

October 21, 2024

Finance Committee Meeting

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VVRMC Finance Committee Agenda

October 21, 2024

Time: 12:00PM Location: Admin. Board Room

1.	Welcome	Dr. Julio Otazo
2.	CFO: Financial Statement and Statistics Overview <ul style="list-style-type: none"> • FY24 VVHC Audit Report Review • Aug 2024 Minutes • Aug/Sept 2024 Months End • Benefits and Compensation Recommendation • Capital Equipment Request 	-D. Zimmerman, FORVIS -Dr. Julio Otazo -C. Falcon, CFO -C. Falcon, CFO -C. Falcon, CFO
3.	Conclude	Dr. Julio Otazo

Forvis Mazars Report to the Board of Directors and Management

Val Verde Hospital Corporation d/b/a Val Verde Regional Medical Center

Results of the 2024 Financial Statement Audit, Including Required Communications

June 30, 2024

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements:</p> <ul style="list-style-type: none">• As of and for the year ended June 30, 2024.• Conducted in accordance with our contract dated March 1, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
Independence	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>
Your Responsibilities	<p>Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.</p>

Matter	Discussion
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Directors and Management • Others within the Entity

Qualitative Aspects of Significant Accounting Policies & Practices

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments & Accounting Estimates

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

- Patient accounts receivable
- Estimated amounts due to or from third-party payers, including Waiver related balances
- Self-funded insurance accrual

Financial Statement Disclosures

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

- Revenue recognition
- Medicaid supplement funding programs
- Transactions with Val Verde County Hospital District

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their effect is not currently considered material. We request that all identified misstatements be corrected.

Uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-period financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

Other Required Communications

Other Material Communications

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

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

Attachments

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Schedule of Uncorrected Misstatements

The detail of uncorrected misstatements identified as a result of our engagement are included herein.



Attachment A

Schedule of Uncorrected Misstatements



**Val Verde Hospital Corporation
d/b/a Val Verde Regional
Medical Center
A Component Unit of Val Verde County
Hospital District**

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

June 30, 2024 and 2023

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Contents
June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Del Rio, Texas

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Medical Center, as of June 30, 2024 and 2023, and the changes in its 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 Medical Center 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 Medical Center'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 Medical Center'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 Medical Center'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Dallas, Texas
October 23, 2024

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Balance Sheets
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash	\$ 13,435,478	\$ 11,353,367
Patient accounts receivable, net of allowance 2024 - \$20,950,000; 2023 - \$23,103,000	8,117,169	7,117,739
Estimated amounts due from third-party payers	2,993,530	4,454,142
Supplies	1,484,707	1,238,262
Prepaid expenses and other	1,714,843	1,661,250
Total current assets	<u>27,745,727</u>	<u>25,824,760</u>
Other Assets	120,707	120,707
Capital Assets, Net	15,372,530	16,358,969
Lease Assets, Net	1,803,338	2,641,686
Subscription Assets, Net	<u>2,901,763</u>	<u>1,693,412</u>
Total assets	<u>\$ 47,944,065</u>	<u>\$ 46,639,534</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Note payable to bank, unsecured	\$ 113,663	\$ 117,220
Current portion of lease liabilities	716,077	847,553
Current portion of subscription liabilities	797,080	1,128,069
Accounts payable	4,709,338	2,677,037
Accrued expenses	4,939,908	4,131,340
Estimated amounts due to third-party payers	951,054	882,715
Due to VVCHD	419,634	1,307,996
Total current liabilities	<u>12,646,754</u>	<u>11,091,930</u>
Lease Liabilities, Noncurrent	1,138,949	1,836,270
Subscription Liabilities, Noncurrent	<u>1,832,329</u>	<u>393,740</u>
Total liabilities	<u>15,618,032</u>	<u>13,321,940</u>
Net Position		
Net investment in capital assets	15,593,196	16,428,685
Unrestricted	16,732,837	16,888,909
Total net position	<u>32,326,033</u>	<u>33,317,594</u>
Total liabilities and net position	<u>\$ 47,944,065</u>	<u>\$ 46,639,534</u>

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Net patient service revenue, net of recovery of uncollectible accounts; 2024 - (\$110,000); 2023 - (\$409,000)	\$ 76,285,270	\$ 77,687,929
Other revenue	1,948,103	1,922,606
	<u>78,233,373</u>	<u>79,610,535</u>
Operating Expenses		
Salaries and wages	36,751,737	33,469,165
Employee benefits	6,175,809	5,416,362
Purchased services and professional fees	18,946,526	22,759,734
Supplies and other	17,509,624	17,771,980
Depreciation and amortization	5,792,471	6,248,205
	<u>85,176,167</u>	<u>85,665,446</u>
Operating Loss	<u>(6,942,794)</u>	<u>(6,054,911)</u>
Nonoperating Revenues (Expenses)		
Interest expense	(133,708)	(177,196)
Gain (loss) on disposal of capital assets	10,284	(53,341)
Noncapital grants and gifts	4,542,674	6,379,220
	<u>4,419,250</u>	<u>6,148,683</u>
Gain (Loss) Before Capital Gifts	<u>(2,523,544)</u>	<u>93,772</u>
Capital Gifts	1,531,983	872,019
Increase (Decrease) in Net Position	(991,561)	965,791
Net Position, Beginning of Year	<u>33,317,594</u>	<u>32,351,803</u>
Net Position, End of Year	<u>\$ 32,326,033</u>	<u>\$ 33,317,594</u>

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 76,774,187	\$ 78,292,853
Payments to suppliers and contractors	(35,016,207)	(41,921,057)
Payments to employees	(42,769,540)	(38,146,268)
Other receipts, net	2,213,141	2,071,597
	<u>1,201,581</u>	<u>297,125</u>
Cash Flows from Noncapital Financing Activities		
Decrease in outstanding checks in excess of bank balance	-	(163,766)
Noncapital grants and gifts	4,542,674	6,187,173
	<u>4,542,674</u>	<u>6,023,407</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital gifts	1,500,608	889,426
Purchase of capital assets	(2,646,807)	(1,407,411)
Principal paid on subscription liabilities	(1,552,496)	(1,737,350)
Interest paid on subscription liabilities	(42,527)	(48,982)
Principal paid on leases payable	(829,741)	(738,166)
Interest paid on leases payable	(91,181)	(128,214)
	<u>(3,662,144)</u>	<u>(3,170,697)</u>
Increase in Cash	2,082,111	3,149,835
Cash, Beginning of Year	<u>11,353,367</u>	<u>8,203,532</u>
Cash, End of Year	<u>\$ 13,435,478</u>	<u>\$ 11,353,367</u>

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (6,942,794)	\$ (6,054,911)
Depreciation and amortization	5,792,471	6,248,205
Provision for uncollectible accounts	(110,244)	(408,700)
Changes in operating assets and liabilities		
Patient accounts receivable	(889,186)	(459,714)
Estimated amounts due from and to third-party payers	1,528,951	3,416,980
Accounts payable and accrued expenses	2,900,619	(820,347)
Advances from third-party payers	-	(1,016,398)
Other assets and liabilities	(1,078,236)	(607,990)
Net cash provided by operating activities	<u>\$ 1,201,581</u>	<u>\$ 297,125</u>
Noncash Investing, Capital and Financing Activities		
Capital assets acquisitions included in accounts payable	\$ -	\$ 59,750
Lease obligations incurred for lease assets	\$ 203,895	\$ 357,545
Subscription obligations incurred for subscription assets	\$ 2,660,096	\$ 837,200
Noncash reduction of lease obligation due to termination of lease	\$ 202,951	\$ -

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

Nature of Operations and Reporting Entity

Val Verde Hospital Corporation d/b/a Val Verde Regional Medical Center (Medical Center) is an acute care hospital that provides inpatient, outpatient, emergency care, and mental health services to patients in Del Rio, Texas, and areas surrounding Val Verde County. Val Verde County Hospital District (VVCHD) is the sole member of the Medical Center.

Basis of Accounting and Presentation

The financial statements of the Medical Center 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 or voluntary non-exchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary non-exchange transactions. Government-mandated or voluntary non-exchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in non-operating revenues and expenses. The Medical Center 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.

Patient Accounts Receivable

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

Supplies

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

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. The following estimated useful lives are being used by the Medical Center:

Land improvements	10 - 20 years
Buildings and improvements	10 - 40 years
Equipment and Right-To-Use lease equipment	3 - 10 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The Medical Center has a capitalization policy to only record lease assets related to leases with more than \$25,000 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, and certain prepayments made 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 Medical Center evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Compensated Absences

Medical Center 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.

Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. 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.

Risk Management

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

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

**Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Notes to Financial Statements
June 30, 2024 and 2023**

Net Position

Net position of the Medical Center is classified in two 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.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

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

Charity Care

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

Income Taxes

The Medical Center has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

Note 2. 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. At June 30, 2024 and 2023, the Medical Center's cash accounts exceeded federally insured limits by approximately \$12,842,000 and \$10,748,000, respectively.

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Notes to Financial Statements
June 30, 2024 and 2023

Note 3. Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30, 2024 and 2023 consisted of:

	<u>2024</u>	<u>2023</u>
Medicare	\$ 3,483,149	\$ 3,786,552
Medicaid	1,806,265	1,268,855
Managed care	2,925,540	3,512,302
Other third-party payers	8,435,769	7,999,655
Patients	<u>12,416,187</u>	<u>13,653,658</u>
	29,066,910	30,221,022
Less allowance for uncollectible accounts	<u>20,949,741</u>	<u>23,103,283</u>
	<u>\$ 8,117,169</u>	<u>\$ 7,117,739</u>

Note 4. Capital, Lease, and Subscription Assets

Capital assets activity for the years ended June 30, 2024 and 2023 was:

	<u>2024</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Land improvements	\$ 1,117,493	\$ -	\$ -	\$ 78,150	\$ 1,195,643
Buildings and improvements	7,489,242	-	(135,480)	260,294	7,614,056
Equipment	57,766,029	-	(383,300)	1,368,797	58,751,526
Construction in progress	641,652	2,587,057	-	(1,707,241)	1,521,468
	<u>67,014,416</u>	<u>2,587,057</u>	<u>(518,780)</u>	<u>-</u>	<u>69,082,693</u>
Less accumulated depreciation					
Land improvements	681,099	91,086	(172)	-	772,013
Buildings and improvements	4,550,669	388,550	11,894	-	4,951,113
Equipment	45,423,679	3,096,985	(533,627)	-	47,987,037
	<u>50,655,447</u>	<u>3,576,621</u>	<u>(521,905)</u>	<u>-</u>	<u>53,710,163</u>
Capital assets, net	<u>\$ 16,358,969</u>	<u>\$ (989,564)</u>	<u>\$ 3,125</u>	<u>\$ -</u>	<u>\$ 15,372,530</u>

