



**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas**

**Independent Auditor's Report, Financial Statements,  
and Supplementary Information**

September 30, 2024 and 2023



**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
a Component Unit of El Paso County, Texas  
Contents  
September 30, 2024 and 2023**

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## **Independent Auditor's Report**

Board of Managers  
El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
El Paso, Texas

### ***Opinion***

We have audited the financial statements of El Paso County Hospital District d/b/a University Medical Center of El Paso (the District), a component unit of El Paso County, Texas, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and combining information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion on it or provide any assurance on it.

***Forvis Mazars, LLP***

Dallas, Texas  
December 13, 2024

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Introductory Information  
Years Ended September 30, 2024 and 2023**

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The El Paso County Hospital District's d/b/a University Medical Center of El Paso (the District) management is responsible for the preparation and integrity of the financial information presented in this report. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and include amounts based on judgments and estimates made by management. Management also prepares the other information included in the report and is responsible for its accuracy and consistency with the financial statements.

The 2024 and 2023 financial statements have been audited by the independent accounting firm of **Forvis Mazars, LLP**, as stated in their reports, who was given unrestricted access to all financial records and related data, including the minutes of all meetings of the Board of Managers. The Board of Managers, through its Finance Committee (the Committee), provides oversight to the financial reporting process. Integral to this process is the Committee's review and discussion with management of the monthly financial statements and the external auditors for the annual financial statements.

The District maintains a system of internal control over financial reporting, which is designed to provide reasonable assurance that transactions are executed as authorized and accurately recorded and that assets are properly safeguarded, and to provide reasonable assurance to our management and the Board of Managers regarding the reliability of our financial statements. The internal control system includes:

- A documented organizational structure and division of responsibility.
- Established policies and procedures that are regularly communicated and that demand highly ethical conduct from all employees.
- UMC's Compliance Department monitors the operation of the internal control system and reports findings and recommendations to management and the Board of Managers as appropriate. Corrective actions are taken to address control deficiencies and other opportunities for improvement as they are identified.

El Paso County Hospital District  
d/b/a University Medical Center of El Paso

*/s/ R. Jacob Cintron*

R. Jacob Cintron  
President and Chief Executive Officer

*/s/ Michael L. Nuñez*

Michael L. Nuñez, CHFP, CPA  
District Chief Financial Officer

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Management's Discussion and Analysis  
Years Ended September 30, 2024 and 2023  
(In Millions)**

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***Introduction***

This management's discussion and analysis of the financial performance of El Paso County Hospital District (the District) d/b/a University Medical Center of El Paso provides an overview of the District's financial activities for the years ended September 30, 2024 and 2023. It should be read in conjunction with the District's financial statements.

The District's affiliated entities and blended component units include:

- University Medical Center of El Paso (UMC);
- El Paso First HealthPlans, Inc. d/b/a El Paso Health (the Health Plan), a blended component unit;
- University Medical Center Foundation of El Paso (the Foundation), a blended component unit (which includes El Paso Children's Hospital Foundation);
- El Paso Children's Hospital (El Paso Children's), a blended component unit;  
and
- UMC El Paso Healthcare, Inc. (El Paso Healthcare), a blended component unit.

Unless otherwise indicated, amounts are in millions.

***Financial Highlights***

- The District's current bond ratings and actions are:
  - KBRA a/k/a Kroll rated the District as AA-, with a stable outlook in July 2024.
  - S&P Global Ratings reaffirmed the "BBB+" rating with a stable outlook in June 2023.
  - Fitch Ratings reaffirmed the "A-" rating with a stable outlook revision from positive in July 2024.
  - Moody's reaffirmed the "Baa2" rating with a stable outlook revision from negative in September 2022.
- The District's net position change was a decrease of \$18 million in 2024 and an increase of \$22 million in 2023 – a decrease of \$40 million.
  - UMC's net position decrease (prior to transfers from affiliate) was \$29 million in 2024 and \$16 million in 2023 – a decrease of \$13 million
  - El Paso Children's net position increase was \$13 million in 2024 and \$30 million in 2023 – a decrease of \$17 million.
  - The Health Plan's net position decrease was \$5 million in 2024 and an increase of \$10 million in 2023 – a decrease of \$15 million.
  - The Foundation's net position increase was \$2 million in both 2024 and 2023.
- The District's capital asset investment was \$45 million in 2024 and \$79 million in 2023, as part of the on-going hospital inpatient renovations, outpatient centers expansion and purchase of a surgical hospital.
- The District's 2024 property tax rate was \$0.2356650 as compared to the 2023 property tax rate of \$0.235153.
- The District's contribution to the community included estimated costs to provide uncompensated care of \$257 million in 2024 and \$240 million in 2023– a 7% increase.

## ***Using this Annual Report***

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

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

One of the most important questions asked about any organization's finances is "Is the organization as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's total net position—the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources—is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the District's overall financial health.

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

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets and Deferred Outflows of Resources</b>			
Current assets, noncurrent cash and other assets	\$ 396.1	\$ 457.0	\$ 406.4
Capital assets, net	455.4	450.3	408.8
Lease assets, net	20.5	7.9	9.8
Subscription assets, net	26.4	33.8	32.3
Net pension asset	-	-	11.8
Deferred outflows of resources	36.0	57.6	50.4
	<u>934.4</u>	<u>1,006.6</u>	<u>919.5</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
Long-term debt, including current maturities	\$ 356.6	\$ 383.6	\$ 340.4
Lease liabilities, including current maturities	21.6	8.4	10.6
Subscription liabilities, including current maturities	24.7	31.9	30.2
Other liabilities	303.6	350.6	259.4
Deferred inflows of resources	14.9	0.7	69.9
	<u>721.4</u>	<u>775.2</u>	<u>710.5</u>
<b>Net Position</b>			
Net investment in capital assets	89.2	84.4	81.3
Restricted	13.1	11.3	21.0
Unrestricted	110.7	135.7	106.7
	<u>213.0</u>	<u>231.4</u>	<u>209.0</u>
	<u>934.4</u>	<u>1,006.6</u>	<u>919.5</u>

The District's significant balance sheet changes from 2023 to 2024 include the following:

- Total assets and deferred outflows of resources decreased \$72 million (7%) between 2023 and 2024.
- Deferred outflows of resources decreased \$22 million (38%) primarily from the difference between projected and actual earnings on pension plan investments and a reduction in the loss on bond refunding.
- At September 30, 2024, the District reported a net pension liability of \$47 million compared to a net pension liability of \$66 million at September 30, 2023 – a decrease of \$19 million, which is attributable to decreases in market performance on the plan's investments as of the measurement date.
- Current assets, noncurrent cash and other assets decreased \$61 million (13%) primarily from decreases in cash, restricted cash and short-term investments as well as a \$45 million decrease in Medicaid Supplemental Program Revenue receivable.
- Total liabilities and deferred inflows of resources decreased \$54 million (7%) primarily from the decrease in net pension liability previously discussed, as well as a \$28 million decrease in long-term debt, due to the debt refinancing that occurred in 2024 (*Note 11*). These decreases were partially offset by an \$11 million increase in estimated amounts due to third-party payers, as discussed in *Note 2*.

The District's significant balance sheet changes from 2022 to 2023 include the following:

- Total assets and deferred outflows of resources increased \$87 million (10%) between 2023 and 2022.
- Deferred outflows of resources decreased \$7 million (14%) primarily from the difference between projected and actual earnings on pension plan investments.
- At September 30, 2023, the District reported a net pension liability of \$66 million compared to a net pension asset of \$12 million at September 30, 2022 – a decrease of \$78 million, which is attributable to decreases in market performance on the plan's investments as of the measurement date.
- Current assets, noncurrent cash and other assets increased \$51 million (13%) primarily from increases in patient accounts receivable as a result of higher patient volumes in 2023 compared to 2022 as well as increases in current cash and short-term investments of \$35 million (18%).
- Total liabilities and deferred inflows of resources increased \$65 million (9%) primarily from the increase in net pension liability previously discussed, which was offset by the decrease in COVID-19 funding received in advance of \$5 million, discussed more fully in *Note 15* and a \$69 million decrease in deferred inflows of resources, primarily attributable to pensions. Accounts payable and accrued expenses increased \$44 million (20%) as a result of higher operating expenses incurred in 2023 as detailed in *Note 9*. Total liabilities also increased as a result of the District issuing \$55 million in Series 2023 Revenue Bonds, discussed in *Note 11*.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Operating Revenue</b>			
Net patient service revenue	\$ 724.9	\$ 623.8	\$ 570.7
Premium revenue	333.5	375.7	337.6
Medicaid Supplemental Program revenue	149.0	124.8	140.3
Contract revenue	17.6	16.7	12.6
Other revenue	33.1	75.8	41.9
	<u>1,258.1</u>	<u>1,216.8</u>	<u>1,103.1</u>
<b>Operating Expense</b>			
Salaries and employee benefits	490.9	439.8	365.8
Medical claims	296.9	322.8	294.7
Purchased services and other	151.5	144.1	144.5
Physician fees	144.8	141.6	125.7
Supplies and pharmaceuticals	283.0	256.7	233.8
Depreciation and amortization	56.4	52.1	50.4
	<u>1,423.5</u>	<u>1,357.1</u>	<u>1,038.0</u>
<b>Operating Loss</b>	(165.4)	(140.3)	(111.8)
<b>Nonoperating Revenues, Net</b>	<u>147.1</u>	<u>162.7</u>	<u>131.8</u>
<b>Change in Net Position</b>	<u>\$ (18.3)</u>	<u>\$ 22.4</u>	<u>\$ 20.0</u>

Operating revenues increased \$41 million (3%) from 2023 to 2024.

- Net patient service revenue increased \$101 million (16%) primarily from patient volume increases, higher patient acuity, and increased collection rates.
- Premium revenue decreased \$42 million (11%) primarily from decreased Medicaid members as a result of the end of the COVID-19 pandemic and the ending of the Public Health Emergency declaration, as well as decreased rates.
- A decrease in other operating revenue of \$43 million (56%) due to a reduction in Quality Incentive Fund (QIF) funding, as discussed in *Note 4*.

Operating revenues increased \$114 million (10%) from 2022 to 2023.

- Net patient service revenue increased \$53 million (9%) primarily from patient volume increases, higher patient acuity, and increased collection rates.
- Premium revenue increased \$38 million (11%) primarily from increased Medicaid members as a result of the COVID-19 pandemic and the Public Health Emergency declaration.

Operating expenses increased \$66 million (5%) between 2023 and 2024.

- Salaries and employee benefits expense increased by \$51 million (12%) primarily from additional staffing required due to the increases in patient volumes and wage increases due to inflation.
- Medical claims expense decreased by \$26 million (8%) primarily from decreases in members and decreased medical claim utilization.
- Supplies and pharmaceutical expense increased \$26 million (10%) from increased patient acuity levels and increased patient volumes, as well as increases in inflation.

Operating expenses increased \$142 million (12%) between 2022 and 2023.

- Salaries and employee benefits expense increased by \$74 million (20%) primarily from additional staffing required due to the increases in patient volumes and wage increases due to a national nursing and staffage shortage.
- Medical claims expense increased by \$28 million (10%) primarily from increases in members and increased medical claim utilization.
- Supplies and pharmaceutical expense increased \$23 million (10%) from increased patient acuity levels and increased patient volumes, as well as increases in inflation caused by national supply chain issues and rising demand.

Net nonoperating revenues decreased \$16 million (10%) from 2023 to 2024.

- The District recognized \$5 million of COVID-19 assistance revenue, as discussed more fully in *Note 15*.
- Property tax revenue increased \$15 million (11%) from \$133 million to \$148 million, due to increased property values and an increase in the property tax rate.

Net nonoperating revenues decreased \$31 million (23%) from 2022 to 2023.

- The District recognized \$32 million of COVID-19 assistance revenue, as discussed more fully in *Note 15*.
- Property tax revenue increased \$4 million (3%) from \$129 million to \$129 million, due to increased property values.

