024, fund balances were composed of the following:

| | | |
|--|--|----------------------------|
| Committed for Medical Service Enhancement Projects | | \$ 150,000 |
| Unassigned | | <u>6,437,452</u> |
| Total | | <u><u>\$ 6,587,452</u></u> |

NOTE-11 Simplified Employee Pension (SEP)

The District offers a Simplified Employee Pension (SEP) plan for employees. The plan is administered by Ascensus and is a defined contribution plan. All employees are eligible to participate in the SEP if:

1. The employee is at least 21 years old;
2. The employee has successfully met their 90 day probationary period; and,
3. Earn at least \$600 in a tax year.

The District contributes 4% of the eligible employee’s earnings to the plan. The District determines and approves the rate, if any, of benefit at each budgetary cycle. For the year ended September 30, 2024, the District contributed \$13,201.

BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE-12 Commitments and Contingencies

Public-Private Partnership - Effective August 7, 1997, the District entered into an agreement with a private, for-profit corporation Community Health Systems (CHS). The District acquired 15 acres of useable property, which it then leased for \$1 per year to CHS for a 30-year term with an automatic renewal of two successive 10-year periods. CHS constructed a new hospital facility on the leased property and the District assigned its operations, working capital, and medical related equipment to CHS on October 1, 1999. Upon termination of the lease, the leased property, improvements thereon, and working capital as of September 30, 1999, will be turned over to the District. The agreement was evaluated in accordance with GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Since the term of the agreement and the useful life of the underlying asset are the same, the estimated carrying value at the end of the term is zero and, as such, no receivable is recorded. The District will re-evaluate the agreement on an on-going basis as changes are made to ensure proper valuation of amounts presented on these financial statements.

Indigent Care - Big Bend Regional Hospital District (District) is charged by Article IX, Section 9 of the Texas Constitution to provide certain health care services to the County's needy inhabitants. In addition, section 61.055 of the Texas Indigent Health Care and Treatment Act, (Ch. 61 Texas Health & Safety Code) requires the District to provide the health care services required under the Texas Constitution and the statute creating the District. The District's enabling legislation provides that the Board of Directors of the District shall have the power and authority to promulgate rules governing the healthcare services to be delivered by the District in Brewster and Presidio counties.

The District is committed to ensure that the needy inhabitants of the District receive healthcare services in an equitable and non-discriminatory manner through the District's program. The District believes medical care services can be provided in a manner that is fair and equitable, efficient and without undue expense of local taxpayer dollars, which fund such care.

The District has additional responsibilities related to the promotion and execution of health care for the citizenry at large, specifically as this relates to the contracted operation of the Big Bend Regional Medical Center which provides hospital services for both Presidio and Brewster Counties. While it is the District's primary responsibility to provide for the counties' indigent first, the District can extend services to the counties' general population through healthcare initiatives which can be funded by tax revenues, property resource income, by fundraising, or grants.

These Big Bend Health program policies are promulgated and approved pursuant to the District's enabling legislation and are intended to provide guidelines and rules for the qualification and enrollment of participants into the District's healthcare program. These policies are intended to track and be in harmony with the indigent healthcare plan policies approved by the Texas Department of State Health Services and imposed upon non-hospital district counties pursuant to the Indigent Health Care and Treatment Act.

Federal Funding - The District is the recipient of a USDA Community Facilities Grant Agreement that covers four fiscal years. This program is subject to audit by the USDA, and should they discover areas of material noncompliance, those District funds may be subject to refund if so determined. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant agreement; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

BIG BEND REGIONAL HOSPITAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE-13 Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains insurance policies acquired from independent insurance carriers covering general liability, and errors and omissions. The District remains exposed to any losses that exceed the resources and commercial insurance of the District. As of September 30, 2024, no claims or losses have been incurred that were not covered by insurance. Management is not aware of any liability due to any claim or suit.

NOTE-14 Related Party Transactions

Management is not aware of any significant related party transactions during the 2023-2024 fiscal year.

NOTE-15 Litigation

During the normal course of business the District is subject to various legal claims. As of September 30, 2024, management is not aware of any litigation that would have a material adverse effect on these financial statements and accordingly, no provision has been accrued.