Val Verde Hospital Corporation
d/b/a Val Verde Regional Medical Center
A Component Unit of Val Verde County Hospital District
Notes to Financial Statements
June 30, 2024 and 2023

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements	\$ 1,089,893	\$ -	\$ -	\$ 27,600	\$ 1,117,493
Buildings and improvements	7,430,284	-	(2,486)	61,444	7,489,242
Equipment	55,740,345	-	(210,228)	2,235,912	57,766,029
Construction in progress	1,535,477	1,431,131	-	(2,324,956)	641,652
	<u>65,795,999</u>	<u>1,431,131</u>	<u>(212,714)</u>	<u>-</u>	<u>67,014,416</u>
Less accumulated depreciation					
Land improvements	590,683	90,416	-	-	681,099
Buildings and improvements	4,132,178	420,803	(2,312)	-	4,550,669
Equipment	42,206,984	3,326,750	(110,055)	-	45,423,679
	<u>46,929,845</u>	<u>3,837,969</u>	<u>(112,367)</u>	<u>-</u>	<u>50,655,447</u>
Capital assets, net	<u>\$ 18,866,154</u>	<u>\$ (2,406,838)</u>	<u>\$ (100,347)</u>	<u>\$ -</u>	<u>\$ 16,358,969</u>

Lease assets activity for the years ended June 30, 2024 and 2023, was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	\$ 4,189,047	\$ 203,895	\$ (547,719)	\$ -	\$ 3,845,223
Less accumulated amortization	1,547,361	839,292	(344,768)	-	2,041,885
Lease assets, net	<u>\$ 2,641,686</u>	<u>\$ (635,397)</u>	<u>\$ (202,951)</u>	<u>\$ -</u>	<u>\$ 1,803,338</u>
	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	\$ 3,831,502	\$ 357,545	\$ -	\$ -	\$ 4,189,047
Less accumulated amortization	767,058	780,303	-	-	1,547,361
Lease assets, net	<u>\$ 3,064,444</u>	<u>\$ (422,758)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,641,686</u>

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Subscription asset activity for the years ended June 30, 2024 and 2023, was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT asset	\$ 4,530,120	\$ 2,660,096	\$ (2,677,769)	\$ -	\$ 4,512,447
Less accumulated amortization Subscription IT asset	2,836,708	1,376,558	(2,602,582)	-	1,610,684
Subscription assets, net	<u>\$ 1,693,412</u>	<u>\$ 1,283,538</u>	<u>\$ (75,187)</u>	<u>\$ -</u>	<u>\$ 2,901,763</u>
	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT asset	\$ 3,785,418	\$ 837,200	\$ (92,498)	\$ -	\$ 4,530,120
Less accumulated amortization Subscription IT asset	1,299,273	1,629,933	\$ (92,498)	-	2,836,708
Subscription assets, net	<u>\$ 2,486,145</u>	<u>\$ (792,733)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693,412</u>

Note 5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at June 30, 2024 and 2023 consisted of:

	2024	2023
Payable to suppliers and contractors	\$ 3,840,477	\$ 1,973,998
Payable to employees (including payroll taxes and benefits)	3,404,596	3,046,422
Due to patients	868,861	703,040
Other	1,535,312	1,084,917
	<u>\$ 9,649,246</u>	<u>\$ 6,808,377</u>

Note 6. Transactions with Val Verde County Hospital District

VVCHD routinely provides the intergovernmental transfer that funds the state's share of supplemental Medicaid revenue earned by the Medical Center (*Note 10*). The Medical Center is required to refund VVCHD the amount of the intergovernmental transfer after the supplemental funding is received. The Medical Center recognizes the supplemental funding revenue net of the amounts due back to VVCHD. Amounts due to VVCHD for intergovernmental transfers were approximately \$420,000 and \$1,308,000 at June 30, 2024 and 2023, respectively.

VVCHD periodically reimburses the Medical Center for certain approved capital purchases and other operating expenses. During 2024 and 2023, these amounts totaled approximately \$6,075,000 and \$6,972,000, respectively.

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The Medical Center recognized a receivable of approximately \$29,000 and \$0 at June 30, 2024 and 2023, respectively, for capital purchases that were to be reimbursed by VVCHD.

Note 7. Long-Term Obligations

The following is a summary of long-term obligations for the Medical Center for the years ended June 30, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Other long-term liabilities					
Lease liability	\$ 2,683,823	\$ 203,895	\$ 1,032,692	\$ 1,855,026	\$ 716,077
Subscription liability	1,521,809	2,660,096	1,552,496	2,629,409	797,080
Total long-term obligations	<u>\$ 4,205,632</u>	<u>\$ 2,863,991</u>	<u>\$ 2,585,188</u>	<u>\$ 4,484,435</u>	<u>\$ 1,513,157</u>
	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Other long-term liabilities					
Lease liability	\$ 3,064,444	\$ 357,545	\$ 738,166	\$ 2,683,823	\$ 847,553
Subscription liability	2,421,959	837,200	1,737,350	1,521,809	1,128,069
Medicare Advance Payments	1,016,398	-	1,016,398	-	-
Total long-term obligations	<u>\$ 6,502,801</u>	<u>\$ 1,194,745</u>	<u>\$ 3,491,914</u>	<u>\$ 4,205,632</u>	<u>\$ 1,975,622</u>

Lease Liabilities

The Medical Center leases equipment, the terms of which expire in various years through 2029. Variable payments of certain leases are based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

During the years ended June 30, 2024 and 2023, the Medical Center recognized approximately \$217,000 and \$693,000, 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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June 30, 2024 and 2023

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

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 786,245	\$ 716,077	\$ 70,168
2026	567,046	526,765	40,281
2027	305,424	281,714	23,710
2028	248,368	236,589	11,779
2029	95,584	93,881	1,703
	<u>\$ 2,002,667</u>	<u>\$ 1,855,026</u>	<u>\$ 147,641</u>

Subscription Liabilities

The Medical Center has various SBITAs, the terms of which expire in various years through 2030, with the last payments due in 2029. 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 June 30, 2024 and 2023, the Medical Center recognized approximately \$849,000 and \$705,000, 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 June 30, 2024:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 861,568	\$ 797,080	\$ 64,488
2026	535,718	489,411	46,307
2027	508,717	477,057	31,660
2028	513,677	496,656	17,021
2029	373,905	369,205	4,700
	<u>\$ 2,793,585</u>	<u>\$ 2,629,409</u>	<u>\$ 164,176</u>

Note 8. Medical Malpractice Claims

The Medical Center purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Medical Center's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

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Note 9. Employee Health Claims

The Medical Center is self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$100,000 per covered person. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount.

A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Medical Center's estimate will change by a material amount in the near term.

Activity in the Medical Center's accrued employee health claims liability during 2024, 2023 and 2022 is summarized below. The liability is reflected in accrued liabilities on the balance sheets.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 646,564	\$ 467,000	\$ 257,000
Current year claims incurred and changes in estimates for claims incurred in prior years	2,608,563	2,657,494	2,262,446
Claims and expenses paid	<u>(2,808,624)</u>	<u>(2,477,930)</u>	<u>(2,052,446)</u>
Balance, end of year	<u>\$ 446,503</u>	<u>\$ 646,564</u>	<u>\$ 467,000</u>

Note 10. Net Patient Service Revenue

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

Medicare. Substantially all inpatient and 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. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient services are reimbursed under a prospective payment methodology. Most outpatient services rendered to Medicaid program beneficiaries are paid under a cost reimbursement methodology. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid administrative contractor.

Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Approximately 56% and 59% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 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.

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Notes to Financial Statements
June 30, 2024 and 2023**

Supplemental Medicaid Funding

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

On December 12, 2011, the United States Department of Health and Human Services (HHS) approved a Medicaid Section 1115(a) demonstration entitled “Texas Health Transformation and Quality Improvement Program” (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year.

The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as the Texas Health and Human Services Commission (HHSC) and 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 and an expansion of directed payment programs, which transitions participating hospitals away from the DSRIP program which ended on September 30, 2021 and was not extended under the Waiver extension.

Comprehensive Hospital Increased Reimbursement Program (CHIRP) is a new directed payment program, which adds a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP and CHIRP, HHSC directed managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. The UHRIP program ended on August 31, 2021, and the CHIRP program began on September 1, 2021. CHIRP will require annual approval by CMS and has been approved through August 31, 2025. Revenue from UHRIP and CHIRP are recognized as a component of net patient service revenue in the statements of revenues, expenses, and changes in net position.

As discussed in *Note 6*, VVCHD initially funds the state’s share of these supplemental funding programs and the Medical Center returns that portion of the funding to VVCHD upon receipt. Net revenue recognized under the Waiver program (exclusive of CHIRP and UHRIP) was approximately \$4,997,000 and \$7,178,000 for the years ended June 30, 2024 and 2023, respectively, and is included in net patient service revenue in the statements of revenues, expenses, and changes in net position. Amounts due from settlement of these programs was approximately \$1,887,000 and \$3,158,000 at June 30, 2024 and 2023, respectively, and is included as estimated amounts due from third-party payers in the balance sheets.

The funding from DSH Funding and the UC Pool are limited to certain costs and funding is subject to recoupment based on subsequent audit results. At June 30, 2024 and 2023, the Medical Center has recorded an expected overpayment of approximately \$951,000 and \$883,000, respectively, which is included in estimated amounts due to third-party payers on the balance sheets.

These programs are subject to ongoing review by HHSC, CMS and the state of Texas and the funding is subject to recoupment based on future audits. The historical funding is not necessarily representative of funding the Medical

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Notes to Financial Statements
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Center will receive in future years. The programs could be modified or terminated based on new legislation or regulation in future periods.

Note 11. Charity Care

In support of its mission, the Medical Center voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Medical Center provides services to other medically indigent patients under certain government-reimbursed public aid programs.

Such programs pay providers amounts which are less than established charges for the services provided to the recipients and many times the payments are less than the cost of rendering the services provided.

The costs of charity care provided under the Medical Center's charity care policy were approximately \$8,390,000 and \$10,732,000 for 2024 and 2023, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 12. Employee Benefit Plan

The Medical Center contributes to a defined contribution plan covering substantially all employees. Pension expense is recorded for the amount of the Medical Center's contributions, determined in accordance with the terms of the plan. The plan is administered by the Medical Center's board of directors.

The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Medical Center's board of directors. Contribution rates for plan members and the Medical Center expressed as a percentage of covered payroll were 5.7% and 2.8%, respectively, in 2024 and 5.7% and 2.8%, respectively, in 2023. Contributions actually made by plan members and the Medical Center aggregated approximately \$2,110,000 and \$1,027,000 during 2024 and \$1,913,000 and \$926,000 during 2023, respectively.

During 2023, the Medical Center began to participate in a 457b defined contribution plan. Employee contributions totaled approximately \$78,000 and \$37,000 during 2024 and 2023, respectively.