**Table 3: Payer Mix by Percentage**

The following table presents the relative percentages of gross charges billed for patient services by payer for both UMC and El Paso Children’s for the fiscal years ended September 30, 2024, 2023 and 2022:

Payer	Years Ended September 30				
	2024	2023	Change	2022	Change
Medicare	23%	23%	0%	22%	1%
Medicaid	25%	25%	0%	26%	-1%
Commercial	12%	10%	2%	10%	0%
Charity	10%	11%	-1%	11%	0%
Self-pay	11%	12%	-1%	13%	-1%
HMO/PPO	9%	9%	0%	8%	1%
Other	10%	10%	0%	10%	0%
	<u>100%</u>	<u>100%</u>		<u>100%</u>	

**Table 4: Capital, Lease and Subscription Assets**

The following table presents a summary of the District’s capital assets as of September 30, 2024, 2023 and 2022:

	2024	2023	Dollar Change	2022
Land and land improvements	\$ 33.1	\$ 27.8	\$ 5.3	\$ 27.8
Building and leasehold improvements	573.1	527.1	46.0	526.1
Equipment	468.1	434.1	34.0	407.0
	<u>1,074.3</u>	<u>989.0</u>	<u>85.3</u>	<u>960.9</u>
Construction in progress	11.1	51.1	(40.0)	-
	<u>1,085.4</u>	<u>1,040.1</u>	<u>45.3</u>	<u>960.9</u>
Accumulated depreciation	<u>(630.0)</u>	<u>(589.9)</u>	<u>(40.1)</u>	<u>(552.2)</u>
Capital assets, net	<u>\$ 455.4</u>	<u>\$ 450.2</u>	<u>\$ 5.2</u>	<u>\$ 408.7</u>

Capital assets, net, were \$455 million at September 30, 2024. The District invested \$45 million, net, in capital assets in 2024, offset by annual depreciation expense of \$40 million. Capital assets, net, were \$450 million at September 30, 2023. The District invested \$79 million, net, in capital assets in 2023, offset by annual depreciation expense of \$38 million.

Lease assets, net, were \$20 million and \$8 million at September 30, 2024 and 2023, respectively.

Subscription assets, net, were \$26 million and \$34 million at September 30, 2024 and 2023, respectively.

Detailed information about the District’s capital, lease, and subscription assets are described in *Note 8*.

## **Long-term Debt, Lease, and Subscription Liabilities**

At September 30, 2024, long-term debt consists of the following:

- General Obligation Refunding Bonds, Series 2017 - \$90 million
- Revenue Bonds, Series 2023 - \$55 million
- General Obligation Refunding Bonds, Series 2024 - \$187 million
- Other long-term debt - \$500 thousand
- Lease liabilities - \$22 million
- Subscription liabilities - \$25 million

Long-term debt, including the bond premium of \$24 million, at September 30, 2024 totaled \$357 million, a 7% decrease from September 30, 2023, and represents 50% of the District's total liabilities at September 30, 2024.

Long-term debt, including the bond premium of \$27 million, at September 30, 2023 totaled \$384 million, a 13% increase from September 30, 2022, and represents 50% of the District's total liabilities at September 30, 2023.

Detailed information about the District's long-term debt, lease and subscription liabilities are described in *Note 11*.

## **Economic Factors and Key Challenges**

Management continues to monitor and consider many factors that have a direct or indirect impact on the future of the District's operations, including:

At a local level,

- the planning for and completing of the many projects that are included in the November 2024 voter-approved \$397 million of General Obligation bonds to address patient bed and plant capacity issues.
- Because of patient volume increases and its impact on nursing staffing, the District continues to increase pay rates to remain competitive with other local hospitals.
- The industry continues to be concerned that Medicare, Medicaid and commercial insurance hospital payments fall short of the rising costs hospitals face, most notably from labor and inflation.
- Cybersecurity is a growing concern for all healthcare organizations amid the ongoing rise of ransomware attacks and other threats.
- The Health Plan's new service line, STAR+PLUS, which began on September 1, 2024, and the planned entrance into Medicare Advantage on January 1, 2026.

At the federal level, Congress must address significant healthcare issues, including several policies temporarily extended under the current continuing resolution (CR) that will expire on December 20, 2024 without further action. In addition, other essential healthcare policies are set to lapse at the end of 2024 unless Congress intervenes.

- Prevent impending cuts to Medicaid Disproportionate Share (DSH) hospital payments. Medicaid DSH allotments are scheduled to be reduced by approximately \$8 billion in FFY 2025. The scheduled reductions underscores that the nation's rural and urban safety net hospitals will not be able to sustain cuts of this magnitude, which would leave communities without access to critical medical care. Meanwhile, Texas Health and Human Services Commission (HHSC) began FFY 2025 interim Medicaid DSH payments in October 2024. Absent any further federal legislation delaying the Medicaid DSH cuts, HHSC is making 2025 interim payments with an anticipated 45% percent reduction in the statewide Medicaid DSH pool size.
- Provide additional funding for the Federal Emergency Management Agency (FEMA).
- Extend telehealth and hospital at home policies.
- Address Medicare payment reductions to physicians.

At the state level,

- Alternate Participating Hospital Reimbursement for Improving Quality Award (APHRIQA). Beginning in state fiscal year 2025, hospitals will be required to submit annual data for process and outcome measures. Reported qualitative and numeric data will be used to determine pay-for-performance measure achievement and monitor hospital-level progress toward state quality objectives.
- Aligning Technology by Linking Interoperable Systems (ATLIS) is a new Medicaid quality payment program that HHSC is currently planning to launch in state fiscal year 2025.
- Inpatient Rebasing Rates - HHSC continues to work on Medicaid Inpatient Rebasing rates as these rates have not been rebased since 2011.
- Enhanced Ambulatory Patient Groups (EAPGs) – HHSC continues to plan to implement the outpatient prospective payment system (OPPS) reimbursement in conjunction with the implementation of a modernized Medicaid Information System (MMIS).

### ***Contacting the District's Financial Manager***

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact UMC, Fiscal Services Office, 4815 Alameda Avenue, El Paso, Texas 79905.

**El Paso County Hospital District**  
**d/b/a University Medical Center of El Paso**  
**A Component Unit of El Paso County, Texas**  
**Balance Sheets**  
**September 30, 2024 and 2023**  
**(In Thousands)**

	<u>2024</u>	<u>2023</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 108,374	\$ 182,089
Restricted cash and cash equivalents	21,179	36,793
Short-term investments	32,151	10,018
Patient accounts receivable, net	118,729	92,425
County appropriation - property taxes receivable, net	1,487	1,623
Medicaid Supplemental Program Revenue receivable	18,433	64,258
Estimated amounts due from third party payers	5,933	2,671
Supplies	15,124	14,153
Prepaid expenses and other	50,450	29,986
	<u>371,860</u>	<u>434,016</u>
<b>Noncurrent Cash and Investments</b>		
Project construction	-	9,174
Held by Foundation	10,157	8,461
Restricted for medical claims	500	500
	<u>10,657</u>	<u>18,135</u>
<b>Capital Assets, Net</b>	455,423	450,311
<b>Lease Assets, Net</b>	20,497	7,853
<b>Subscription Assets, Net</b>	26,445	33,771
<b>Other Assets</b>	13,529	4,925
	<u>898,411</u>	<u>949,011</u>
<b>Deferred Outflows of Resources</b>		
Loss on bond refundings	4,260	10,235
Goodwill	866	1,371
Other postemployment benefits	366	398
Pensions	30,460	45,557
	<u>35,952</u>	<u>57,561</u>
	<u>898,411</u>	<u>949,011</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 934,363</u>	<u>\$ 1,006,572</u>

**El Paso County Hospital District**  
**d/b/a University Medical Center of El Paso**  
**A Component Unit of El Paso County, Texas**  
**Balance Sheets**  
**September 30, 2024 and 2023**  
**(In Thousands)**

**(Continued)**

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 221,022	\$ 261,159
Current maturities of long-term debt	12,635	11,407
Current portion of lease liabilities	6,008	3,054
Current portion of subscription liabilities	8,603	9,193
Note payable to bank and other current liabilities	796	1,013
COVID-19 funding received in advance	-	4,861
Estimated self-insurance costs - current	4,998	4,379
Estimated amounts due to third-party payers	16,368	5,312
	<u>270,430</u>	<u>300,378</u>
<b>Total current liabilities</b>	270,430	300,378
<b>Other Liabilities</b>		
Long-term debt	343,964	372,200
Lease liabilities	15,596	5,340
Subscription liabilities	16,074	22,663
Net pension liability	46,654	66,301
Net other postemployment benefits liability	2,037	2,003
Other	11,722	5,628
	<u>706,477</u>	<u>774,513</u>
<b>Total liabilities</b>	706,477	774,513
<b>Deferred Inflows of Resources</b>		
Gain on debt refundings	14,206	-
Other postemployment benefits	704	686
	<u>14,910</u>	<u>686</u>
<b>Total deferred inflows of resources</b>	14,910	686
<b>Net Position</b>		
Net investment in capital assets	89,232	84,394
Restricted - expendable	9,288	8,224
Restricted - non-expendable	3,715	3,083
Unrestricted	110,741	135,672
	<u>212,976</u>	<u>231,373</u>
<b>Total net position</b>	212,976	231,373
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 934,363</u>	<u>\$ 1,006,572</u>

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Statements of Revenues, Expenses and Changes in Net Position  
Years Ended September 30, 2024 and 2023  
(In Thousands)**

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts of 2024 - \$137,772; 2023 - \$43,813	\$ 724,913	\$ 623,839
Premium revenue	333,453	375,653
Medicaid Supplemental Program revenue	148,993	124,776
Contract revenue	17,621	16,659
Other revenue	33,061	75,797
	<u>1,258,041</u>	<u>1,216,724</u>
<b>Operating Expenses</b>		
Salaries and employee benefits	490,862	439,795
Medical claims	296,948	322,815
Purchased services and other	151,532	144,126
Physician fees	144,785	141,623
Supplies and pharmaceuticals	282,952	256,659
Depreciation and amortization	56,417	52,082
	<u>1,423,496</u>	<u>1,357,100</u>
<b>Operating Loss</b>	<u>(165,455)</u>	<u>(140,376)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment return	10,547	7,039
Interest expense	(18,105)	(15,516)
County appropriation - property taxes, net	148,473	133,442
COVID-19 assistance revenue	4,861	32,445
Tobacco settlement	2,553	2,493
Debt issuance costs	(1,796)	-
Other	525	2,832
	<u>147,058</u>	<u>162,735</u>
<b>Increase (Decrease) in Net Position</b>	(18,397)	22,359
<b>Net Position, Beginning of Year</b>	<u>231,373</u>	<u>209,014</u>
<b>Net Position, End of Year</b>	<u>\$ 212,976</u>	<u>\$ 231,373</u>

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Statements of Cash Flows  
Years Ended September 30, 2024 and 2023  
(In Thousands)**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from and on behalf of patients and members	\$ 1,008,679	\$ 1,009,826
Payments to suppliers and contractors	(879,076)	(857,438)
Payments to employees	(489,677)	(435,460)
Gross receipts from LPPF	87,562	118,782
Gross payments for LPPF	(104,046)	(86,868)
Cash received from contract revenues and other operating activities	42,682	52,984
Cash received from uncompensated care related activities	186,788	150,426
	<u>(147,088)</u>	<u>(47,748)</u>
Net cash used in operating activities		
<b>Cash Flows From Noncapital Financing Activities</b>		
County appropriations supporting operations	124,539	109,668
Cash received from tobacco settlement	2,553	2,493
Cash received for COVID-19 assistance	-	8,462
Other cash received, net	2,768	2,734
	<u>129,860</u>	<u>123,357</u>
Net cash provided by noncapital financing activities		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(9,895)	(9,795)
Principal paid on lease liabilities	(5,002)	(4,143)
Principal paid on short-term debt	(679)	(155)
Interest paid on long-term debt and lease liabilities	(19,853)	(16,005)
Principal paid on subscription liabilities	(10,235)	(9,141)
Interest paid on subscription liabilities	(925)	(1,034)
County appropriations to acquire or retire debt for acquisitions of capital assets	24,070	24,079
Proceeds from issuance of debt	-	55,000
Purchase of capital assets	(45,476)	(79,199)
	<u>(67,995)</u>	<u>(40,393)</u>
Net cash used in capital and related financing		
<b>Cash Flows From Investing Activities</b>		
Interest on investments	10,034	6,764
Proceeds from disposition of investments	12,527	7,971
Purchase of investments	(28,656)	(24,329)
	<u>(6,095)</u>	<u>(9,594)</u>
Net cash used in investing activities		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(91,318)	25,622
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>227,506</u>	<u>201,884</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 136,188</u>	<u>\$ 227,506</u>