NOTE-16 Prior Period Adjustment

During the year the District recorded a prior period adjustment to beginning equity of the Community Facilities Grant Fund as follows:

| | Community Facilities Grant Fund | Governmental Activities |
|--|------------------------------------|----------------------------|
| | Fund Balance | Net Position |
| Fund Balance/Net Position as Previously Stated at 9/30/23 | \$ 2,897 | \$ 6,850,973 |
| Effect of correction of prior year interest payable to grantor | (3,600) | (3,600) |
| Fund Balance/Net Position as Restated at 9/30/23 | \$ (703) | \$ 6,847,373 |

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REQUIRED SUPPLEMENTARY INFORMATION

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BIG BEND REGIONAL HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | General Fund | Variance with Final Budget |
|----------------------------|------------------|--------------|--------------|-------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Property Taxes | \$ 1,617,927 | \$ 1,617,927 | \$ 1,511,592 | \$ (106,335) |
| Rent and Lease Revenue | 6,000 | 6,000 | 6,000 | - |
| Investment Income | 284,703 | 284,703 | 352,108 | 67,405 |
| Intergovernmental Revenues | 30,800 | 30,800 | 43,515 | 12,715 |
| Total Revenues | 1,939,430 | 1,939,430 | 1,913,215 | (26,215) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 719,097 | 719,097 | 562,475 | 156,622 |
| Health and Welfare | 1,162,900 | 1,162,900 | 1,020,136 | 142,764 |
| Debt Service: | | | | |
| Principal | 18,000 | 16,016 | 11,684 | 4,332 |
| Interest | - | 1,984 | 1,984 | - |
| Total Expenditures | 1,899,997 | 1,899,997 | 1,596,279 | 303,718 |
| Net Change in Fund Balance | 39,433 | 39,433 | 316,936 | 277,503 |
| Fund Balance - Beginning | 6,270,516 | 6,270,516 | 6,270,516 | - |
| Fund Balance - Ending | \$ 6,309,949 | \$ 6,309,949 | \$ 6,587,452 | \$ 277,503 |

The notes to the financial statements are an integral part of this statement.

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BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Budgets and Budgetary Control

Each governmental entity in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General Fund before the beginning of the fiscal year. For fiscal years beginning October 1, the budget is to be adopted by September 30th of each year. The District's administration determines budgetary funding priorities and the budgets are prepared on the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts and each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. No budget amendments were necessary during the year ended September 30, 2024.

Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Budgetary Basis of Accounting

The District's budget is prepared on a modified accrual basis of accounting.

Excess Expenditures over Appropriations

Overall, the District experienced a favorable budget. No object codes exceeded budgeted amounts during the fiscal year.

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GOVERNMENT AUDITING STANDARDS SECTION

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INDEPENDENT AUDITORS' 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
Big Bend Regional Hospital District:

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 and each major fund of Big Bend Regional Hospital District (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 7, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

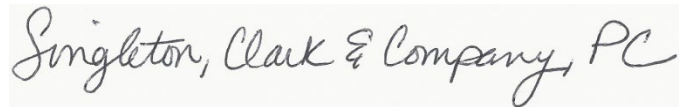
Report on Compliance and Other Matters

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*.

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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.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light gray rectangular background.

Singleton, Clark & Company, PC
Alpine, Texas

February 7, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL FOR EACH
MAJOR PROGRAM AS REQUIRED BY UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors of
Big Bend Regional Hospital District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Big Bend Regional 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, 2024. 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, the 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, 2024.

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 Big Bend Regional Hospital 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 judgment 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 judgment 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 include 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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.

Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

We have audited the financial statements of Big Bend Regional Hospital District as of and for the year ended September 30, 2024, and have issued our report thereon dated February 7, 2025 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

February 7, 2025

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BIG BEND REGIONAL HOSPITAL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title | Federal ALN Number | Pass-Through Entity Identifying Number | Expenditures |
|---|--------------------------|---|----------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Direct Award:</i> | | | |
| Community Facilities Loans and Grants | 10.766 | N/A | <u>\$ 1,497,273</u> |
| Total U.S. Department of Agriculture | | | <u>1,497,273</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 1,497,273</u></u> |

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BIG BEND REGIONAL HOSPITAL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “SEFA”) includes the federal awards expenditures of Big Bend Regional Hospital District (the “District”) under programs of the federal government for the year ended September 30, 2024. The information in the SEFA 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* (the “Uniform Guidance”). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or change in net position of the District.

The District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance when claiming indirect costs on federal grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures on the SEFA are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are also recognized following the cost principles contained in the Uniform Guidance.

Relationship to Basic Financial Statements - Expenditures of federal awards are primarily reported in the District’s basic financial statements in a special revenue fund.

Relationship to Federal Financial Reports - Amounts reported in the SEFA agree with or can be reconciled to the amounts reported in the related federal financial reports in all significant respects.

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BIG BEND REGIONAL HOSPITAL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditors’ report issued on compliance for major programs:

| | |
|-------------------------------------|------------|
| Community Facilities Loans & Grants | Unmodified |
|-------------------------------------|------------|

Any audit findings disclosed that are required to be Reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

| ALN Number(s) | Name of Federal Program or Cluster |
|---------------|---------------------------------------|
| 10.766 | Community Facilities Loans and Grants |

Dollar threshold used to distinguish Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

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BIG BEND REGIONAL HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2024 and 2023.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended September 30, 2024 and 2023.