Note 13. Contingencies

The Medical Center is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. Some of these allegations are in areas not covered by the Medical Center's by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim.

It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated balance sheets, change in net position and cash flows of the Medical Center. Events could occur that would change this estimate materially in the near term.

Note 14. Related Party Transactions

From time to time, the Medical Center does business with organizations that are affiliated with Board members, primarily for physician contract labor. During 2024 and 2023, the Medical Center incurred expenses of approximately \$1,350,000 and \$1,531,000, respectively, related to these organizations that are affiliated with Board members, which are included in salaries and wages and purchased services and professional fees.

Note 15. 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.

Val Verde Regional Medical Center

Period Ending: June 30, 2024

ATTACHMENT

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

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	27,745,727	(92,348)	27,653,379	-0.33%
Non-Current Assets & Deferred Outflows	20,198,338	90,964	20,289,302	0.45%
Current Liabilities	(12,646,754)	(563,000)	(13,209,754)	4.45%
Non-Current Liabilities & Deferred Inflows	(2,971,278)		(2,971,278)	
Current Ratio	2.194		2.093	-4.60%
Total Assets & Deferred Outflows	47,944,065	(1,384)	47,942,681	
Total Liabilities & Deferred Inflows	(15,618,032)	(563,000)	(16,181,032)	3.60%
Total Net Position	(32,326,033)	564,384	(31,761,649)	-1.75%
Operating Revenues	(78,233,373)	167,550	(78,065,823)	-0.21%
Operating Expenses	85,176,167	487,191	85,663,358	0.57%
Nonoperating (Revenues) Exp	(5,951,233)		(5,951,233)	
Change in Net Position	991,561	654,741	1,646,302	66.03%

Client: Val Verde Regional Medical Center
 Period Ending: June 30, 2024

Major Enterprise Fund
 SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

DRAFT

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Operating				Net Position		Net Effect on Following Year	
			Current		Noncurrent		Current		Noncurrent		Revenues	Expenses	Revenues/Exp	Net Position	Change in Net Position			
			DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR
To adjust the RTU asset and subscription liability.		F	(92,348)	90,964	0	0	0	1,384	0	0					(1,384)	1,384		
	Subscription liability			90,964														
	RTU asset		(92,348)															
	SBTA expense							1,384							(1,384)	1,384		
Turnaround impact of prior year based adjustment.		F	0	0	0	0	167,550	(77,193)	0	(90,357)					0	0		
	Salaries expense							(57,990)		57,993								
	Net position																	
	Other operating revenue						167,550			(167,550)								
	Purchased services and professional fees							(19,200)		19,200								
Estimated difference in self-insurance accrual.		J	0	0	(563,000)	0	0	563,000	0	0				(563,000)	563,000			
	Employee benefits							563,000							(563,000)	563,000		
	Accrued expenses				(563,000)													
Total passed adjustments			(92,348)	90,964	(563,000)	0	167,550	487,191	0	(90,357)				(564,394)	564,394			
													Impact on Change in Net Position	664,741				
													Impact on Net Position	664,384				

Forvis Mazars Planning Communication to the Board of Directors

Val Verde Regional Medical Center

June 30, 2024

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Val Verde Regional Medical Center and gain insight into your operations. This communication provides useful information relevant to your role as those charged with governance of the entity, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

We understand the appropriate person in the governance structure with whom to communicate is:

- Dr. Julio Otazo, Board Chairman

Your audit leader for any questions or communications is:

- Danielle Zimmerman | Danielle.Zimmerman@us.forvismazars.com | 972.702.8262

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Val Verde Regional Medical Center for the year ended June 30, 2024.</p> <p>Please refer to our contract dated March 1, 2024 for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>

Matter	Description of Audit Area
Your Responsibilities	Our audit of the financial statements does not relieve you or management of your responsibilities.
Distribution Restriction	This communication is intended solely for the information and use of those charged with governance and, if appropriate, management of the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately August 26, 2024. We anticipate that our team will be performing activities remotely during these dates.

Draft financial statements and management letter, together with our letter regarding auditor responsibilities are expected to be ready two weeks prior to issuing final reports. Final reports will be issued following approval at the October 2024 board meeting..

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area(s)	Audit Approach
Risk of Management Override of Controls	Review accounting estimates for bias, review of selected journal entries from proprietary and evaluate business rationale for unusual transactions.
Improper Revenue Recognition	Review revenue cut-off procedures and analyze revenue recorded subsequent to year-end to identify charges not recorded in the correct accounting period.
Valuation and Existence of Accounts Receivable	Challenge management's estimates using historical collection experience and consideration of payer aging concentrations at June 30, 2024.
Estimated Amounts Due to/from Third-Party Payers, Including Medicaid Supplemental Payments	Challenge management's estimates of amounts due to or from third-party payers using third-party payer correspondence, cost report settlement activity, and relevant data used in estimating year-end cost reports and other reimbursement program settlements, including the Texas Medicaid Waiver funding programs and advances from third-party payors.

Other Procedures to Be Performed

We may also request written representations from the entity's attorneys as part of the engagement, and they may bill the entity for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Consideration of Error or Fraud

One of the most common questions we receive from those charged with governance is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias
- Considering the risk that management may attempt to present disclosures to the financial statements in a manner that may obscure a proper understanding of the matters disclosed (for example, by using unclear or ambiguous language)
- Evaluation business rationale for significant unusual transactions
- Evaluating business rationale for significant transactions with related parties

- Incorporating an element of unpredictability into the audit each year

**MINUTES OF THE FINANCE COMMITTEE OF THE
CORPORATE BOARD OF VAL VERDE REGIONAL MEDICAL CENTER
Del Rio, Texas August 26, 2024**

Pursuant to notice duly given, a meeting of the Finance Committee of the Corporate Board of Val Verde Regional Medical Center (VVRMC) was held on Monday, August 26, 2024 in the Administrative Board Room of VVRMC at 12:00 p.m.

Committee Members in Attendance:	Others:
<ul style="list-style-type: none">• Dr. Julio Otazo• Cris Diaz• Dr. Lee Keenen• Dr. Aurelio Laing, III• Ricardo Bermea <p>Absent</p>	<ul style="list-style-type: none">• Jorge Jurado, CEO• Claudia Falcon, CFO• Mayra Herrera, Controller• Maricela Arreola, Executive Asst.• Sylina Contreras, Sr. Admin. Asst.

CALL TO ORDER

The meeting was called to order at 12:05 p.m. August 26, 2024. The July 2024 minutes were approved as presented.

FINANCIAL STATEMENT AND STATISTICS OVERVIEW

Claudia Falcon, CFO presented a high overview of the Financial Results for period ending July 2024

Summary

For the monthly period ending July 31, 2024, VVRMC recorded a net (loss) of (\$749,659) indicating an unfavorable variance from budget of (\$1,225,551). For the one-month period ending July 31, 2024, comparing to prior year July 2023, gross patient revenue (GPR) has increased by \$481k or 2%

Admissions for PE July 31 were down compared to budget by (113) as well as RHC clinics by (904) and Specialty (707). Whereas OP volume was slightly favorable against budget by 35 and Surgery/Endo by 8. Orthopedic, Cardiologist, and Interventional Cardiology all on-boarded in July.

Revenues

For the monthly period ending July 31, 2024, Val Verde Hospital Corporation recognized Gross Patient Revenue (GPR) of \$25,194,087. This is an increase of \$1,064,244 or 4% from the prior month, with Inpatient Revenue increasing by \$447,047 or 13% and Out-Patient increasing by \$617k or 3%.

Patient Revenue:

- PE July 31,2024: Gross Patient Revenue (GPR) of \$25,194,087
 - Increase of \$1,064,244 or 4% from the prior month: I
 - Inpatient Revenue increasing by \$447,047 or 13%
 - Out-Patient increasing by \$617k or 3%
- Unfavorable against budget by (\$5m) or (17%)
 - Inpatient by (\$1.4m) or (27%)

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- Outpatient by (\$3.5m) or (14%)
- Compared to PY same PE July 2023
 - Increase of \$481k or 2%
 - Inpt decreased by (\$643k) or 14%
 - OP Increased by \$1.1m or 6%

Expenses:

For the monthly period ending July 31, 2024, Val Verde Hospital Corporation recorded Operating Expenses of \$6,247,275 indicating a favorable variance from budget by (\$919,978) or (13%) MTD and YTD. Comparing to prior year at period ending July 31, 2023, expenses have decreased by (\$74k) or (1%).

Expenses unfavorable against budget for PE July 31, 2024 were:

- **Rental Expenses** over budget by \$52,789 MTD and YTD. Variance against budget related to rental of Mobile Cath Lab \$44k and \$5k for lab analyzer
- **Contracted Labor** over budget by \$7k MTD and YTD.

Cath Lab update:

- Mobile Unit delivered July 15,2024
- UPS:
- Purchase cancelled
- Technician on-site August 20th (pending quotes for Panel and Capacitors)
 - UPS is up and running
- Status on Cath Lab:
 - Schimadzu on-site last week to present to SLT, Cath Lab Team and Dr. Korte
 - Cath Lab Team to do on-site visit to Sid Peterson (Kerrville)
 - Pending Quote
 - Committee's concern in reference to: If needed what would be the closet service center for the Cath Lab UPS, as far as cost for travel to service the UPS. Administration will take this into consideration prior selecting a vendor.
- Met with Philips team last month to discuss UPS options
- 5-Heart Caths have been performed of which 2 were Interventional so far in August of 2024

Days cash on hand: 62

- **Corporate Cash at PE July 2024:** \$11,614,924 (decrease of \$1.8m compared to prior month)
- **District Cash at PE July 2024:** \$10,936,221
 - **District Cash at PE July 2024 to include outstanding QIPP IGT:** \$28,307,083
- **Combined Cash (Corporate + District + IGT outstanding):** \$39,922,007
 - Less \$17,370,862 IGT outstanding is \$22,551,145
- Committee has requested to see a trailing for the past 12 months in reference to days cash on hand

Additional Updates:

DSH FFY 2024:

- June 27,2024
 - Received correspondence from Texas Health and Human Services in reference to overpayment to Val Verde Hospital
 - VVRMC to pay back \$951k before July 22,2024
 - Payment in full submitted to HHSC on July 17,2024

Low Volume Adjustment FFY 2025

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Submitted request for consideration of Low Volume Payment Adjustment for FFY 2025 effective for D/C Oct. 1st 2024 thru Dec. 31st 2024.

- Based on Cost Report FYE 2023 total discharges reported 2,184
- VVRMC met both criteria required for additional payment (d/c <3,800 and facility located more than 15 road miles to the nearest "subsection (d)" Acute Care Hospital
- VVRMC does not meet new threshold set effective Oct 1st 2024 (d/c <200)
- Payments apply at claim level

Volume Decline

- Forvis is reviewing Cost Report FYE 2023 to compare to FYE 2022 to determine if volume decline exceeds 5%. If so, we will move forward with submitting request for reimbursement consideration.