**El Paso County Hospital District  
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A Component Unit of El Paso County, Texas  
Statements of Cash Flows  
Years Ended September 30, 2024 and 2023  
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(Continued)

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheets</b>		
Cash and cash equivalents	\$ 108,374	\$ 182,089
Restricted cash and cash equivalents	21,179	36,793
Cash and cash equivalents in noncurrent cash and investments	6,635	8,624
	<u>6,635</u>	<u>8,624</u>
Total cash and cash equivalents	<u>\$ 136,188</u>	<u>\$ 227,506</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (165,455)	\$ (140,376)
Depreciation and amortization	56,417	52,082
Provision for uncollectible accounts	137,772	43,813
Changes in operating assets and liabilities		
Patient accounts receivable, net	(164,076)	(58,438)
Estimated amounts due to/from third-party payers	2,608	(4,144)
Accounts payable and accrued expenses	(40,506)	43,044
Net pension asset/liability	(19,647)	78,084
Net other postemployment benefits liability	34	36
Deferred outflows of resources - pensions	15,097	(8,404)
Deferred inflows of resources - pensions	-	(69,366)
Deferred outflows of resources - other postemployment benefits	32	(76)
Deferred inflows of resources - other postemployment benefits	18	180
Other assets, deferred outflows of resources, and liabilities	30,618	15,817
	<u>30,618</u>	<u>15,817</u>
Net cash used in operating activities	<u>\$ (147,088)</u>	<u>\$ (47,748)</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital asset acquisitions included in accounts payable and accrued expenses	\$ 3,550	\$ 3,792
Lease obligation incurred for lease assets	\$ 18,212	\$ 1,976
SBITA obligations incurred for SBITA assets	\$ 3,151	\$ 10,873

In August 2024, the District advance refunded \$124 million of the Combination Tax and Revenue Certificates of Obligation, Series 2013 and \$77 million of the General Obligation Reducing Bonds, Series 2013. Proceeds of \$202 million were deposited immediately for the defeasance of the outstanding bond principal and payment of the related issuance costs.

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**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

***Reporting Entity***

The El Paso County Hospital District (the District) d/b/a University Medical Center of El Paso, is a component unit of El Paso County, Texas (the County). The County's Commissioner's Court appoints the District's governing body (the Board of Managers) and approves the District's budget, tax rate, and issuance of bonded debt. The District is charged with the legal responsibility to provide medical and hospital care to all County residents regardless of their ability to pay based upon Board of Managers approved eligibility guidelines.

The accompanying financial statements present University Medical Center of El Paso (UMC) and its component units, entities for which UMC is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended units are appropriately presented as funds of the primary government. UMC and its blended component units are collectively referred to as "the District" in these footnotes.

In January 2016, UMC became the sole corporate member of El Paso Children's Hospital (El Paso Children's). El Paso Children's is organized as a not-for-profit corporation, and its purpose is to provide pediatric inpatient, outpatient, and emergency care services to the residents of El Paso and the surrounding areas. El Paso Children's is reported as a blended component unit. Separately issued El Paso Children's financial reports are available and may be obtained by contacting El Paso Children's Hospital, 4845 Alameda Avenue, El Paso, Texas 79905.

UMC is the sole corporate member of El Paso First Health Plans, Inc. d/b/a El Paso Health (the Health Plan). The Health Plan is organized as a health maintenance organization to provide health coverage for qualifying members in its service area. The Health Plan has agreements with health care providers in its service area to provide health care to its members. Payments under these agreements include predetermined, prepaid periodic fee and prospectively determined rates and discounts from established charges. The Health Plan has a Certificate of Authority from the Texas Department of Insurance (TDI) and commenced insurance operations in October 2000. The Health Plan is reported as a blended component unit of UMC. The Health Plan's Board of Directors is appointed by UMC's Board of Managers. Separately issued Health Plan financial reports are available and may be obtained by contacting El Paso First Health Plans, Inc., 1145 Westmoreland, El Paso, Texas 79925.

UMC is also the sole corporate member of the University Medical Center Foundation of El Paso (UMC Foundation). UMC Foundation's Board of Directors are appointed by the Board of Managers. UMC Foundation is the sole corporate member of the El Paso Children's Foundation (the El Paso Children's Foundation). The El Paso Children's Foundation's Board of Directors are appointed by the UMC Foundation's Board of Directors. The UMC Foundation and the El Paso Children's Foundation are collectively referred to as "the Foundation" in these footnotes. The UMC Foundation and the El Paso Children's Foundation are the designated Section 501(c)(3) charitable organizations for UMC and El Paso Children's, respectively, and their purpose is to provide support in fulfilling their vital mission of providing patient care, education of health care professionals, research and community service for the County. The Foundation is reported as a blended component unit of UMC. Separately issued Foundation and El Paso Children's Foundation financial reports are available and may be obtained by contacting the El Paso County Hospital District, Fiscal Services Office, 4815 Alameda Avenue, El Paso, Texas 79905.

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UMC El Paso Healthcare, Inc. (El Paso Healthcare) is a Texas nonprofit health organization certified by the Texas State Board of Medical Examiners pursuant to Section 501(a) of the Texas Medical Practice Act, now codified at Section 162.001 of the Texas Occupations Code. Because UMC is the sole corporate member of El Paso Healthcare, El Paso Healthcare is presented as a blended component unit of UMC. El Paso Healthcare does not issue separate financial statements.

In prior years, UMC acquired the Medicaid license of two nursing homes.

***Basis of Accounting and Presentation***

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

***Use of Estimates***

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

***Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2024 and 2023, cash equivalents consisted primarily of money market mutual funds and pooled investments in LOGIC.

***Authorized Investments***

The Board of Managers has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Section 2256, Texas Government Code). Under the Public Funds Investment Act, the District is authorized to make investments in (1) obligations of the United States or its agencies, (2) direct obligations of the state of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

For the fiscal years ended September 30, 2024 and 2023, the District's management believes that it has complied with the provisions of the Public Funds Investment Act and the District's investment policies.

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**County Appropriations – Property Taxes**

The District received approximately 11% and 10% of its support from County appropriations funded by property taxes in 2024 and 2023, respectively. These funds were used as follows:

	<u>2024</u>	<u>2023</u>
Percentage used to support operations	83.9%	82.2%
Percentage used for debt service on bonds	16.1%	17.8%
Total	<u>100.0%</u>	<u>100.0%</u>

Property taxes are levied January 1 and become due October 1 each year based on the value of all real and personal property located in the County. Assessed taxes become delinquent the following February. The tax rate is set at a level to meet UMC’s budgeted debt service and operating needs. Debt service needs include both interest expense and scheduled principal reductions of general obligation bonds and obligations for which property tax revenues have been pledged.

County appropriations funded by property taxes are recorded in the fiscal period for which the appropriations are budgeted. Appropriations receivable for delinquent property taxes are recorded net of a provision for uncollectible amounts, collection expenses and appraisal fees. Subsequent adjustments to the tax rolls made by the County Assessor are included in revenues in the period such adjustments are made.

UMC’s total property tax rate was \$0.235650 and \$0.235153 in 2024 and 2023 , respectively. UMC’s maintenance and operations property tax rate was \$0.197663 per \$100 valuation in 2024 and \$0.193259 per \$100 valuation in 2023. UMC’s interest and debt service property tax rate was \$0.037987 per \$100 valuation in 2024 and \$0.041894 per \$100 valuation in 2023.

**Premium Revenue**

Premium revenue represents premiums collected through the Texas Department of Health and Human Services (HHSC) for the State of Texas Access Reform (STAR), Children’s Health Insurance Program (CHIP) and CHIP Perinate programs. Premiums are due monthly and are recognized as revenue during the period in which the Health Plan is obligated to provide services to members.

**Tobacco Settlement Revenue**

Tobacco settlement revenue is the result of a settlement between various counties and hospitals in Texas and the tobacco industry for tobacco-related health care costs. UMC received approximately \$2.6 million and \$2.5 million in 2024 and 2023, respectively, associated with the settlement. The funding from the tobacco industry is to offset indigent health care costs of local governments. This revenue is recognized as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position.

**Risk Management**

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employment practices and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice, worker’s compensation and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**El Paso County Hospital District  
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UMC is self-insured for a portion of its exposure to risk of loss from medical malpractice, workers' compensation and employee health claims. The El Paso Children's is self-insured for employee health claims and purchases commercial insurance for medical malpractice and workers compensation. Annual estimated provisions are accrued for the self-insured portion of medical malpractice, worker's compensation and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

***Investments and Investment Income***

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. Investments in external investment pools qualifying for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share. All other investments, including money market funds, are carried at fair value. Fair value is determined using quoted market prices.

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

***Patient Accounts Receivable***

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

***Reserves for Incurred But Not Reported Medical Claims***

The Health Plan management estimates and provides reserves for incurred but not reported physician and hospital services rendered to enrolled members during the period. These reserves represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred during the reporting period. The estimate is based on actuarial projections of the historical development of claims incurred but not reported and case-basis estimates of claims reported prior to the end of the reporting period.

The estimate of the unpaid claims liability is based on the best data available to management; however, the estimates are subject to a significant degree of inherent variability. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Although management believes the estimate of the unpaid liability is reasonable, it is possible that actual incurred claims expense will not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of the claims may vary significantly from the estimate included in the accompanying financial statements.

***Supplies***

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

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

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***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The District has a capitalization policy to only record lease assets related to leases with more than \$50 thousand of payments over the life of the lease.

***Subscription Assets***

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

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

The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended September 30, 2024 and 2023.

***Compensated Absences***

The District's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

***Defined Benefit Pension Plan and Defined Contribution Pension Plan***

UMC has an agent multiple-employer defined benefit pension plan through the Texas County and District Retirement System (TCDRS), (the Retirement Plan). For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

El Paso Children's employees participate in a 401(k) defined contribution pension plan.

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***Postemployment Benefits Other Than Pensions (OPEB)***

UMC has a single-employer defined benefit other postemployment benefit (OPEB) plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, UMC recognizes benefit payments when due and payable in accordance with the benefit terms.

***Deferred Outflows of Resources***

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

***Deferred Inflows of Resources***

The District reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

***Net Position***

Net position of the District is classified in four components on its balance sheets.

- Net investment in capital assets consists of capital, lease and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the District, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

***Net Patient Service Revenue***

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

***Charity Care***

UMC and El Paso Children's provide care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the hospitals do not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

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***Income Taxes***

As an essential government function of the County, UMC is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, UMC is subject to federal income tax on any unrelated business taxable income. UMC also holds dual status as a 501(c)(3) organization.

The Health Plan, El Paso Healthcare, the Foundation and El Paso Children's are incorporated as not-for-profit corporations in the state of Texas and are exempt from income taxes under Section 501(a) of the Internal Revenue Code. These entities are subject to federal income tax on any unrelated business income.

**Note 2. Net Patient Service Revenue**

UMC and El Paso Children's have agreements with third-party payers that provide for payments to UMC and El Paso Children's at amounts different from its established rates. These payment arrangements include:

*Medicare.* Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. UMC's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2020, while El Paso Children's Medicare cost reports have been audited through September 30, 2022.

*Medicaid – Non-managed.* Inpatient services rendered to Medicaid program beneficiaries that are not part of a managed care plan are paid at prospectively determined rates per discharge similar to those of the Medicare inpatient program. Medicaid outpatient beneficiaries are reimbursed using a mixture of cost-based and fee schedule methodologies. For outpatients, the District is reimbursed for cost-based services at a preliminary rate, with the final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. A retroactive settlement only occurs if payments exceed costs. UMC's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2020, while El Paso Children's Medicaid cost reports have been audited through September 30, 2022.

*Medicaid – Managed.* Inpatient and outpatient services rendered to Medicaid managed care program beneficiaries are primarily paid based on prospective rates and fee schedule amounts, with no retroactive settlement for the difference in the cost of services and the payments received.

Revenue from the Medicare program accounted for approximately 23% of the District's total gross patient revenues in both 2024 and 2023. Revenue from the Medicaid non-managed program accounted for approximately 24% and 25% of the District's total gross patient revenues in 2024 and 2023, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

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### **Note 3. Uncompensated Care**

In support of its mission, UMC and El Paso Children's voluntarily provides care to patients at less than its established charges for patients that meet the UMC and El Paso Children's charity care criteria. Because UMC and El Paso Children's do not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue.

Charges excluded from revenue under the charity care policy were \$286.8 million in 2024 and \$283.9 million in 2023. Additional uncompensated care in the form of uncollectible patient account receivables totaled \$137.8 million in 2024 and \$43.8 million in 2023. In total charges, UMC and El Paso Children's provided uncompensated care of \$424.6 million in 2024 and \$327.7 million in 2023.

The estimated costs of uncompensated care provided under the UMC and El Paso Children's charity care policy and to self-pay patients totaled \$256.7 million and \$240.1 million for 2024 and 2023, respectively. The cost of uncompensated care is estimated by applying the ratio of cost to gross charges to gross charity care charges and gross self-pay charges.

### **Note 4. Funds for the Indigent's Medical Care**

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

On December 12, 2011, the United States Department of Health and Human Services (HHSC) approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assists providers with uncompensated care costs (UC Pool) and promotes health system transformation (DSRIP Pool).

The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as HHSC and the Centers for Medicare and Medicaid Services (CMS) negotiated a longer-term extension. On December 21, 2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan required a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five-year period.

On April 22, 2022, CMS approved an extension of the Waiver through September 30, 2030. The extension provides for the continuation of the UC Pool. The DSRIP program ended on September 30, 2021, and was not extended under the Waiver extension. CMS also approved an expansion of directed payment programs, which transitions participating hospitals away from the DSRIP program.

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Comprehensive Hospital Increased Reimbursement Program (CHIRP) is a directed payment program, which adds a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP and CHIRP, HHSC directed managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. CHIRP also provides for rate increases similar to UHRIP but also provides for a rate enhancement above the UHRIP rate, based upon a percentage of estimated average commercial reimbursement. Participating hospitals may opt into this second component. The UHRIP program ended on August 31, 2021 and the CHIRP program began on September 1, 2021 and has been approved through August 31, 2025. Revenue from CHIRP and UHRIP is recognized as a component of net patient service revenue.

Beginning on September 1, 2024, HHSC provided for a third component to CHIRP, Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA) that provides an additional pay-for-performance component open to urban and children's hospitals for state fiscal year 2025. The District has not recognized any revenue from APHRIQA as of September 30, 2024.

The District participates in the Hospital Augmented Reimbursement Program (HARP). HARP is a statewide supplemental program that provides Medicaid payments to hospitals for inpatient and outpatient services that serve Texas Medicaid fee-for-service patients. The program serves as a financial transition for providers historically participating in the DSRIP program and provides additional funding to hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services.

UMC participates in the Network Access Improvement Program (NAIP). The NAIP aims to increase the availability and effectiveness of primary care for Medicaid beneficiaries by providing incentive payments to participating Health Related Institutions (HRIs). Participation is voluntary and requires HRIs to create a proposal in partnership with a managed care organization (MCO). When the proposal is approved by HHSC, the costs associated with the incentive payments are added to the monthly capitation rates paid to the MCO and the MCOs are responsible for making payments to the HRIs, such as UMC. This program runs through 2027.

UMC receives supplemental payments through the Public Hospital Medicaid Graduate Medical Education (GME) program. The GME program provides reimbursement to support teaching hospitals that operate approved medical residency training programs in recognition of the higher costs incurred by teaching hospitals.

UMC has acquired the Medicaid license of nursing homes and participates in Texas Quality Incentive Payment Program (QIPP) to qualified nursing facilities. This program is directed to encourage transformative efforts in the delivery of nursing facility services, including "efforts to promote a resident-centered care culture through facility design and services provided."

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Medicaid Supplemental Program revenue from each program (excluding CHIRP and UHRIP, which is recognized as part of net patient service revenue) in 2024 and 2023 was:

	<u>2024</u>	<u>2023</u>
<b>UMC</b>		
DSH	\$ 57,569	\$ 18,284
UC Pool	44,867	67,475
NAIP	16,121	18,778
GME	5,150	4,318
HARP	16,279	11,030
QIPP and other miscellaneous programs	1,941	2,545
UMC total	<u>141,927</u>	<u>122,430</u>
<b>El Paso Children's</b>		
DSH	3,432	-
UC Pool	2,900	2,346
HARP	734	-
Children's Hospital total	<u>7,066</u>	<u>2,346</u>
<b>Total</b>	<u>\$ 148,993</u>	<u>\$ 124,776</u>

El Paso Children’s and certain health plans work toward improving member access, satisfaction and quality of care, maximizing program efficiency and effectiveness, and containing costs. To facilitate these goals, a Quality Incentive Fund (QIF) was created, which incentivizes participating hospitals in the service delivery area to work collaboratively towards these goals. During 2023, El Paso Children’s recognized approximately \$29 million of QIF revenue, which is included in other operating revenue in the accompanying statements of revenues, expenses and changes in net position. During 2024, El Paso Children’s was notified it had been overpaid in 2023 by approximately \$20 million recognizing a reduction in revenue in the current year. El Paso Children’s repaid \$10 million in 2024 and a liability of \$10 million is included at September 30, 2024 in estimated amounts due to third-party payers on the balance sheets.

Accounts receivable under these programs was \$18.4 million and \$64.3 million at September 30, 2024 and 2023, respectively.

Funding from the DSH Program and the UC Pool are limited to certain costs incurred. At September 30, 2023, El Paso Children’s recorded an expected overpayment related to these programs of approximately \$5.3 million, which is included in estimated amounts due to third-party payers on the balance sheets, and was paid in full in 2024. Of this amount, approximately \$1.6 million of intergovernmental transfers will then be returned to UMC, which represents the state’s share of the supplemental funding which was originally provided by UMC.

The District participates in a Local Provider Participation Fund (LPPF) program in El Paso County. The District acts as the administrator of the LPPF by assessment and collection of mandatory payments from non-public hospitals in the County (including El Paso Children’s). These payments are to be used to fund intergovernmental transfers representing the state’s share of supplemental Medicaid funding programs. As UMC acts as a conduit for these funds, the receipts and intergovernmental transfers are not recognized as revenue and expense in the statements of revenues, expenses and changes in net position. At September 30, 2024 and 2023, UMC held \$21.2 million and \$36.8 million, respectively, in LPPF funds, which is reported as restricted cash and accounts payable in the balance sheets.

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The programs described above are subject to review and scrutiny by both the Texas Legislature and CMS, and the programs could be modified or terminated based on new legislation or regulation in future periods. The funding the District received is subject to audit and is not representative of funding to be received in future years.

**Note 5. Deposits and Investments**

***Deposits***

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

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2024 and 2023, the Health Plan and UMC's deposits were either insured or collateralized in accordance with state law. The Foundation's bank balances in excess of FDIC limits totaled \$867 thousand at September 30, 2024 and \$4.9 million at September 30, 2023. El Paso Children's bank balances in excess of FDIC limits totaled \$26 million and \$27 million at September 30, 2024 and 2023, respectively.

***Investments***

The District may legally invest in direct obligations of, and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

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At September 30, 2024 and 2023, the District had the following investments and maturities:

Type	2024				
	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 50	\$ 50	\$ -	\$ -	\$ -
Investment pool	48,788	48,788	-	-	-
Equity securities	660	660	-	-	-
Exchange traded funds	1,254	1,254	-	-	-
Mutual funds	1,607	1,607	-	-	-
	<u>\$ 52,359</u>	<u>\$ 52,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Type	2023				
	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 3,073	\$ 3,073	\$ -	\$ -	\$ -
U.S. Agency obligations	997	997	-	-	-
U.S. Treasury notes	4,949	4,949	-	-	-
Investment pool	18,992	18,992	-	-	-
Equity securities	659	659	-	-	-
Exchange traded funds	941	941	-	-	-
Mutual funds	1,336	1,336	-	-	-
	<u>\$ 30,947</u>	<u>\$ 30,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District also invests in certificates of deposit, which are classified as deposits for financial reporting purposes.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses due to rising interest rates, the District’s investment policy requires that total investments have a weighted-average maturity of five years or less. The longer the maturity of a fixed-rate obligation, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the obligation’s fair value decrease. Likewise, when interest rates decrease, the obligation’s fair value increase.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District’s policy to allow for investments in U.S. Treasury and agency securities or otherwise follow the restriction of the Texas Public Funds Investment Act. The District’s investment in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. At September 30, 2024 and 2023, the District’s government money market mutual funds were rated AAA by Standard & Poor’s rating agency.

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UMC also invests in LOGIC which is a state investment pool that is considered an investment for financial reporting. LOGIC is a local government investment pool offering professionally managed portfolios to government entities in the state of Texas. LOGIC is administered by Hilltop Securities and JPMorgan Chase. The District has an undivided beneficial interest in the pool of assets held by LOGIC. Investments must be in compliance with the *Texas Public Funds Investment Act* and include obligations of the United States or its agencies, direct obligation of the state of Texas or its agencies, certificates of deposit and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool. LOGIC is rated AAA by Standard & Poor's.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the District's investments are held in safekeeping or trust accounts.

**Concentration of Credit Risk** – The District places no limit on the amount that may be invested in any one issuer as long as the restrictions of the *Texas Public Funds Investment Act* are followed. The following table reflects the District's investments in single issuers that represent more than 5% of total investments:

	<u>2024</u>	<u>2023</u>
Wells Fargo Government Money Market Fund - WFFXX	0.0%	23.9%
U.S. Treasury notes	0.0%	41.4%
U.S. Agency obligations - FHDN	0.0%	8.3%

**Summary of Carrying Values**

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

	<u>2024</u>	<u>2023</u>
Carrying value		
Deposits	\$ 120,002	\$ 216,088
Investments	52,359	30,947
	<u>\$ 172,361</u>	<u>\$ 247,035</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 108,374	\$ 182,089
Restricted cash and cash equivalents, current	21,179	36,793
Short-term investments	32,151	10,018
Noncurrent cash and investments	10,657	18,135
	<u>\$ 172,361</u>	<u>\$ 247,035</u>

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**Note 6. Disclosures About Fair Value of Investments**

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

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

**Recurring Measurements**

The following table presents the fair value measurements of assets and liabilities (in thousands) recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2024 and 2023:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>September 30, 2024</b>				
<b>Investments by Fair Value Level</b>				
Money market mutual funds	\$ 50	\$ 50	\$ -	\$ -
Equity securities	660	660	-	-
Exchange traded funds	1,254	1,254	-	-
Mutual funds	1,607	1,607	-	-
Total investments by fair value level	3,571	<u>\$ 3,571</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investment Pool Carried at Amortized Cost</b>	<u>48,788</u>			
<b>Total Investments</b>	<u>\$ 52,359</u>			
<b>September 30, 2023</b>				
<b>Investments by Fair Value Level</b>				
Money market mutual funds	\$ 3,073	\$ 3,073	\$ -	\$ -
U.S. Agency obligations	997	-	997	-
U.S. Treasury notes	4,949	-	4,949	-
Equity securities	659	659	-	-
Exchange traded funds	941	941	-	-
Mutual funds	1,336	1,336	-	-
Total investments by fair value level	11,955	<u>\$ 6,009</u>	<u>\$ 5,946</u>	<u>\$ -</u>
<b>Investment Pool Carried at Amortized Cost</b>	<u>18,992</u>			
<b>Total Investments</b>	<u>\$ 30,947</u>			

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

**Note 7. Patient Accounts Receivable**

UMC and El Paso Children's grant credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30 consisted of:

	<u>2024</u>	<u>2023</u>
Medicare	\$ 7,400	\$ 6,966
Medicaid - non-managed	21,690	22,425
Other third-party payers	98,302	72,491
Patients	67,518	54,675
	<u>194,910</u>	<u>156,557</u>
Less allowance for uncollectible accounts	76,181	64,132
	<u>\$ 118,729</u>	<u>\$ 92,425</u>

**Note 8. Capital, Lease, and Subscription Assets**

Capital assets activity for the years ended September 30 was:

	Estimated Useful Lives In Years	2022	Additions	Transfer/ Disposals/ Retirements	2023	Additions	Transfers/ Disposals/ Retirements	2024
Land and land improvement	5-25	\$ 27,823	\$ -	\$ -	\$ 27,823	\$ -	\$ 5,304	\$ 33,127
Buildings and leasehold improvements	8-40	526,125	1,008	4	527,137	6,292	39,703	573,132
equipment	3-15	407,006	27,972	(860)	434,118	27,851	6,130	468,099
		960,954	28,980	(856)	989,078	34,143	51,137	1,074,358
Less accumulated depreciation		(552,173)	(39,371)	1,656	(589,888)	(40,122)	-	(630,010)
		408,781	(10,391)	800	399,190	(5,979)	51,137	444,348
Construction in progress		-	51,121	-	51,121	9,199	(49,245)	11,075
Capital assets, net		<u>\$ 408,781</u>	<u>\$ 40,730</u>	<u>\$ 800</u>	<u>\$ 450,311</u>	<u>\$ 3,220</u>	<u>\$ 1,892</u>	<u>\$ 455,423</u>

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Lease assets activity for the years ended September 30 was:

	2022	Additions	Disposals	2023	Additions	Disposals	2024
Buildings	\$ 5,299	\$ 351	\$ -	\$ 5,650	\$ 12,078	\$ -	\$ 17,728
Equipment	9,298	1,625	(1,841)	9,082	6,134	-	15,216
	<u>14,597</u>	<u>1,976</u>	<u>(1,841)</u>	<u>14,732</u>	<u>18,212</u>	<u>-</u>	<u>32,944</u>
Less accumulated amortization							
Buildings	(1,332)	(989)	706	(1,615)	(2,590)	-	(4,205)
Equipment	(3,464)	(1,907)	107	(5,264)	(2,978)	-	(8,242)
	<u>(4,796)</u>	<u>(2,896)</u>	<u>813</u>	<u>(6,879)</u>	<u>(5,568)</u>	<u>-</u>	<u>(12,447)</u>
Lease assets, net	<u>\$ 9,801</u>	<u>\$ (920)</u>	<u>\$ (1,028)</u>	<u>\$ 7,853</u>	<u>\$ 12,644</u>	<u>\$ -</u>	<u>\$ 20,497</u>

Subscription asset activity for the years ended September 30 was:

	2022	Additions	Disposals	2023	Additions	Disposals	2024
Subscription-based IT Assets	\$ 40,030	\$ 10,873	\$ (811)	\$ 50,092	\$ 3,151	\$ (85)	\$ 53,158
Less accumulated amortization	(7,702)	(9,416)	797	(16,321)	(10,477)	85	(26,713)
Subscription assets, net	<u>\$ 32,328</u>	<u>\$ 1,457</u>	<u>\$ (14)</u>	<u>\$ 33,771</u>	<u>\$ (7,326)</u>	<u>\$ -</u>	<u>\$ 26,445</u>

**Note 9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses included in current liabilities at September 30 consisted of:

	2024	2023
Payable to suppliers and contractors	\$ 80,199	\$ 108,738
Payable to employees (including payroll taxes and benefits)	55,573	46,757
Payable for LPPF	21,179	36,793
Accrued interest	1,685	2,060
Patient refunds	9,553	8,899
Other	4,996	2,456
Health Plan medical claims payable - Note 10	47,837	55,456
	<u>\$ 221,022</u>	<u>\$ 261,159</u>

## **Note 10. Medical Malpractice, Employee Health and Workers' Compensation Claims**

Except for claims related to the El Paso Children's employees, the District is self-insured for claims under the *Texas Workers' Compensation Act*. At September 30, 2024 and 2023, the District had accrued amounts, which in the opinion of management, are sufficient to cover all claims arising under the Act through September 30, 2024 and 2023, respectively. The accrual is based on an independent actuarial determination obtained by management for all claims arising in the self-insured period.

Except for claims related to El Paso Children's activities, the District is also self-insured for medical malpractice claims. At September 30, 2024 and 2023, the District had accrued amounts that, in the opinion of management, are sufficient to cover all asserted and unasserted claims incurred through September 30, 2024 and 2023, respectively. The accrual is based on an independent actuarial determination obtained by management for all claims arising in the self-insured period. The estimate is based on a maximum liability, under Texas statute, of \$100 thousand for each person, \$300 thousand for each single occurrence for bodily injury or death and \$100 thousand for each single occurrence for injury to or destruction of property. Because of these limits on its liability, the District does not hold commercial stop-loss coverage for malpractice claims.

District eligible employees are covered under a self-insured health plan, which is administered by the Health Plan. The District accrues a liability for all claims that are estimated to have been incurred prior to year-end under the plan.

Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses could change by a material amount in the near term.

The accruals and fiscal year activity (current year expenses and claim payments made) for these liabilities are not material in 2024 and 2023.

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***Health Plan Medical Claims Payable***

The following table provides a reconciliation of the beginning and ending health plan medical claims payable balances for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Medical claims payable, beginning of year	\$ 55,456	\$ 62,846
Incurred claims related to		
Current year	295,631	324,561
Prior years	<u>1,537</u>	<u>(1,586)</u>
Total incurred claims	<u>297,168</u>	<u>322,975</u>
Paid claims related to		
Current year	281,464	300,165
Prior years	<u>23,323</u>	<u>30,200</u>
Total paid claims	<u>304,787</u>	<u>330,365</u>
Medical claims payable, end of year	<u>\$ 47,837</u>	<u>\$ 55,456</u>

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates. The Health Plan medical claims payable, which is included in accounts payable and accrued expenses in the balance sheet, includes an amount determined from claim reports, actuarial estimates and individual cases and an amount, based on prior experience, for claims incurred but not reported. This liability is based on estimates, and while management believes the amount is adequate, the ultimate claims payable could vary materially from the amount provided in the near term.



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***General Obligation Refunding Bonds, Series 2017***

In April 2017, the District refunded \$107.8 million of the then outstanding \$110.0 million of Series 2008A General Obligation Bonds (2008A bonds) with \$106.8 million of Series 2017 General Obligation Refunding Bonds (2017 bonds). Interest rates on the 2017 refunding bonds range from 4% to 5%. The 2017 Bonds are secured by ad valorem tax. The maturity schedule of the 2017 bonds was consistently maintained with the 2008A bonds.

As a result of the refunding, the District decreased its total debt service requirements by \$8.3 million (\$6.1 million present value) and incurred an accounting loss of approximately \$6.5 million. The accounting loss on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2038.

The balance of the deferred loss on the debt refunding is \$4.3 million at September 30, 2024 and \$4.6 million at September 30, 2023, and is included as a deferred outflow of resources in the accompanying balance sheets. Any 2017 Bonds maturing after August 15, 2028 are subject to optional early redemption at par by the District on or after August 15, 2027.

***Combination Tax and Revenue Certificates of Obligation, Series 2013***

In May 2013, the District issued \$134.3 million in Series 2013 Combination Tax and Revenue Certificates of Obligation (Certificates). Net bond proceeds were used to finance the renovation and improvements of UMC, construct and equip new clinics in the east, northeast, central and west areas of the county, renovate existing hospital inpatient floors, acquire certain medical equipment and machinery for the main hospital campus, and upgrade the District's electronic medical record and billing systems. Interest rates for the Series 2013 bonds ranged from 3% to 5%. This bond issuance was a direct obligation of the District and was payable from an ad valorem tax. In 2024, the District issued the General Obligation Refunding Bonds, Series 2024 (2024 Bonds) to refund \$124.6 million of the Certificates. The remaining balance of the Certificates was paid in full in 2024.

***General Obligation Refunding Bonds, Series 2013***

In May 2013, the District refunded \$115.9 million of the \$120 million Series 2005 Combination Tax and Revenue Bonds with \$110.4 million of Series 2013 General Obligation Refunding Bonds (2013 Bonds). Interest rates on the 2013 refunding bonds range from 3% to 5%. The 2013 Bonds are secured by an ad valorem tax. The maturity schedule of the Series 2013 refunding bonds was consistently maintained with the Series 2005 bonds.

As a result of the refunding, the District decreased its total debt service requirements by \$13.3 million (\$9.1 million present value) and incurred an accounting loss of approximately \$10.6 million. The accounting loss on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2035. The balance of the deferred loss on the debt refunding is \$0 at September 30, 2024 and \$5.7 million at September 30, 2023, and is included as a deferred outflow of resources in the accompanying balance sheets.

In 2024, the District issued the 2024 Bonds to refund \$77.2 million of the 2013 Bonds. The remaining balance of the 2013 Bonds was paid in full in 2024.

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***Revenue Bonds, Series 2023 and Revenue Refunding Bonds, Series 2024***

In June 2023, the District issued \$55.0 million in Series 2023 Revenue Bonds (2023 bonds). Interest varies, and is set at Secured Overnight Financing Rate (SOFR) +2.07% \*.8, which was 4.96% and 6.21% at September 30, 2024 and 2023, respectively. Net bond proceeds were used to finance the acquisition, renovation and improvements and equipping of a surgical center. This bond issuance is a direct obligation of the District and is payable from operating revenue.

The 2023 bonds, at the option of the District, provide for early redemption on bonds having stated maturities on and after August 15, 2024, in whole or in part, on August 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

The 2023 bonds are subject to redemption at the option of the District prior to maturity on or after March 1, 2024 in principal amounts of \$250,000 or any integral multiple of \$5,000 in excess thereof, at a redemption price of 100% of their principal amount plus accrued interest, if any.

Subsequent to year end, in October 2024, the District issued the \$54.8 million Revenue Refunding Bonds, Series 2024. Proceeds from the sale of the bonds were used to refund all of the outstanding Series 2023 bonds. Interest rates on the 2024 refunding bonds are 5%. This bond issuance is a direct obligation of the District and is payable from operating revenue.

***General Obligation Refunding Bonds, Series 2024***

In August 2024, the District refunded \$124.4 million of the \$134.3 million 2013 Combination Tax and Revenue Certificates of Obligation and \$77.2 million of the \$110.4 million Series 2013 General Obligation Refunding Bonds with \$187.1 million of General Obligation Refunding Bonds, Series 2024 (2024 Bonds). Interest rates on the 2024 refunding bonds is 5%. The 2024 Bonds are secured by an ad valorem tax. The maturity schedule of the Series 2013 refunding bonds was consistently maintained with the Certificates and the Series 2013 bonds.

As a result of the refunding, the District decreased its total debt service requirements by approximately \$19.8 million and incurred an accounting gain of approximately \$14.3 million. The accounting gain on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2043. The balance of the deferred gain on the debt refunding is \$14.2 million at September 30, 2024, and is included as a deferred inflow of resources in the accompanying balance sheets. Any 2024 Bonds maturing after August 24, 2035 are subject to optional early redemption at par by the District on or after August 15, 2034.

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The debt service requirements for the bonds as of September 30, 2024 (inclusive of the Revenue Refunding Bonds, Series 2024 occurring in October 2024) are as follows:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	\$ 25,874	\$ 10,800	\$ 15,074
2026	25,873	10,395	15,478
2027	25,877	10,920	14,957
2028	25,880	11,470	14,410
2029	25,876	12,040	13,836
2030 - 2034	129,370	69,780	59,590
2035 - 2039	129,811	88,760	41,051
2040 - 2044	108,556	91,225	17,331
2045 - 2049	16,457	12,025	4,432
2050 - 2054	16,659	15,030	1,629
	<u>\$ 530,233</u>	<u>\$ 332,445</u>	<u>\$ 197,788</u>

***Lease Liabilities***

The District leases equipment and office space, the terms of which expire in various years through 2028. Various leases include escalation in payments on the anniversary of the commencement of the lease at various intervals. The leases were measured based upon the aggregate incremental lease borrowing rate at lease commencement.

During the years ended September 30, 2024 and 2023, the District recognized \$6.3 million and \$6.6 million, respectively, of rental expense for variable payments, short-term and cancellable leases that are not included in the measurement of the lease liability.

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The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	\$ 6,641	\$ 6,008	\$ 633
2026	5,310	4,858	452
2027	3,780	3,475	305
2028	2,500	2,288	212
2029	1,872	1,732	140
2030-2034	3,449	3,243	206
	\$ 23,552	\$ 21,604	\$ 1,948

***Subscription Liabilities***

The District has various SBITAs, the terms of which expire in various years through 2030. The subscription liabilities are measured at the present value of subscription payments expected to be made during the subscription term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

During the years ended September 30, 2024 and 2023, the District recognized approximately \$16.6 million and \$13.8 million, respectively, of subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	\$ 9,308	\$ 8,603	\$ 705
2026	7,426	6,989	437
2027	6,400	6,182	218
2028	1,450	1,379	71
2029	1,363	1,339	24
2030	187	185	2
	\$ 26,134	\$ 24,677	\$ 1,457

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**Note 12. Pension Plans**

**Defined Benefit Plan**

***Plan Description***

The District contributes to TCDRS, an agent multiple-employer defined benefit pension plan (the Retirement Plan) covering substantially all employees other than those employed by El Paso Children’s. The Retirement Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the retirement plan document and were established and can be amended by action of the District’s governing body within the options available in the state statutes governing TCDRS. The Retirement Plan does not issue a separate report that includes financial statements and required supplementary information for the plan. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or from the website www.tcdrs.org.