Wage Index FFY 2026

- Wage Index completed FFY 2026: Avg. hourly rate calculation \$40.67 based on Cost Report FYE (CRFYE) 2023 (up 8% compared to Prior CRYE 2022 \$37.52)
- Participating hospitals in database reflect an average hour wage index increase between 6%-9%
- Rural Hospitals in Texas are subdivided in quadrants--average wage index is calculated to determine PPS Reimbursement for Future Payments for each specific CBSA quadrant.
- Rate reimbursements apply in 2026
- Deadline to submit wage index data is September 3,2024

OIG Notification (received Dec. 20, 2023):

- Findings from OIG received from Reed, Claymon, Meeker & Hargett (February 13,2024)
 - Estimated recoupment is \$494k (78% are for DOS 2017-2019)
 - Infusion and Critical Care charges
 - Meeting scheduled for Tuesday, February 27,2024 with Attorney's to review findings
- OIG Letter received by Reed, Claymon, Meeker & Hargett in December 2023
- Letter is regarding Infusion services administered in the Emergency Room considered not reimbursable--VVRMC received payment for the services in error from the MCO's
- Legal has advised that several hospitals have been sent the same letter and they (the attorney's) are disputing with the OIG.
- No action required by VVRMC is required at this time--Legal gathering data
- **August 20, 2024:** Received email correspondence from Attorney's regarding the status on OIG case. Meeting is scheduled for September 4,2024

VCAP-ET IRS Update (Term Life Insurance)

- Taxable \$'s on term life exceeding \$50k (i.e. entitled for \$55k of term life—employer and employee responsible for paying taxes on \$5k)
- VVRMC had not been taxing on excess—issue discovered in fall of 2022
- Attorneys were engaged to assist with IRS negotiations
- Liability previously recorded in the amount of \$65k (est. payable to IRS)
- Update received from Attorney on July 18, 2024:

We spoke briefly on Monday. Mr. Silva explained that the next step is for him to pass the case up to legal and have IRS counsel offer their input and then the IRS will come back to us and we can negotiate as needed. Then, once we are both in agreement, we can enter into a closing agreement and Val Verde can pay the required amount.

There were a couple of important take aways to share:

1. Since the IRS took so long to review – it's Mr. Silva's position that tax years 2019 and 2020 are closed. Therefore, unless IRS counsel takes issue (which he did not expect) – we will only be required to resolve tax year 2021. This is great news.

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2. The IRS will likely require Val Verde to account for FICA taxes in the final closing agreement. We didn't account for these in the initial application because we believed our offer was still conservative enough to make the IRS whole and the FICA taxes would have been very minimal – too minimal to calculate. We went ahead and determined that the additional FICA taxes on 2021 (accounting for the employee and employer portion (15.3%)) would have been under \$10,000.
3. The IRS may require Val Verde to use a "Gross-Up" wage calculation. Since, as part of this agreement, Val Verde would be paying income tax/FICA on behalf of employees, it would effectively create more taxable income. We also think this number would be very small but we plan to push back on this.

We are in the process of preparing a response for Mr. Silva explaining the offer that we originally made and why that offer would make the IRS whole. Even if the IRS requires Val Verde to pay the additional FICA, we think there is a strong likelihood that the balance Val Verde will be required to pay will be about \$30,000.

Following are the Finance Committee Recommendations to the Board of Directors:

1. Cris Diaz made a recommendation to the Board of Director to approve the financial report for July 2024, as presented-subject to audit. Ricardo Bermea seconded the recommendation; recommendation carried unanimously.

District/Corporate CER:

2. 1200 Clinic Renovation Project:-The renovation project for 1200 clinic was a line item expense, on the corporate budget. The Corporate budgeted \$20k as line item expense for this project. After mock survey, additional repairs identified and based on total cost changed this was to a Capital Project. Total cost of \$41,813.83
Dr. Lee Keenen made a recommendation to the Board of Director to split the cost of the 1200 renovation project: District to pay \$21,813.83 and the Corporate to pay \$20k, as budgeted.

Cris Diaz seconded the recommendation; recommendation carried unanimously.

As part of the discussion on infrastructure, the committee made a recommendation for the District to review current lease agreements for the Hospital, Rural Health Clinic, and 1200 Clinic.

The Finance Committee meeting adjourned at 12:50 p.m.

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED SEP 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024		Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
\$ 3,715,414	\$ 5,314,227	\$ 4,630,907	Patient Gross Revenue			
\$ 20,931,130	\$ 24,891,133	\$ 20,857,390	Inpatient Revenue	\$ 12,165,601	\$ 15,942,669	\$ 13,857,630
\$ 24,646,544	\$ 30,205,360	\$ 25,488,297	Outpatient Revenue	\$ 64,184,894	\$ 74,673,374	\$ 63,389,391
			Total Patient Revenue	\$ 76,350,495	\$ 90,616,043	\$ 77,247,021
			Revenue Deductions			
\$ 17,576,179	\$ 19,973,235	\$ 18,867,719	Contracted Deductions	\$ 53,330,432	\$ 59,919,697	\$ 54,143,166
\$ 399,998	\$ (10,497)	\$ 49,995	Bad Debts	\$ 1,123,540	\$ (31,489)	\$ (972,129)
\$ 233,848	\$ 3,295,215	\$ 1,466,808	Charity Care	\$ 2,827,400	\$ 9,885,645	\$ 7,127,926
\$ (839,711)	\$ (291,667)	\$ (302,498)	Waiver Funds (UC)	\$ (1,282,897)	\$ (875,000)	\$ (1,418,868)
\$ (139,785)	\$ (100,000)	\$ (100,000)	DISPRO Funds (DSH)	\$ (464,598)	\$ (300,000)	\$ (307,752)
\$ 17,230,529	\$ 22,866,286	\$ 19,982,023	Total Deductions	\$ 55,533,877	\$ 68,598,853	\$ 58,572,343
\$ 7,416,015	\$ 7,339,074	\$ 5,506,274	Net Patient Revenue	\$ 20,816,618	\$ 22,017,190	\$ 18,674,677
\$ 280,786	\$ 124,999	\$ 110,032	Other Revenue	\$ 520,136	\$ 375,002	\$ 331,290
\$ 7,696,801	\$ 7,464,073	\$ 5,616,306	Total Net Revenue	\$ 21,336,754	\$ 22,392,192	\$ 19,005,967

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED SEP 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024		Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
			Operating Expenses			
\$ 2,888,079	\$ 3,125,244	\$ 2,929,477	Salaries	\$ 8,846,823	\$ 9,375,709	\$ 8,809,169
\$ 74,023	\$ 84,912	\$ 75,207	General Insurance	\$ 217,640	\$ 254,736	\$ 234,058
\$ 495,042	\$ 613,330	\$ 533,431	Employee Benefits	\$ 1,216,165	\$ 1,451,893	\$ 1,316,713
\$ -	\$ -	\$ -	Retention & Contingency (KPI)	\$ -	\$ -	\$ -
\$ 160,975	\$ 267,262	\$ 338,284	General Expenses	\$ 523,112	\$ 801,770	\$ 1,008,261
\$ 51,941	\$ 77,163	\$ 110,192	Maint. & Repair Expenses	\$ 187,214	\$ 231,489	\$ 291,900
\$ 54,569	\$ 17,534	\$ 19,324	Rental Expenses	\$ 193,684	\$ 52,602	\$ 57,337
\$ 172,391	\$ 165,314	\$ 267,760	Contracted Services	\$ 491,071	\$ 495,941	\$ 778,144
\$ 383,956	\$ 341,188	\$ 395,257	Purchased Services	\$ 1,041,498	\$ 1,028,141	\$ 1,115,147
\$ 1,103,470	\$ 1,170,440	\$ 1,229,383	Physician Fees	\$ 3,054,020	\$ 3,511,317	\$ 3,351,014
\$ 19,686	\$ 20,509	\$ 7,986	Travel Education	\$ 45,223	\$ 61,514	\$ 20,488
\$ 49,376	\$ 32,251	\$ 48,423	Legal & Professional	\$ 125,199	\$ 96,750	\$ 107,087
\$ 103,950	\$ 104,518	\$ 114,426	Telephone/Utilities	\$ 285,014	\$ 313,546	\$ 305,236
\$ 950,010	\$ 943,476	\$ 946,028	Supply/Drug	\$ 2,708,194	\$ 2,807,418	\$ 2,498,415
\$ 12,105	\$ 12,500	\$ 6,373	Interest Expense	\$ 41,419	\$ 37,500	\$ 22,373
\$ 444,047	\$ 535,108	\$ 371,328	Depreciation	\$ 1,341,765	\$ 1,605,326	\$ 1,122,303
\$ 6,963,619	\$ 7,510,749	\$ 7,392,878	Total Operating Expenses	\$ 20,318,042	\$ 22,125,652	\$ 21,037,642
\$ 733,182	\$ (46,676)	\$ (1,776,572)	Net Operating Income/(Loss)	\$ 1,018,712	\$ 266,540	\$ (2,031,675)

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED SEP 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024	Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
Non-Operating/Rev/Exp					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 179,072	\$ 72,190	\$ 63,015	\$ 537,216	\$ 92,671
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 1,050,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 733,182	\$ 132,396	\$ (1,354,382)	\$ 1,081,727	\$ 803,756	\$ (889,003)
\$ 1,189,334	\$ 500,932	\$ (1,398,871)	\$ 2,401,896	\$ 1,909,366	\$ (886,999)

UNAUDITED FINANCIALS

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Days Cash on Hand	62	62	67									
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Days Cash on Hand	57	46	44	56	60	59	57	58	57	62	65	62

Val Verde Reg Medical Center
FISCAL YEAR JUL 2024 - JUN 2025
BALANCE SHEET
PE SEP 2024

<u>ASSETS</u>	<u>YTD ACTUAL</u> <u>PE SEP 2024</u>
Current Assets	
Total Cash & Investments	\$ 13,864,957
Net Patient Receivables	\$ 7,175,788
Total Inventories	\$ 1,718,639
Other Current Assets	\$ 2,359,081
Total Current Assets	\$ 25,118,465
Gross PP&E	\$ 77,701,334
ACCUM DEPR-LAND IMPROVEMENTS	\$ (793,061)
ACCUM DEPR-BUILDINGS	\$ (5,043,905)
ACCUM DEPR-FIXED EQUIPMENT	\$ (3,222,593)
ACCUM DEPR-AMBULANCES/AUTO	\$ (1,333,709)
ACCUM DEPR-MAJOR MOVABLE	\$ (43,721,211)
AMP ACCUMULATED DEPRECIATION	\$ (358,568)
ACCUM AMORT-RTU ASSET	\$ (1,869,587)
ACCUM AMORT-RTU ASSET GASB96	\$ (1,788,088)
Total Accumulated Depreciation	<u>\$ (58,130,723)</u>
Net PP&E	\$ 19,570,611
TOTAL ASSETS	\$ 44,689,077
LIABILITIES & NET ASSETS	
Current Liabilities	
A/R CREDIT BALANCE	\$ 670,516
VVH EMS CREDIT BALANCES	\$ 90,095
RHC/SPEC CLINICS A/R CR BAL	\$ 139,719
CAPITAL LEASES	\$ -
INS FINANCED PAYABLE	\$ 82,664
IRS PENALTY	\$ 65,891
Current Portion of LTD	\$ (1,048,885)
Vendor Payables	\$ (3,365,787)
Accrued Vendor Payables	\$ (440,573)
Accrued Payroll Expenses	\$ (2,988,756)
Deferred Revenue	\$ -
3rd Party Payable	<u>\$ 45,926</u>
Total Current Liabilities	\$ (7,889,927)
OIG LIABILITY	\$ (524,714)
CHAT LAWSUIT	\$ (0)
LT PORTION OF MCR ACC/ADV PMT	\$ -
Total Long-term Debt	\$ (4,341,963)
TOTAL LIABILITIES	\$ (12,756,604)
AP-VVCHD	\$ (859,728)
NET ASSETS	
CLINIC FORGIVE	\$ (11,458,368)
AMP RETAINED EARNINGS	\$ (575,591)
AMP OPEN BALANCE EQUITY	\$ (7,282,519)
AMP OWNERS EQUITY	\$ 9,800,331
OPERATIONS	\$ 2,135,865
YTD NET INCOME	\$ 6,554,737
RETAINED EARNINGS	\$ 31,675,541
Unrestricted Net Assets	\$ (30,850,746)
YTD INCOME SUMMARY	\$ (1,081,727)
TOTAL NET ASSETS	\$ (31,932,473)
TOTAL LIAB & NET ASSETS	\$ (44,689,077)

UNAUDITED FINANCIAL STATEMENT

**VAL VERDE REGIONAL MEDICAL CENTER
FY2025: CASH RECEIPTS & DISBURSEMENTS**

	Jul 24 Act	Aug 24 Act	Sep 24 Act	Oct 24 Act	Nov 24 Act	Dec 24 Act	Jan 25 Act	Feb 25 Act	Mar 25 Act	Apr 25 Act	May 25 Act	Jun 25 Act	
BEGINNING CASH BALANCE	13,435,478	11,614,924	12,348,043	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	
CASH RECEIPTS BY MAJOR CATEGORY													
OPERATING	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
PATIENT A/R RECEIPTS	4,527,932	6,728,359	5,681,302										16,937,593
POS CASH COLLECTIONS	30,044	50,375	35,235										115,654
CRNA A/R RECEIPTS (ANES)	43,209	42,303	53,530										139,042
RHC/SPECIALTY CLINIC RECEIPTS	643,560	888,601	868,716										2,400,877
EMS A/R Receipts	175,661	201,259	163,744										540,664
DISPRO / DSH		67,529											67,529
DSRIP - WAIVER													0
UNCOMPENSATED CARE - WAIVER			2,099,607										2,099,607
MEDICARE/MEDICAID SETTLEMENTS/LOW VOLUME													0
OTHER MISC INCOME	299,682	232,504	456,182										988,368
TOTAL OPERATING CASH RECEIPTS	5,720,088	8,210,931	9,358,315	-	-	-	-	-	-	-	-	-	23,289,335
NON-OPERATING													TOTAL
GRANTS AND CONTRIBUTIONS	500												500
PROVIDER RELIEF FUND/ARP													0
DISTRICT MONIES CAPITAL		63,015											63,015
NON-AR PAYMENTS	28,875	23,407	16,881										69,162
TOTAL NON-OPERATING CASH RECEIPTS	29,375	86,421	16,881	-	-	-	-	-	-	-	-	-	132,677
TOTAL CASH RECEIPTS	5,749,463	8,297,352	9,375,196	0	0	0	0	0	0	0	0	0	23,422,011
CASH DISBURSEMENTS BY MAJOR CATEGORY													
OPERATING	0	0	0	0	0	0	0	0	0	0	0	0	TOTAL
VENDOR PAYMENTS (HOSPITAL)	4,452,128	2,778,736	3,333,314										10,564,178
VENDOR PAYMENTS (CLINIC)													0
EMPLOYEE PAYROLL	2,134,195	3,555,756	2,332,950										8,022,901
PHYSICIAN PAYROLL	888,325	1,015,340	1,071,949										2,975,614
EMPLOYEE BENEFITS	76,993	183,234	256,816										517,043
PHYSICIAN RECRUITING	3,861	3,500	3,463										10,824
CASH OVER/SHORT	(67)	13,084	(13,771)										(754)
REPAYMENTS TO HOSPITAL: REDUCTION OF DUE TO HOSPITAL													0
PAYMENT TO HOSPITAL - MGMT SERVICES & OTHER													0
PAYMENTS TO DISTRICT - LEASE	14,583	14,583	14,583										43,748
TRANSFER TO VVHD (DISTRICT)	0		858,978										858,978
TOTAL OPERATING DISBURSEMENTS	7,570,017	7,564,233	7,858,283	-	-	-	-	-	-	-	-	-	22,992,533
NON-OPERATING	-	JUL	JUL	-	-	-	-	-	-	-	-	-	TOTAL
CAPITAL													0
TOTAL NON-OPERATING DISBURSEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	0
TOTAL CASH DISBURSEMENTS	7,570,017	7,564,233	7,858,283	-	-	-	-	-	-	-	-	-	22,992,533
NET CASH FLOW (PROVIDED/(USED))	(1,820,554.29)	733,119.51	1,516,913.43	-	-	-	-	-	-	-	-	-	429,479
ENDING CASH BALANCE	11,614,924	12,348,043.47	13,864,956.90	13,864,956.90	13,864,956.90	13,864,956.90	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	429,479
CD BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	0
AVAILABLE CASH	11,614,924	12,348,043	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	13,864,957	429,479

FY2025 TURN-OVER DATA

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total
A	# FT/PT EMPLOYEES EACH MONTH	544	548	536										1628
B	ROLLING AVERAGE OF THE TOTAL # OF FT/PT YTD	544	546	543										112
C	NUMBER OF FT/PT EMPLOYEES WHO SEPARATED EACH MONTH	7	6	15										
D	ANNUALIZED # of TERMS	84	78	112										
E	ANNUALIZED TURNOVER RATE	15.4%	14.3%	20.6%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Note:

- A only accounts for full-time/part-time employees (excludes PRN)
- C only accounts for full-time/part-time employees that have separated from hospital (voluntary or involuntary) (excluding PRN's)

OVERTIME % FY 2025

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	2/29/2025	Mar-25	Apr-25	May-25	Jun-25
Overtime %	5%	6%	5%									

Val Verde Hospital Corporation
For period ending September 30, 2024
Executive Summary

Summary

For the monthly period ending September 30, 2024, VVRMC recorded a net income of \$733,182 indicating a favorable variance from budget of \$600,786. For the third-month period ending September 30, 2024, comparing to prior year September 2023, gross patient revenue (GPR) has decreased by (\$896k) or (1%).

Comparing service units to prior year 2024 at PE Sep 2023:

- Patient Days have decreased by (7.5%)
- Outpatient Services increased by 0.8%
- Emergency Room Visits increased by 4.9%
- Births have decreased by (8.5%)
- RHC Clinic visits decreased by (3.1%) and Specialty visits decreased by (28.1%)

Comparing to budget at PE Sep 2024 month to date (MTD):

Actual compared to Budget is unfavorable for:

- Admissions by (111)
- OP visits by (554)
- RHC clinics by (900)
- Specialty by (572)
- Births by (7)
- Surgery/Endo by (21)

Actual compared to Budget is favorable for:

- Emergency Room by 86

(Note: Orthopedic, Cardiologist, and Interventional Cardiology all on-boarded in July 2024. RHC lost 1 FP in July and full-time FP Provider transitioned to part-time)

Revenues

For the monthly period ending September 30, 2024, Val Verde Hospital Corporation recognized Gross Patient Revenue (GPR) of \$24,646,544. This is a decrease of (\$1,863,320) or (7%) from the prior month, with Inpatient Revenue decreasing by (\$865,973) or (19%) and Out-Patient decreasing by (\$997,347) or (5%).

Financial Class	PE Sep 2024 % GPR by Payor
Blue Cross Blue Shield	17%
Champus	5%
Charity	1%
Client	0%
Commercial	15%
Local Government	0%
Medicaid	0%
Medicaid HMO	13%
Medicare	15%
Medicare HMO	24%
Self Pay	8%
State Government	2%
Workers Compensation	0%



Contractual deductions (excluding waiver funds) for the period ending September 30, 2024 are 74%, 3% favorable against budget.

Uncompensated allowances (B/D & Charity) is under budget by \$2.6m MTD. As a percent of gross patient revenues, current month allowances are 2.6% compared to budget of 10.9%.

Expenses

For the monthly period ending September 30, 2024, Val Verde Hospital Corporation recorded Operating Expenses of \$6,963,619 indicating a favorable variance from budget by (\$547,130) or (7%) MTD and by (\$1,807,610) or (8%) YTD. Comparing to prior year at period ending September 30, 2023, expenses have decreased by (\$719k) or (3.4%).

Expenses unfavorable against budget for PE Sept 30, 2024 were:

- **Rental Expenses** over budget by \$37k MTD. Variance against budget related to rental of Mobile Cath Lab \$37k.
- **Contracted Services** over budget by \$7k.
- **Purchased Services** over budget by \$42k. Variance against budget related to prior month invoice expenses.
- **Legal & Professional** over budget by \$17k MTD. Variances related to unbudgeted expense for ED Operations and Throughput Consulting fees.
- **Supply/Drug** over budget by \$6k MTD. Highest variance was due to OR supplies/implants

Net Surplus Income (Loss) from Operations

- The Net Income from Operations is \$733,182 MTD and YTD \$1,018,712

Total Surplus (Loss)

- The Total Surplus is \$1,098,204 MTD and YTD \$348,545.

EBIDA

- **PE Sep 2024:** \$1,189,334 MTD and YTD \$2,401,896.