***Benefits Provided***

The Retirement Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the retirement plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TCDRS.

Members can retire at age 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave their accumulated contributions in the retirement plan to receive any employer-financed benefit. If a member withdraws their personal contributions in a lump sum, they are not entitled to any amounts contributed by the employer.

The employees covered by the Retirement Plan at December 31, are:

	<u>2023</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	1,007	954
Inactive employees entitled to but not yet receiving benefits	4,303	4,093
Active employees	3,884	3,471
	<u>9,194</u>	<u>8,518</u>

***Contributions***

The District’s governing body has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The Retirement Plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members.

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Retirement Plan members are required to contribute 5% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees contributed approximately \$15.5 million in 2024 and \$12.8 million in 2023, or 5.0% of annual pay, and the District contributed approximately \$23.4 million or 7.53% in 2024 and \$20.6 million or 7.61% in 2023 to the Retirement Plan.

***Net Pension Liability***

The District’s net pension liability as of September 30, 2024 and 2023 was measured as of December 31, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

The total pension liability in the December 31, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.7% average over career including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.5%, net of pension plan administrative expenses
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equities		
U.S. Equities	11.5%	4.8%
International Equities — Developed	5.0%	4.8%
International Equities — Emerging	6.0%	4.8%
Global Equities	2.5%	4.8%
Hedge Funds	6.0%	3.3%
High-Yield Investments		
Strategic Credit	9.0%	3.7%
Distressed Debt	4.0%	6.9%
Direct Lending	16.0%	7.3%
Private Equity	25.0%	7.8%
Real Assets		
REITs	2.0%	4.1%
Private Real Estate Partnerships	6.0%	5.7%
Master Limited Partnerships	2.0%	5.2%
Cash Equivalents	2.0%	0.6%
Investment-Grade Bonds	3.0%	2.4%
Total	100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.6% at December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the total pension liability, plan fiduciary net position and the net pension (asset) liability for the years ended September 30, 2024 and 2023 are:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at September 30, 2023	\$ 665,236	\$ 598,935	\$ 66,301
Changes for the year:			
Service cost	22,503	-	22,503
Interest on total pension liability	51,400	-	51,400
Effect of economic/demographic gains or losses	7,594	-	7,594
Refund of contributions	(1,629)	(1,629)	-
Benefit payments	(21,637)	(21,637)	-
Administrative expenses	-	(353)	353
Member contributions	-	13,775	(13,775)
Net investment income	-	65,937	(65,937)
Employer contributions	-	20,965	(20,965)
Other changes	-	820	(820)
Net changes	58,231	77,878	(19,647)
Balances at September 30, 2024	\$ 723,467	\$ 676,813	\$ 46,654
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension (Asset) Liability (a) - (b)</b>
Balances at September 30, 2022	\$ 612,778	\$ 624,561	\$ (11,783)
Changes for the year:			
Service cost	19,221	-	19,221
Interest on total pension liability	47,242	-	47,242
Effect of economic/demographic gains or losses	7,167	-	7,167
Refund of contributions	(1,377)	(1,377)	-
Benefit payments	(19,795)	(19,795)	-
Administrative expenses	-	(351)	351
Member contributions	-	11,898	(11,898)
Net investment income	-	(37,487)	37,487
Employer contributions	-	19,536	(19,536)
Other changes	-	1,950	(1,950)
Net changes	52,458	(25,626)	78,084
Balances at September 30, 2023	\$ 665,236	\$ 598,935	\$ 66,301

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The net pension liability has been calculated using a discount rate of 7.6%. The following table presents the net pension (asset) liability using a discount rate 1% higher and 1% lower than the current rate for September 30:

	<b>2024</b>		
	<b>Current</b>		
	<b>1% Decrease 6.6%</b>	<b>Discount Rate 7.6%</b>	<b>1% Increase 8.6%</b>
Net pension liability (asset)	\$ 158,474	\$ 46,654	\$ (44,965)

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

For the years ended September 30, 2024 and 2023, the District recognized pension expense of approximately \$19.1 million and \$20.9 million, respectively. At September 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2024</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 8,084	\$ -
Net difference between projected and actual earnings on pension plan	4,029	-
Contributions subsequent to the measurement date	18,347	-
	<u>\$ 30,460</u>	<u>\$ -</u>
	<b>2023</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 6,382	\$ -
Changes of assumptions	9,301	-
Net difference between projected and actual earnings on pension plan investments	14,167	-
Contributions subsequent to the measurement date	15,707	-
	<u>\$ 45,557</u>	<u>\$ -</u>

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At September 30, 2024 and 2023, the District reported approximately \$18.3 million and \$15.7 million, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a decrease in the net pension liability at September 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2024, related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2025	\$	782
2026		343
2027		14,983
2028		(3,995)
	\$	<u>12,113</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the Retirement Plan’s fiduciary net position is available in the separately issued financial report of TCDRS for the year ended December 31, 2023.

**Defined Contribution Plan**

El Paso Children’s sponsors a 401(k) defined contribution plan covering substantially all employees. The plan document includes required matching contributions subject to formulas outlined in the plan document, and also allows for additional discretionary contributions. Retirement expense for the 401(k) defined contribution plan was approximately \$3.2 million in both 2024 and 2023.

**Note 13. Other Postemployment Benefits (OPEB)**

The District provides certain medical benefits to eligible retirees who are age 60 or older and have 20 years of service. Eligible employees are able to elect medical coverage for themselves (and spouses and dependents, as applicable). Benefits will end when the retiree either reaches age 65 or starts receiving Medicare benefits, whichever occurs first.

The District funds these other postemployment benefits (OPEB) on a pay-as-you-go basis, meaning the District will pay the benefits as they come due. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The OPEB liability was \$2.0 million at both September 30, 2024 and 2023. Due to immateriality of the estimated liability, the remaining OPEB disclosures and required supplementary information have been omitted from the financial statements.

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## **Note 14. Litigation**

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

## **Note 15. COVID-19 Pandemic and COVID-19 Assistance**

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

UMC received various types of COVID-19 assistance, as discussed below.

### ***Coronavirus State and Local Fiscal Recovery Funds***

UMC received funding from the County as part of the Coronavirus State and Local Fiscal Recovery Funds as established by the *American Rescue Plan Act*. These funds are to be used for qualifying expenses incurred by the District in response to the COVID-19 pandemic.

The District is accounting for such payments as conditional contributions. Payments are recognized as other non-operating revenue once the applicable terms and conditions required to retain the funds have been met. The District recognized \$4.9 million and \$23.9 million of American Rescue Plan Funding for the years ended September 30, 2024 and 2023, respectively, which is included as COVID-19 assistance revenue in the accompanying statements of revenues, expenses and changes in net position. At September 30, 2023, the unrecognized amount of American Rescue distributions are recorded as COVID-19 funding received in advance in the accompanying balance sheets.

### ***Federal Emergency Management Agency (FEMA)***

UMC applied for and received payments from FEMA for the purpose of reimbursing specific costs incurred during the COVID-19 pandemic. UMC recognized revenue from FEMA payments of approximately \$0 and \$8.5 million during the years ending September 30, 2024 and 2023, respectively, which are included as COVID-19 assistance revenue on the accompanying statements of revenues, expenses and changes in net position. FEMA payments are subject to government oversight, including potential audits.

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**Note 16. Condensed Combining Information**

The following tables include condensed combining balance sheet information for the District and its material blended component units as of September 30, 2024 and 2023.

	September 30, 2024					
	Component Units					Total
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	
<b>Assets and Deferred Outflows of Resources</b>						
Current assets	\$ 187,878	\$ 83,633	\$ 98,462	\$ 1,887	\$ -	\$ 371,860
Due from affiliates	13,035	526	852	-	(14,413)	-
Noncurrent cash and investments	-	-	500	10,157	-	10,657
Capital assets, net	421,032	27,657	6,734	-	-	455,423
Lease assets, net	20,497	-	-	-	-	20,497
Subscription assets, net	23,967	-	2,478	-	-	26,445
Other assets	2,670	105,187	-	1,414	(95,742)	13,529
<b>Total assets</b>	<b>669,079</b>	<b>217,003</b>	<b>109,026</b>	<b>13,458</b>	<b>(110,155)</b>	<b>898,411</b>
Deferred outflows of resources	35,382	570	-	-	-	35,952
<b>Total assets and deferred outflows of resources</b>	<b>\$ 704,461</b>	<b>\$ 217,573</b>	<b>\$ 109,026</b>	<b>\$ 13,458</b>	<b>\$ (110,155)</b>	<b>\$ 934,363</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
Current liabilities	\$ 171,067	\$ 32,876	\$ 66,158	\$ 329	\$ -	\$ 270,430
Due to affiliates	690	25,698	1,770	626	(28,784)	-
Long-term debt	343,964	-	-	-	-	343,964
Lease liabilities	15,596	-	-	-	-	15,596
Subscription liabilities	14,319	-	1,755	-	-	16,074
Net pension liability	46,654	-	-	-	-	46,654
Other long-term liabilities	3,965	95,665	-	-	(85,871)	13,759
<b>Total liabilities</b>	<b>596,255</b>	<b>154,239</b>	<b>69,683</b>	<b>955</b>	<b>(114,655)</b>	<b>706,477</b>
Deferred inflows of resources	14,910	-	-	-	-	14,910
Net position						
Net investment in capital assets	56,480	26,861	5,891	-	-	89,232
Restricted - expendable	-	6,252	500	8,788	(6,252)	9,288
Restricted - non-expendable	-	3,664	-	3,715	(3,664)	3,715
Unrestricted	36,816	26,557	32,952	-	14,416	110,741
<b>Total net position</b>	<b>93,296</b>	<b>63,334</b>	<b>39,343</b>	<b>12,503</b>	<b>4,500</b>	<b>212,976</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 704,461</b>	<b>\$ 217,573</b>	<b>\$ 109,026</b>	<b>\$ 13,458</b>	<b>\$ (110,155)</b>	<b>\$ 934,363</b>

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Assets and Deferred Outflows of Resources	September 30, 2023					
	UMC	Component Units			Eliminations	Total
		El Paso Children's	El Paso Health	Foundation		
Current assets	\$ 214,925	\$ 77,293	\$ 140,537	\$ 1,261	\$ -	\$ 434,016
Due from affiliates	10,574	-	1,227	-	(11,801)	-
Noncurrent cash and investments	9,174	-	500	8,461	-	18,135
Capital assets, net	423,801	20,252	6,258	-	-	450,311
Lease assets, net	7,853	-	-	-	-	7,853
Subscription assets, net	29,902	-	3,869	-	-	33,771
Other assets	350	101,878	-	1,402	(98,705)	4,925
Total assets	696,579	199,423	152,391	11,124	(110,506)	949,011
Deferred outflows of resources	56,536	1,025	-	-	-	57,561
Total assets and deferred outflows of resources	\$ 753,115	\$ 200,448	\$ 152,391	\$ 11,124	\$ (110,506)	\$ 1,006,572
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
Current liabilities	\$ 173,296	\$ 22,872	\$ 104,070	\$ 140	\$ -	\$ 300,378
Due to affiliates	1,003	35,092	1,480	177	(37,752)	-
Long-term debt	371,692	508	-	-	-	372,200
Lease liabilities	5,340	-	-	-	-	5,340
Subscription liabilities	20,064	-	2,599	-	-	22,663
Net pension liability	66,301	-	-	-	-	66,301
Other long-term liabilities	4,958	91,669	-	-	(88,996)	7,631
Total liabilities	642,654	150,141	108,149	317	(126,748)	774,513
Deferred inflows of resources	686	-	-	-	-	686
Net position						
Net investment in capital assets	59,460	18,731	6,203	-	-	84,394
Restricted - expendable	-	6,175	500	7,724	(6,175)	8,224
Restricted - non-expendable	-	3,036	-	3,083	(3,036)	3,083
Unrestricted	50,315	22,365	37,539	-	25,453	135,672
Total net position	109,775	50,307	44,242	10,807	16,242	231,373
Total liabilities, deferred inflows of resources and net position	\$ 753,115	\$ 200,448	\$ 152,391	\$ 11,124	\$ (110,506)	\$ 1,006,572

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The following tables include condensed District combining statements of revenues, expenses and changes in net position information and its material blended component units for the years ended September 30, 2024 and 2023.