Days cash on hand: 67

- **Corporate Cash at PE September 2024:** \$13,864,957 (increase of \$1,516,913 compared to prior month)
- **District Cash at PE September 2024:** \$13,963,475
 - **District Cash at PE Sep 2024 to include outstanding QIPP IGT:** \$29,439,305
- **Combined Cash (Corporate + District + IGT outstanding):** \$43,304,262
 - Less \$15,475,830 IGT outstanding is \$27,828,432

Turnover:

- PE Sep 2024 turnover rate: 20.6%

FY2025 TURN-OVER DATA						
		Jul-24	Aug-24	Sep-24	Total	
A	# FT/PT EMPLOYEES EACH MONTH	544	548	536	1628	543
B	ROLLING AVERAGE OF THE TOTAL # OF FT/PT YTD	544	546	543		
C	NUMBER OF FT/PT EMPLOYEES WHO SEPARATED EACH MONTH	7	6	15	112	20.6%
D	ANNUALIZED # of TERMS	84	78	112		
E	ANNUALIZED TURN OVER RATE	15.4%	14.9%	20.6%		
Note:						
	A	only accounts for full-time/part-time employees (excludes PRN)				
	C	only accounts for full-time/part-time employees that have separated from hospital (voluntary or involuntary) (excluding PRN's)				

Overtime:

- PE Sep 2024 Overtime trending at 5%

OVERTIME % FY 2025			
	Jul-24	Aug-24	Sep-24
Overtime %	5%	6%	5%

The Executive Team working on the following:

- **CEO currently working on recruitment efforts for:**
 - Urology
- **Cath Lab/Special Procedures**
 - Signed contract w/Schmidazu for new C-ARM
 - Expected date of installation mid-Jan/early Feb
 - SLT evaluating storage space for Cath Lab/Special Procedures supplies
 - Construction to remove/relocate built in Cabinets slated for Nov/Dec
- **RHC Clinics**
 - Associate Administrator working with Clinic Management Team and Providers on volume to ensure threshold are met
 - 1200 Clinic RHC Designation
 - Name to be changed to: Lindsey M. Terry RHC Clinic
 - NPI Application submitted 08/08/2024
 - Status Approved
 - Medicare Enrollment Application submitted 09/09/2024
 - Status: In process
- **Wound Care**
 - Associate Administrator and CFO had call with Shannon Wound Care center. The Director shared policies, staffing model, and LCD (CMS medical necessity requirements).
 - Associate Administrator in contact with Texas A&M Representative regarding Wound Care training for nursing staff.
 - Senior Leader Team evaluating the clinic space for wound care services
 - Wound Care Clinic to be located in old Heart Health Clinic Area
 - Posting for Wound Care Nursing positions (RN/LVN)
- **Staffing**
 - Continue evaluating and restructuring departments to consolidate and align staffing with productivity needs.

Additional Updates:

OIG Notification (received Dec. 20, 2023):

- Findings from OIG received from Reed, Claymon, Meeker & Hargett (February 13,2024)
 - Estimated recoupment is \$494k (78% are for DOS 2017-2019)
 - Infusion and Critical Care charges
 - Meeting scheduled for Tuesday, February 27,2024 with Attorney's to review findings
- OIG Letter received by Reed, Claymon, Meeker & Hargett in December 2023
- Letter is regarding Infusion services administered in the Emergency Room considered not reimbursable--VVRMC received payment for the services in error from the MCO's
- Legal has advised that several hospitals have been sent the same letter and they (the attorney's) are disputing with the OIG.
- No action required by VVRMC is required at this time--Legal gathering data
- August 20, 2024: Received email correspondence from Attorney's regarding the status on OIG case. Meeting is scheduled for September 4,2024
- **September 16,2024:** received email correspondence from Attorney's with update on call with OIG

This is an update on our 9/13 call with HHSC OIG regarding the ED billing initiatives.

HHSC OIG has provided this additional information:

- While OIG's standard is to settle all initiatives at once, they are willing to consider settlement of only certain initiatives and have asked that we collect the settlement proposals from each hospital and present them collectively for consideration and possible approval.
- If a hospital proceeds with a settlement of some/all outstanding initiatives, the HHSC OIG will prepare and send another file that includes data through the current time period.
 - A hospital will be able to check and confirm this new data before settling.
 - The release in the settlement will be a full release and HHSC OIG is willing to entertain some language to address potential recoupments from the MCOs (to be drafted and negotiated)
 - There was discussion of what steps HHSC OIG was taking to address things with the MCOs, but no specific resolution.
- HHSC OIG will not entertain settlement of any initiative at reduced amounts.

Given this information, could you please consider and respond:

- i. Is Val Verde willing to indicate to HHSC OIG that it wants to settle one or more initiatives and request bring-current amounts for those initiatives?
 - a. We recommend settling every initiative except I&I and possibly critical care.
 - b. We are not inclined, at this point, to request bring-current numbers for initiatives that a hospital is not certain it wants to settle. We are concerned this runs up the tab and potential risk exposure for the hospital.

- c. Settling critical care depends on whether a hospital is prepared to stop billing Texas Medicaid for critical care going forward.
- ii. Do you have any other questions?

We are trying to collect the information from hospitals to present a collective picture to OIG by **September 23**. If you would like to discuss, please let us know

- **Response to Attorney on September 24, 2024:**

Good afternoon Leah,

I apologize for the delay in responding to your email, I had been out on vacation the past couple of weeks.

As I mentioned on the call, I would be inclined to settle for every initiative excluding I&I—only if your firm feels that there is a high probability of the OIG overturning their decision on I&I. I don't want to hold off and the OIG uphold their decision on I&I and the organization in turn incurs additional penalty fees. If we do run the risk of incurring additional penalty fees, then I would be open to settling all initiatives.

I was hoping a decision was not needed so soon—as I was planning to update the Board at our October meeting.

Uncompensated Care (UC)

- DY 13 Final IGT: \$836,693
- Gross payment received 09/30/2024: \$2,099,607
- Net UC payment: \$1,262,914

Low Volume Adjustment FFY 2025

Submitted request for consideration of Low Volume Payment Adjustment for FFY 2025 effective for D/C Oct. 1st 2024 thru Dec. 31st 2024.

- Based on Cost Report FYE 2023 total discharges reported 2,184
- VVRMC met both criteria required for additional payment (d/c <3,800 and facility located more than 15 road miles to the nearest "subsection (d)" Acute Care Hospital
- VVRMC does not meet new threshold set effective Oct 1st 2024 (d/c <200)
- Payments apply at claim level
- **September 24, 2024:** VVRMC received CMS approval notice for LVA FY 2025 IPPS Low-Volume Payment Adjustment (Discharges on/after 10/01/2024 through 12/31/2024)

Volume Decline

- Forvis is reviewing Cost Report FYE 2023 to compare to FYE 2022 to determine if volume decline exceeds 5%. If so, we will move forward with submitting request for reimbursement consideration.

Wage Index FFY 2026

- Wage Index completed FFY 2026: Avg. hourly rate calculation \$40.67 based on Cost Report FYE (CRFYE) 2023 (up 8% compared to Prior CRYE 2022 \$37.52)
- Participating hospitals in database reflect an average hour wage index increase between 6%-9%
- Rural Hospitals in Texas are subdivided in quadrants--average wage index is calculated to determine PPS Reimbursement for Future Payments for each specific CBSA quadrant.
- Rate reimbursements apply in 2026
- Deadline to submit wage index data is September 3,2024

VCAP-ET IRS Update (Term Life Insurance)

- Taxable \$'s on term life exceeding \$50k (i.e. entitled for \$55k of term life—employer and employee responsible for paying taxes on \$5k)
- VVRMC had not been taxing on excess—issue discovered in fall of 2022
- Attorneys were engaged to assist with IRS negotiations
- Liability previously recorded in the amount of \$65k (est. payable to IRS)
- Update received from Attorney on July 18, 2024:

We spoke briefly on Monday. Mr. Silva explained that the next step is for him to pass the case up to legal and have IRS counsel offer their input and then the IRS will come back to us and we can negotiate as needed. Then, once we are both in agreement, we can enter into a closing agreement and Val Verde can pay the required amount.

There were a couple of important take-aways to share:

1. Since the IRS took so long to review – it's Mr. Silva's position that tax years 2019 and 2020 are closed. Therefore, unless IRS counsel takes issue (which he did not expect) – we will only be required to resolve tax year 2021. This is great news.
2. The IRS will likely require Val Verde to account for FICA taxes in the final closing agreement. We didn't account for these in the initial application because we believed our offer was still conservative enough to make the IRS whole and the FICA taxes would have been very minimal – too minimal to calculate. We went ahead and determined that the additional FICA taxes on 2021 (accounting for the employee and employer portion (15.3%)) would have been under \$10,000.

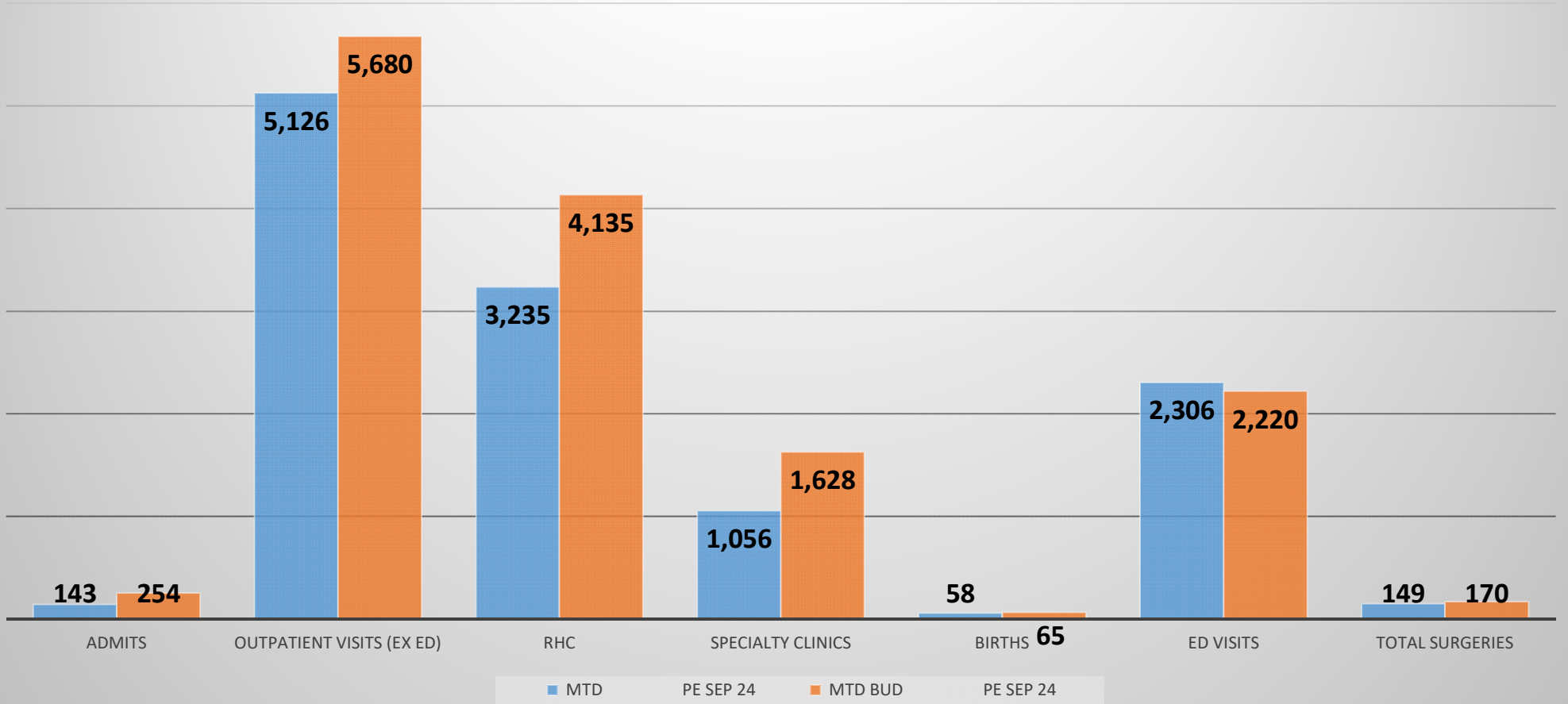
3. The IRS may require Val Verde to use a “Gross-Up” wage calculation. Since, as part of this agreement, Val Verde would be paying income tax/FICA on behalf of employees, it would effectively create more taxable income. We also think this number would be very small but we plan to push back on this.

We are in the process of preparing a response for Mr. Silva explaining the offer that we originally made and why that offer would make the IRS whole. Even if the IRS requires Val Verde to pay the additional FICA, we think there is a strong likelihood that the balance Val Verde will be required to pay will be about \$30,000.

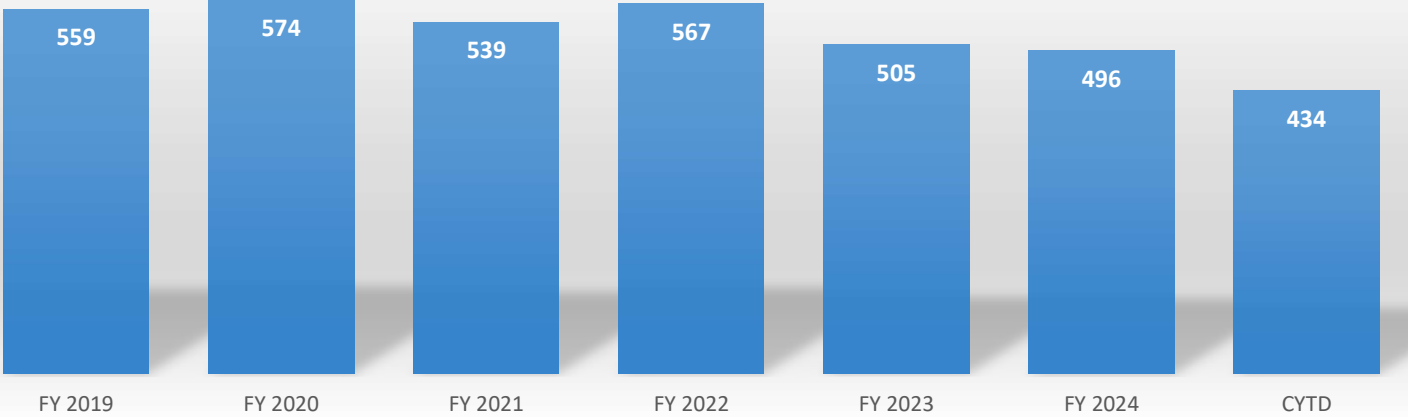
STATs CFY 2025 (Actual compared to BUD)

Statistic	MTD PE SEP 24	MTD BUD PE SEP 24	Var to Budget	Y-T-D 2025	Y-T-D BUDGET	Var to Budget
Admits	143	254	(111)	434	762	328
Patient Days	381	664	(283)	1,201	1,992	791
LOS	3	3	0	3	3	(0)
Outpatient Visits (ex ED)	5,126	5,680	(554)	16,596	17,040	444
RHC	3,235	4,135	(900)	10,519	13,144	(2,625)
Specialty Clinics	1,056	1,628	(572)	3,230	4,770	(1,540)
Births	58	65	(7)	183	195	12
ED Visits	2,306	2,220	86	6,833	6,660	(173)
Total Surgeries	149	170	(21)	485	340	(145)

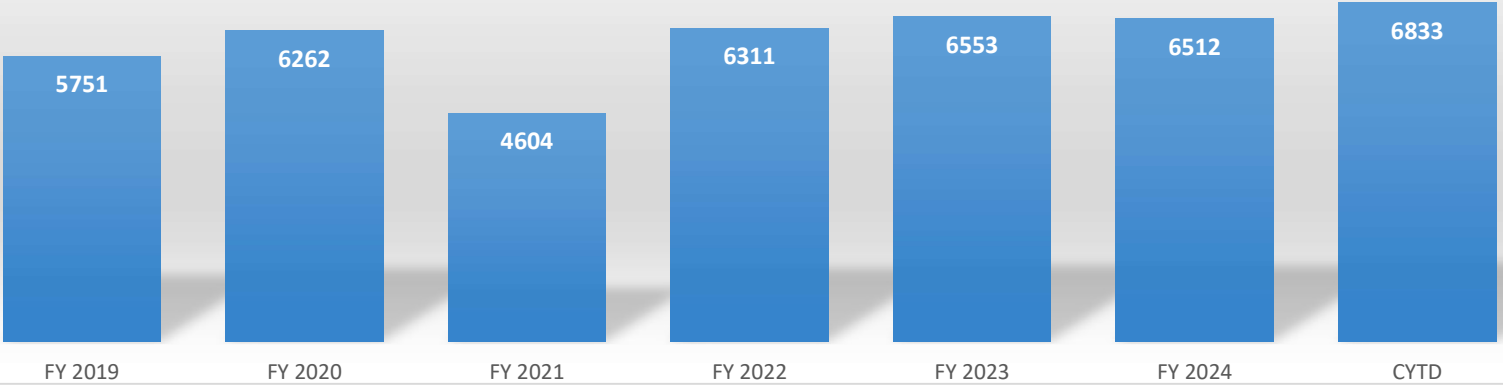
FY 2025
PE Sep 2024 Actual compared to BUDGET



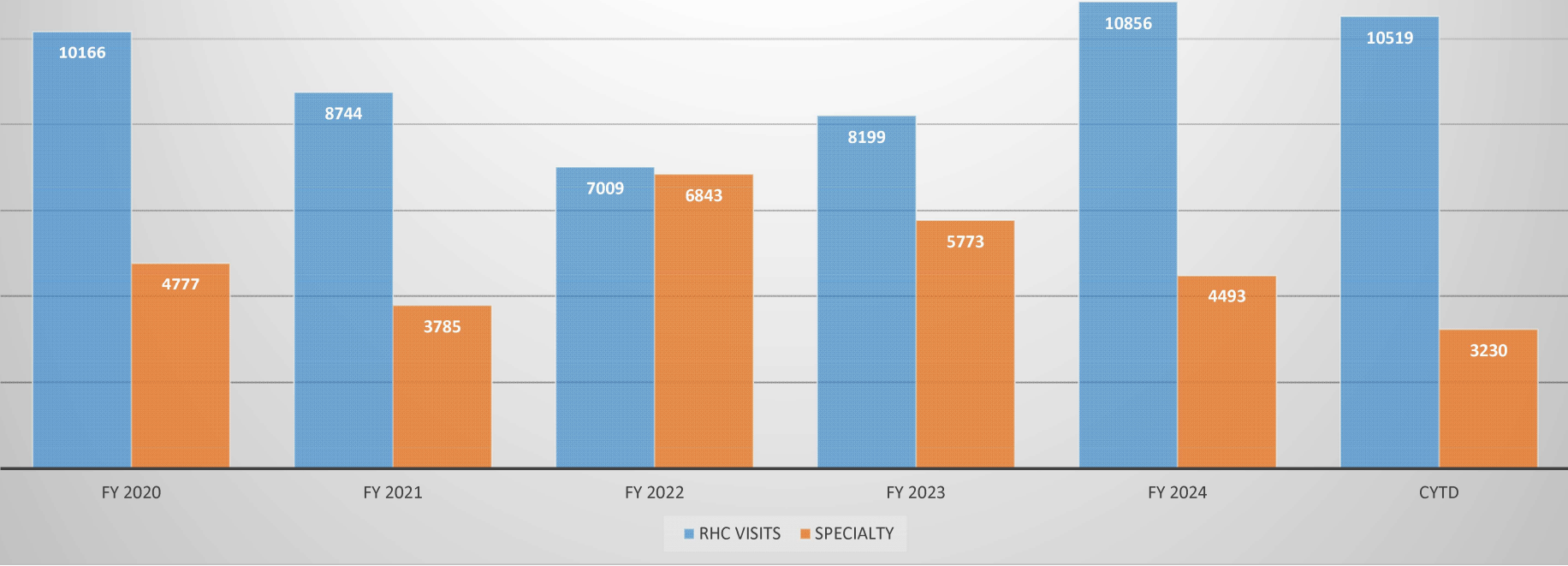
Admissions CFY 2025 COMPARED TO PYs (2020-2024)



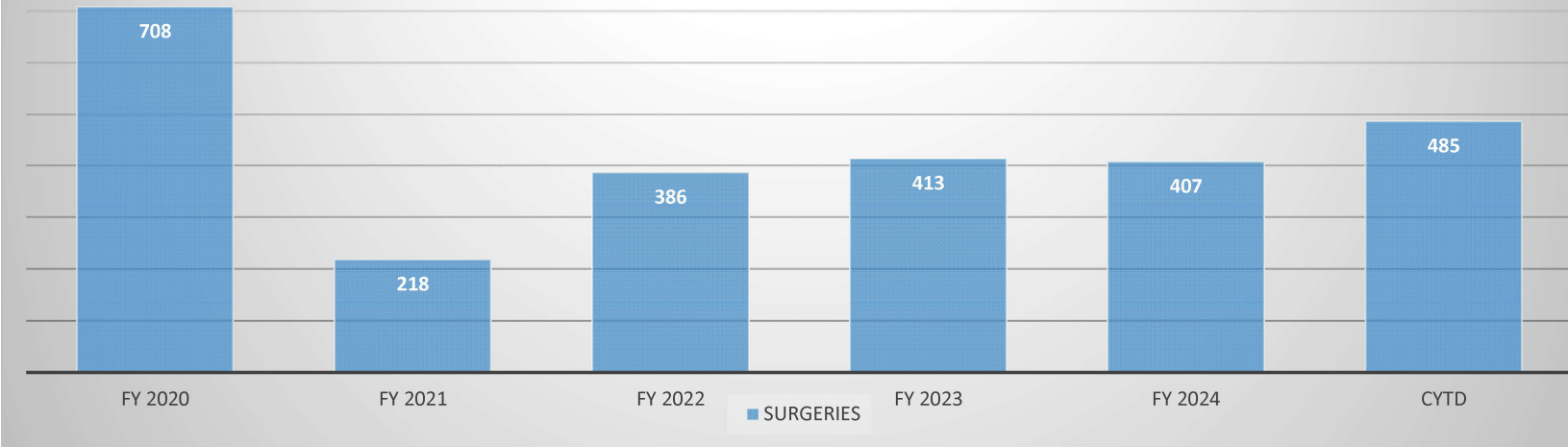
ED Visits CFY 2025 COMPARED TO PYs (2020-2024)