	September 30, 2024					
	Component Units					Total
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	
Net patient service revenue and other revenues	\$ 751,778	\$ 199,350	\$ 19,140	\$ 6,597	\$ (52,277)	\$ 924,588
Premium revenue	-	-	333,453	-	-	333,453
Operating expenses	(875,136)	(180,540)	(359,055)	(3,239)	50,891	(1,367,079)
Depreciation and amortization expense	(49,276)	(5,009)	(2,132)	-	-	(56,417)
Operating income (loss)	(172,634)	13,801	(8,594)	3,358	(1,386)	(165,455)
Nonoperating revenues, net	143,316	(774)	3,695	(1,662)	2,483	147,058
Transfers (to) from affiliates	12,839	-	-	-	(12,839)	-
Increase (decrease) in net position	(16,479)	13,027	(4,899)	1,696	(11,742)	(18,397)
Net position, beginning of year	109,775	50,307	44,242	10,807	16,242	231,373
Net position, end of year	<u>\$ 93,296</u>	<u>\$ 63,334</u>	<u>\$ 39,343</u>	<u>\$ 12,503</u>	<u>\$ 4,500</u>	<u>\$ 212,976</u>

	September 30, 2023					
	Component Units					Total
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	
Net patient service revenue and other revenues	\$ 654,465	\$ 206,513	\$ 23,058	\$ 5,924	\$ (48,889)	\$ 841,071
Premium revenue	-	-	375,653	-	-	375,653
Operating expenses	(785,718)	(171,397)	(387,864)	(2,346)	42,307	(1,305,018)
Depreciation and amortization expense	(44,441)	(4,320)	(3,321)	-	-	(52,082)
Operating income (loss)	(175,694)	30,796	7,526	3,578	(6,582)	(140,376)
Nonoperating revenues, net	160,061	(1,247)	2,152	(1,272)	3,041	162,735
Transfers (to) from affiliates	15,000	-	(15,000)	-	-	-
Increase (decrease) in net position	(633)	29,549	(5,322)	2,306	(3,541)	22,359
Net position, beginning of year	110,408	20,758	49,564	8,501	19,783	209,014
Net position, end of year	<u>\$ 109,775</u>	<u>\$ 50,307</u>	<u>\$ 44,242</u>	<u>\$ 10,807</u>	<u>\$ 16,242</u>	<u>\$ 231,373</u>

**El Paso County Hospital District**  
**d/b/a University Medical Center of El Paso**  
**A Component Unit of El Paso County, Texas**  
**Notes to Financial Statements**  
**September 30, 2024 and 2023**  
**(In Thousands)**

The following tables include condensed District combining statements of cash flows information and its material blended component units for the years ended September 30, 2024 and 2023.

	September 30, 2024					
	Component Units					
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Net cash provided by (used in):						
Operating activities	\$ (101,736)	\$ 22,863	\$ (69,107)	\$ 892	\$ -	\$ (147,088)
Noncapital financing activities	142,536	(12,841)	-	165	-	129,860
Capital and related financing activities	(52,240)	(13,935)	(1,820)	-	-	(67,995)
Investing activities	16,756	(6,599)	(16,304)	52	-	(6,095)
Increase (decrease) in cash and cash equivalents	5,316	(10,512)	(87,231)	1,109	-	(91,318)
Cash and cash equivalents, beginning of year	59,760	33,691	128,529	5,526	-	227,506
Cash and cash equivalents, end of year	<u>\$ 65,076</u>	<u>\$ 23,179</u>	<u>\$ 41,298</u>	<u>\$ 6,635</u>	<u>\$ -</u>	<u>\$ 136,188</u>

	September 30, 2023					
	Component Units					
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Net cash provided by (used in):						
Operating activities	\$ (71,803)	\$ 26,933	\$ (3,193)	\$ 315	\$ -	\$ (47,748)
Noncapital financing activities	140,914	(2,782)	(15,000)	225	-	123,357
Capital and related financing activities	(27,486)	(11,319)	(1,588)	-	-	(40,393)
Investing activities	(7,666)	(3,901)	2,152	(179)	-	(9,594)
Increase (decrease) in cash and cash equivalents	33,959	8,931	(17,629)	361	-	25,622
Cash and cash equivalents, beginning of year	25,801	24,760	146,158	5,165	-	201,884
Cash and cash equivalents, end of year	<u>\$ 59,760</u>	<u>\$ 33,691</u>	<u>\$ 128,529</u>	<u>\$ 5,526</u>	<u>\$ -</u>	<u>\$ 227,506</u>

**Note 17. Future Change in Accounting Principle – GASB Statement No. 101,  
Compensated Absences (GASB 101)**

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes voluntary resignation or retirement; or noncash settlements, such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The changes adopted at transition to conform to the provisions of GASB 101, should be reported as a change in accounting principle in accordance with Statement No. 100, *Accounting Changes and Error Corrections*, including the related display and disclosure requirements.

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Notes to Financial Statements  
September 30, 2024 and 2023  
(In Thousands)**

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**Note 18. Subsequent Events**

In October 2024, the District issued the \$54.8 million Revenue Refunding Bonds, Series 2024, as previously discussed in *Note 11*.

In November 2024, the citizens of El Paso County, Texas voted to approve a \$397 million bond, the proceeds of which would be used to expand health care services and clinics throughout the county, including a geriatric center and a health center. It would also fund surgical suites, equipment, beds, laboratory services and parking at UMC, as well as a burn center and a critical care unit.

***Required Supplementary Information***

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Schedule of Changes in the District's Net Pension  
(Asset) Liability and Related Ratios  
As of December 31,  
(In Thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 22,503	\$ 19,221	\$ 18,533	\$ 14,928	\$ 13,225	\$ 12,844	\$ 12,690	\$ 12,162	\$ 11,531	\$ 11,453
Interest on total pension liability	51,400	47,242	43,781	40,166	37,029	33,980	31,131	28,134	26,051	23,877
Effect of plan changes	-	-	-	-	-	4,884	-	-	(2,467)	-
Effect of assumption changes or inputs	-	-	729	36,232	-	-	1,902	-	4,304	-
Effect of economic and demographic (gains) or losses	7,594	7,167	2,200	3,480	2,927	35	1,746	865	(3,230)	(656)
Benefit payments, including refunds of employee contributions	(23,266)	(21,172)	(19,643)	(16,822)	(15,528)	(13,463)	(11,486)	(10,307)	(9,474)	(8,088)
<b>Net change in total pension liability</b>	<b>58,231</b>	<b>52,458</b>	<b>45,600</b>	<b>77,984</b>	<b>37,653</b>	<b>38,280</b>	<b>35,983</b>	<b>30,854</b>	<b>26,716</b>	<b>26,586</b>
<b>Total pension liability—beginning</b>	<b>665,236</b>	<b>612,778</b>	<b>567,178</b>	<b>489,194</b>	<b>451,541</b>	<b>413,261</b>	<b>377,278</b>	<b>346,424</b>	<b>319,709</b>	<b>293,123</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 723,467</b>	<b>\$ 665,236</b>	<b>\$ 612,778</b>	<b>\$ 567,178</b>	<b>\$ 489,194</b>	<b>\$ 451,541</b>	<b>\$ 413,261</b>	<b>\$ 377,278</b>	<b>\$ 346,424</b>	<b>\$ 319,709</b>
<b>Plan fiduciary net position</b>										
Contributions—employer	\$ 20,965	\$ 19,536	\$ 15,904	\$ 15,345	\$ 12,412	\$ 10,530	\$ 10,064	\$ 8,981	\$ 8,294	\$ 8,342
Contributions—employee	13,775	11,898	10,505	9,787	8,501	7,800	7,683	7,060	6,490	6,339
Net investment income	65,937	(37,487)	111,899	46,615	62,874	(7,123)	48,385	22,427	(2,734)	18,629
Benefit payments, including refunds of employee contributions	(23,266)	(21,172)	(19,643)	(16,822)	(15,528)	(13,463)	(11,486)	(10,307)	(9,474)	(8,088)
Administrative expense	(353)	(351)	(338)	(370)	(344)	(308)	(256)	(244)	(217)	(221)
Other	820	1,950	334	285	248	184	96	651	149	132
<b>Net change in plan fiduciary net position</b>	<b>77,878</b>	<b>(25,626)</b>	<b>118,661</b>	<b>54,840</b>	<b>68,163</b>	<b>(2,380)</b>	<b>54,486</b>	<b>28,568</b>	<b>2,508</b>	<b>25,133</b>
<b>Plan fiduciary net position—beginning</b>	<b>598,935</b>	<b>624,561</b>	<b>505,900</b>	<b>451,060</b>	<b>382,897</b>	<b>385,277</b>	<b>330,791</b>	<b>302,223</b>	<b>299,715</b>	<b>274,582</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 676,813</b>	<b>\$ 598,935</b>	<b>\$ 624,561</b>	<b>\$ 505,900</b>	<b>\$ 451,060</b>	<b>\$ 382,897</b>	<b>\$ 385,277</b>	<b>\$ 330,791</b>	<b>\$ 302,223</b>	<b>\$ 299,715</b>
<b>District's net pension (asset) liability—ending (a) – (b)</b>	<b>\$ 46,654</b>	<b>\$ 66,301</b>	<b>\$ (11,783)</b>	<b>\$ 61,278</b>	<b>\$ 38,134</b>	<b>\$ 68,644</b>	<b>\$ 27,984</b>	<b>\$ 46,487</b>	<b>\$ 44,201</b>	<b>\$ 19,994</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.55%</b>	<b>90.03%</b>	<b>101.92%</b>	<b>89.20%</b>	<b>92.20%</b>	<b>84.80%</b>	<b>93.23%</b>	<b>87.68%</b>	<b>87.24%</b>	<b>93.75%</b>
<b>Covered payroll</b>	<b>\$ 275,493</b>	<b>\$ 237,954</b>	<b>\$ 210,091</b>	<b>\$ 195,588</b>	<b>\$ 170,028</b>	<b>\$ 155,998</b>	<b>\$ 153,652</b>	<b>\$ 141,207</b>	<b>\$ 129,797</b>	<b>\$ 126,780</b>
<b>District's net pension (asset) liability as a percentage of covered payroll</b>	<b>16.93%</b>	<b>27.86%</b>	<b>-5.61%</b>	<b>31.33%</b>	<b>22.43%</b>	<b>44.00%</b>	<b>18.21%</b>	<b>32.92%</b>	<b>34.05%</b>	<b>15.77%</b>

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Schedule of District Contributions  
Year Ending September 30,  
(In Thousands)**

<b>Year Ending September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered payroll (1)</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 23,372	\$ 23,372	\$ -	\$ 310,473	7.5%
2023	\$ 19,778	\$ 19,778	\$ -	\$ 255,349	7.7%
2022	\$ 18,408	\$ 18,408	\$ -	\$ 228,836	8.0%
2021	\$ 15,708	\$ 15,708	\$ -	\$ 205,557	7.6%
2020	\$ 14,061	\$ 14,061	\$ -	\$ 182,179	7.7%
2019	\$ 11,936	\$ 11,936	\$ -	\$ 166,322	7.2%
2018	\$ 10,420	\$ 10,420	\$ -	\$ 155,455	6.7%
2017	\$ 9,798	\$ 9,798	\$ -	\$ 150,570	6.5%
2016	\$ 9,163	\$ 9,163	\$ -	\$ 143,894	6.4%
2015	\$ 8,186	\$ 8,186	\$ -	\$ 127,109	6.4%

**Notes to Schedule:**

(1) Payroll is calculated based on contributions as reported to TCDRS

*Valuation date:*

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.9 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	4.7% average over career, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 110% of the MP-2021 Ultimate scale after 2010

All amounts are in thousands, unless otherwise indicated.

***Supplementary Information***

**El Paso County Hospital District**  
**d/b/a University Medical Center of El Paso**  
**A Component Unit of El Paso County, Texas**  
**Combined Balance Sheet Information**  
**September 30, 2024 and 2023**  
**(In Thousands)**

	2024						2023					
	Component Units						Component Units					
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
<b>Assets and Deferred Outflows of Resources</b>												
<b>Current Assets</b>												
Cash and cash equivalents	\$ 43,897	\$ 23,179	\$ 41,298	\$ -	\$ -	\$ 108,374	\$ 19,869	\$ 33,691	\$ 128,529	\$ -	\$ -	\$ 182,089
Restricted cash and cash equivalents	21,179	-	-	-	-	21,179	36,793	-	-	-	-	36,793
Short-term investments	-	12,151	20,000	-	-	32,151	5,971	4,047	-	-	-	10,018
Patient accounts receivable, net	86,474	32,255	-	-	-	118,729	67,275	25,150	-	-	-	92,425
County appropriation - property taxes receivable, net	1,487	-	-	-	-	1,487	1,623	-	-	-	-	1,623
Medicaid Supplemental Program Revenue receivable	11,923	6,510	-	-	-	18,433	53,116	11,142	-	-	-	64,258
Estimated amounts due from third-party payers	-	5,933	-	-	-	5,933	2,671	-	-	-	-	2,671
Supplies	13,258	1,866	-	-	-	15,124	12,542	1,611	-	-	-	14,153
Prepaid expenses and other	9,660	1,739	37,164	1,887	-	50,450	15,065	1,652	12,008	1,261	-	29,986
Due from component units	13,035	526	852	-	(14,413)	-	10,574	-	1,227	-	(11,801)	-
Total current assets	200,913	84,159	99,314	1,887	(14,413)	371,860	225,499	77,293	141,764	1,261	(11,801)	434,016
<b>Noncurrent Cash and Investments</b>												
Project construction	-	-	-	-	-	-	9,174	-	-	-	-	9,174
Held by Foundation	-	-	-	10,157	-	10,157	-	-	-	8,461	-	8,461
Restricted for medical claims	-	-	500	-	-	500	-	-	500	-	-	500
	-	-	500	10,157	-	10,657	9,174	-	500	8,461	-	18,135
<b>Capital Assets, Net</b>	421,032	27,657	6,734	-	-	455,423	423,801	20,252	6,258	-	-	450,311
<b>Lease Assets, Net</b>	20,497	-	-	-	-	20,497	7,853	-	-	-	-	7,853
<b>Subscription Assets, Net</b>	23,967	-	2,478	-	-	26,445	29,902	-	3,869	-	-	33,771
<b>Other Assets</b>	2,670	105,187	-	1,414	(95,742)	13,529	350	101,878	-	1,402	(98,705)	4,925
Total assets	669,079	217,003	109,026	13,458	(110,155)	898,411	696,579	199,423	152,391	11,124	(110,506)	949,011
<b>Deferred Outflows of Resources</b>												
Loss on bond refundings	4,260	-	-	-	-	4,260	10,235	-	-	-	-	10,235
Goodwill	296	570	-	-	-	866	346	1,025	-	-	-	1,371
Other postemployment benefits	366	-	-	-	-	366	398	-	-	-	-	398
Pensions	30,460	-	-	-	-	30,460	45,557	-	-	-	-	45,557
Total deferred outflows of resources	35,382	570	-	-	-	35,952	56,536	1,025	-	-	-	57,561
Total assets and deferred outflows of resources	\$ 704,461	\$ 217,573	\$ 109,026	\$ 13,458	\$ (110,155)	\$ 934,363	\$ 753,115	\$ 200,448	\$ 152,391	\$ 11,124	\$ (110,506)	\$ 1,006,572

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Combined Balance Sheet Information  
September 30, 2024 and 2023  
(In Thousands)**

(Continued)

Liabilities, Deferred Inflows of Resources and Net Position	2024						2023					
	UMC	Component Units					UMC	Component Units				
		El Paso Children's	El Paso Health	Foundation	Eliminations	Total		El Paso Children's	El Paso Health	Foundation	Eliminations	Total
<b>Current Liabilities</b>												
Accounts payable and accrued expenses	\$ 134,038	\$ 21,313	\$ 65,342	\$ 329	\$ -	\$ 221,022	\$ 142,586	\$ 15,664	\$ 102,769	\$ 140	\$ -	\$ 261,159
Current maturities of long-term debt	12,156	479	-	-	-	12,635	11,021	386	-	-	-	11,407
Current portion of lease liabilities	6,008	-	-	-	-	6,008	3,054	-	-	-	-	3,054
Current portion of subscription liabilities	7,787	-	816	-	-	8,603	7,892	-	1,301	-	-	9,193
Notes payable and other current liabilities	-	796	-	-	-	796	-	1,013	-	-	-	1,013
COVID-19 funding received in advance	-	-	-	-	-	-	4,861	-	-	-	-	4,861
Estimated self-insurance costs - current	4,528	470	-	-	-	4,998	3,882	497	-	-	-	4,379
Estimated amounts due to third party payers	6,550	9,818	-	-	-	16,368	-	5,312	-	-	-	5,312
Due to component units	690	25,696	1,770	626	(28,784)	-	1,003	35,092	1,480	177	(37,752)	-
<b>Total current liabilities</b>	<b>171,757</b>	<b>58,574</b>	<b>67,928</b>	<b>955</b>	<b>(28,784)</b>	<b>270,430</b>	<b>174,299</b>	<b>57,964</b>	<b>105,550</b>	<b>317</b>	<b>(37,752)</b>	<b>300,378</b>
<b>Other Liabilities</b>												
Long-term debt	343,964	-	-	-	-	343,964	371,692	508	-	-	-	372,200
Lease liabilities	15,596	-	-	-	-	15,596	5,340	-	-	-	-	5,340
Subscription liabilities	14,319	-	1,755	-	-	16,074	20,064	-	2,599	-	-	22,663
Net pension liability	46,654	-	-	-	-	46,654	66,301	-	-	-	-	66,301
Other postemployment benefits liability	2,037	-	-	-	-	2,037	2,003	-	-	-	-	2,003
Other	1,928	95,665	-	-	(85,871)	11,722	2,955	91,669	-	-	(88,996)	5,628
<b>Total liabilities</b>	<b>596,255</b>	<b>154,239</b>	<b>69,683</b>	<b>955</b>	<b>(114,655)</b>	<b>706,477</b>	<b>642,654</b>	<b>150,141</b>	<b>108,149</b>	<b>317</b>	<b>(126,748)</b>	<b>774,513</b>
<b>Deferred Inflows of Resources</b>												
Gain on debt refundings	14,206	-	-	-	-	14,206	-	-	-	-	-	-
Other postemployment benefits	704	-	-	-	-	704	686	-	-	-	-	686
<b>Total deferred inflows of resources</b>	<b>14,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,910</b>	<b>686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>686</b>
<b>Net Position</b>												
Net investment in capital assets	56,480	26,861	5,891	-	-	89,232	59,460	18,731	6,203	-	-	84,394
Restricted - expendable	-	6,252	500	8,788	(6,252)	9,288	-	6,175	500	7,724	(6,175)	8,224
Restricted - non-expendable	-	3,664	-	3,715	(3,664)	3,715	-	3,036	-	3,083	(3,036)	3,083
Unrestricted	36,816	26,557	32,952	-	14,416	110,741	50,315	22,365	37,539	-	25,453	135,672
<b>Total net position</b>	<b>93,296</b>	<b>63,334</b>	<b>39,343</b>	<b>12,503</b>	<b>4,500</b>	<b>212,976</b>	<b>109,775</b>	<b>50,307</b>	<b>44,242</b>	<b>10,807</b>	<b>16,242</b>	<b>231,373</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 704,461</b>	<b>\$ 217,573</b>	<b>\$ 109,026</b>	<b>\$ 13,458</b>	<b>\$ (110,155)</b>	<b>\$ 934,363</b>	<b>\$ 753,115</b>	<b>\$ 200,448</b>	<b>\$ 152,391</b>	<b>\$ 11,124</b>	<b>\$(110,506)</b>	<b>\$1,006,572</b>

**El Paso County Hospital District  
d/b/a University Medical Center of El Paso  
A Component Unit of El Paso County, Texas  
Combined Statements of Revenues, Expenses and Changes in Net Position Information  
September 30, 2024 and 2023  
(In Thousands)**

	2024						2023					
	Component Units						Component Units					
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
<b>Operating Revenues</b>												
Net patient service revenue	\$ 520,888	\$ 204,025	\$ -	\$ -	\$ -	\$ 724,913	\$ 452,533	\$ 171,306	\$ -	\$ -	\$ -	\$ 623,839
Premium revenue	-	-	333,453	-	-	333,453	-	-	375,653	-	-	375,653
Medicaid Supplemental Program revenue	141,927	7,066	-	-	-	148,993	122,430	2,346	-	-	-	124,776
Contract revenue	44,097	-	-	-	(26,476)	17,621	42,909	-	-	-	(26,250)	16,659
Other revenue	44,866	(11,741)	19,140	6,597	(25,801)	33,061	36,593	32,861	23,058	5,924	(22,639)	75,797
Total operating revenues	751,778	199,350	352,593	6,597	(52,277)	1,258,041	654,465	206,513	398,711	5,924	(48,889)	1,216,724
<b>Operating Expenses</b>												
Salaries and employee benefits	410,725	80,091	19,677	1,478	(21,109)	490,862	363,462	76,426	17,284	1,156	(18,533)	439,795
Medical claims	-	-	297,168	-	(220)	296,948	-	-	322,975	-	(160)	322,815
Purchased services and other	118,424	32,327	18,306	890	(18,415)	151,532	103,836	32,960	19,184	602	(12,456)	144,126
Physician fees	122,860	22,474	-	-	(549)	144,785	121,211	20,960	-	-	(548)	141,623
Supplies and pharmaceuticals	223,127	45,648	23,904	871	(10,598)	282,952	197,209	41,051	28,421	588	(10,610)	256,659
Depreciation and amortization	49,276	5,009	2,132	-	-	56,417	44,441	4,320	3,321	-	-	52,082
Total operating expenses	924,412	185,549	361,187	3,239	(50,891)	1,423,496	830,159	175,717	391,185	2,346	(42,307)	1,357,100
<b>Operating Income (Loss)</b>	(172,634)	13,801	(8,594)	3,358	(1,386)	(165,455)	(175,694)	30,796	7,526	3,578	(6,582)	(140,376)
<b>Nonoperating Revenues (Expenses)</b>												
Investment return	4,709	1,505	3,695	638	-	10,547	4,381	146	2,152	380	(20)	7,039
Interest expense	(18,089)	(2,279)	-	-	2,263	(18,105)	(15,669)	(1,393)	-	-	1,546	(15,516)
County appropriation - property taxes, net	148,473	-	-	-	-	148,473	133,442	-	-	-	-	133,442
COVID-19 assistance revenue	4,861	-	-	-	-	4,861	32,445	-	-	-	-	32,445
Tobacco settlement	2,553	-	-	-	-	2,553	2,493	-	-	-	-	2,493
Debt issuance costs	(1,796)	-	-	-	-	(1,796)	-	-	-	-	-	-
Other	2,605	-	-	(2,300)	220	525	2,969	-	-	(1,652)	1,515	2,832
Total nonoperating revenues, net	143,316	(774)	3,695	(1,662)	2,483	147,058	160,061	(1,247)	2,152	(1,272)	3,041	162,735
<b>Income (Loss) Before Transfers</b>	(29,318)	13,027	(4,899)	1,696	1,097	(18,397)	(15,633)	29,549	9,678	2,306	(3,541)	22,359
<b>Transfer to (from) affiliate</b>	12,839	-	-	-	(12,839)	-	15,000	-	(15,000)	-	-	-
<b>Increase (Decrease) In Net Position</b>	(16,479)	13,027	(4,899)	1,696	(11,742)	(18,397)	(633)	29,549	(5,322)	2,306	(3,541)	22,359
<b>Net Position, Beginning of Year</b>	109,775	50,307	44,242	10,807	16,242	231,373	110,408	20,758	49,564	8,501	19,783	209,014
<b>Net Position, End of Year</b>	\$ 93,296	\$ 63,334	\$ 39,343	\$ 12,503	\$ 4,500	\$ 212,976	\$ 109,775	\$ 50,307	\$ 44,242	\$ 10,807	\$ 16,242	\$ 231,373