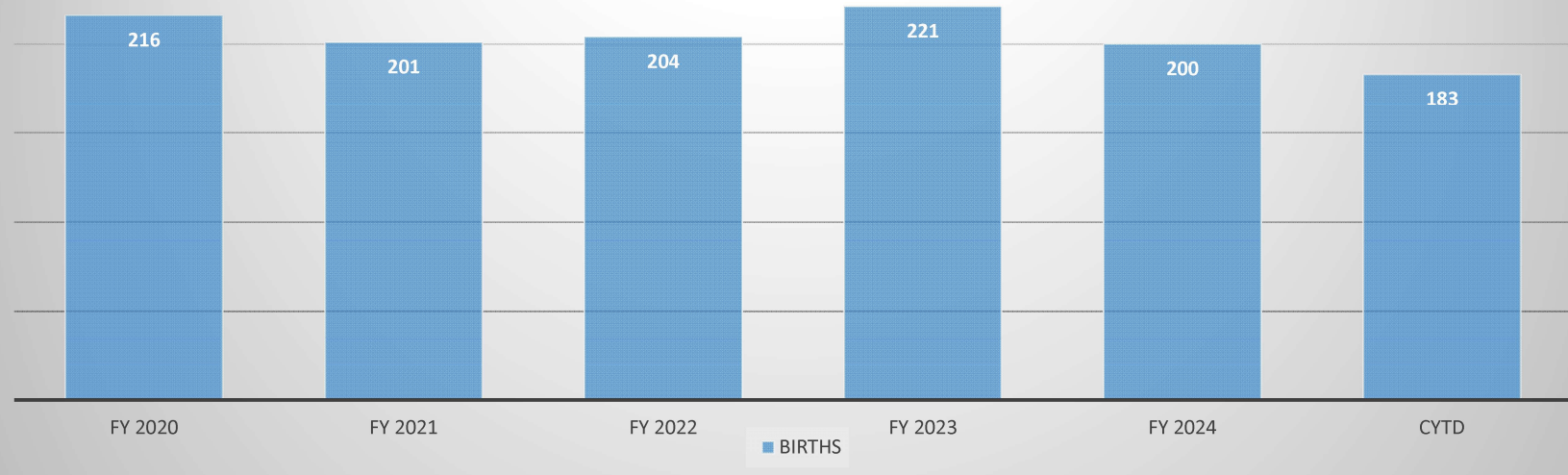
CLINIC VISITS CFY 2025 COMPARED TO PYs (2020-2024)



SURGERIES CFY 2025 COMPARED TO PYs (2020-2024)



BIRTHS CFY 2025 COMPARED TO PYs (2020-2024)





INNOVATION IN ACTION

**Provider Audit and Reimbursement
2020 Technology Parkway, Suite 100
Mechanicsburg, PA 17050**

September 24, 2024

Jorge Jurado
CEO
via e-mail to: jorge.jurado@vvrnc.org

Regarding: FY 2025 IPPS Low-Volume Payment Adjustment
Provider Name: Val Verde Regional Medical Center
Provider Number: 450154

Dear Jorge Jurado:

This is our official notification that Val Verde Regional Medical Center is approved for the IPPS Low-Volume Payment Adjustment for Fiscal Year 2025. The facility's low-volume adjustment percentage is 0.122424 and will be effective for discharges on or after 10/01/2024 through 12/31/2024. Please refer to the calculation table below.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Total Discharges	Total Discharges Minus 500	Are Total Discharges Less than or equal to 500?		Low Volume Adjustment			Low Volume Adjustment
2,184	1,684	No	0.000076	0.122424	0.287879	0.16545	0.122424

- (a) Total Discharges from latest filed cost report as of the provider's attestation date, Fiscal Year End 06/30/2023
- (b) Total Discharges Minus 500
- (c) Are Total Discharges Less than or Equal to 500? Yes or No
- (d) Maximum available add-on payment (25 percent) divided by a number represented by the range of discharges for which this policy applied (3,800 minus 500, or 3,300).
- (e) Low Volume Adjustment equals $0.25 - ((b) * (d))$
- (f) Formula is $95 / 330$
- (g) Formula is $(a) / 13,200$
- (h) **Low Volume Adjustment** equals (f)-(g)

Note A: Qualifying hospitals with 500 or fewer total discharges would receive a low-volume adjustment of 25 percent.

Note B: Qualifying hospitals with fewer than 3,800 total discharges, but more than 500 total discharges, the low-volume payment adjustment would be calculated by subtracting from 25 percent the proportion of payments associated with the discharges in excess of 500.

If you have questions regarding this notice or wish to refute these findings, please contact us at NovitasREIMBURSEMENT@novitas-solutions.com

Sincerely,
----- /s/ -----
Dawn Hooper
PARD Manager
Provider Audit & Reimbursement

Novitas-Solutions, Inc.
www.novitas-solutions.com

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED AUG 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024		Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
\$ 4,581,387	\$ 5,314,215	\$ 4,714,077	Patient Gross Revenue			
\$ 21,928,477	\$ 24,891,108	\$ 22,331,821	Inpatient Revenue	\$ 8,450,187	\$ 10,628,442	\$ 9,226,723
\$ 26,509,864	\$ 30,205,323	\$ 27,045,898	Outpatient Revenue	\$ 43,253,764	\$ 49,782,241	\$ 42,532,000
			Total Patient Revenue	\$ 51,703,951	\$ 60,410,683	\$ 51,758,723
			Revenue Deductions			
\$ 17,747,094	\$ 19,973,227	\$ 18,941,412	Contracted Deductions	\$ 35,754,253	\$ 39,946,462	\$ 35,275,448
\$ 300,724	\$ (10,495)	\$ (347,852)	Bad Debts	\$ 723,542	\$ (20,992)	\$ (1,022,123)
\$ 885,062	\$ 3,295,215	\$ 1,749,675	Charity Care	\$ 2,593,552	\$ 6,590,430	\$ 5,661,118
\$ (231,584)	\$ (291,666)	\$ (373,373)	Waiver Funds (UC)	\$ (443,185)	\$ (583,333)	\$ (1,116,370)
\$ (185,029)	\$ (100,000)	\$ (107,752)	DISPRO Funds (DSH)	\$ (324,814)	\$ (200,000)	\$ (207,752)
\$ 18,516,266	\$ 22,866,281	\$ 19,862,110	Total Deductions	\$ 38,303,348	\$ 45,732,567	\$ 38,590,320
\$ 7,993,598	\$ 7,339,042	\$ 7,183,788	Net Patient Revenue	\$ 13,400,602	\$ 14,678,116	\$ 13,168,403
\$ 148,739	\$ 125,004	\$ 141,995	Other Revenue	\$ 239,350	\$ 250,003	\$ 221,258
\$ 8,142,336	\$ 7,464,046	\$ 7,325,783	Total Net Revenue	\$ 13,639,953	\$ 14,928,119	\$ 13,389,661

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED AUG 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024		Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
			Operating Expenses			
\$ 3,102,223	\$ 3,125,221	\$ 2,942,051	Salaries	\$ 5,958,744	\$ 6,250,465	\$ 5,879,692
\$ 72,803	\$ 84,912	\$ 98,959	General Insurance	\$ 143,617	\$ 169,824	\$ 158,851
\$ 425,020	\$ 540,300	\$ 507,676	Employee Benefits	\$ 721,124	\$ 838,563	\$ 783,282
\$ -	\$ -	\$ -	Retention & Contingency (KPI)	\$ -	\$ -	\$ -
\$ 185,813	\$ 267,246	\$ 429,799	General Expenses	\$ 362,138	\$ 534,508	\$ 669,978
\$ 67,255	\$ 77,163	\$ 73,751	Maint. & Repair Expenses	\$ 135,274	\$ 154,326	\$ 181,709
\$ 68,792	\$ 17,534	\$ 20,863	Rental Expenses	\$ 139,115	\$ 35,068	\$ 38,012
\$ 145,649	\$ 165,313	\$ 303,748	Contracted Services	\$ 318,680	\$ 330,627	\$ 510,384
\$ 331,017	\$ 349,182	\$ 389,997	Purchased Services	\$ 657,542	\$ 684,953	\$ 719,890
\$ 1,045,165	\$ 1,170,437	\$ 1,144,556	Physician Fees	\$ 1,950,550	\$ 2,340,877	\$ 2,121,631
\$ 14,926	\$ 20,496	\$ 4,960	Travel Education	\$ 25,537	\$ 41,005	\$ 12,502
\$ 60,886	\$ 32,248	\$ 37,588	Legal & Professional	\$ 75,823	\$ 64,499	\$ 58,664
\$ 104,837	\$ 104,510	\$ 104,163	Telephone/Utilities	\$ 181,065	\$ 209,028	\$ 190,809
\$ 1,017,400	\$ 943,478	\$ 879,711	Supply/Drug	\$ 1,758,184	\$ 1,863,942	\$ 1,552,387
\$ 17,817	\$ 12,500	\$ 12,944	Interest Expense	\$ 29,313	\$ 25,000	\$ 16,000
\$ 447,547	\$ 535,110	\$ 371,888	Depreciation	\$ 897,718	\$ 1,070,218	\$ 750,975
\$ 7,107,147	\$ 7,445,650	\$ 7,322,653	Total Operating Expenses	\$ 13,354,423	\$ 14,612,903	\$ 13,644,764
\$ 1,035,189	\$ 18,396	\$ 3,130	Net Operating Income/(Loss)	\$ 285,530	\$ 315,216	\$ (255,103)

**VAL VERDE REGIONAL MEDICAL CENTER
COMPARITIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED AUG 2024**

Actual MTD FY 2025	PE BUD FY 2025	Prior Year MTD FY 2024				Actual YTD FY 2025	YTD BUD FY 2025	Prior YTD FY 2024
			<u>Non-Operating/Rev/Exp</u>					
\$ -	\$ -	\$ -	Loss on Disposal of Capital Assets			\$ -	\$ -	\$ -
\$ 63,015	\$ 179,072	\$ 20,481	District Capital Distributions			\$ 63,015	\$ 358,144	\$ 20,481
\$ -	\$ -	\$ -	Interest Expense			\$ -	\$ -	\$ -
\$ -	\$ -	\$ 700,000	District Contributions Hosp. Salary Exp- Salary incr. apprvd. January 6, 2022			\$ -	\$ -	\$ 700,000
\$ -	\$ -	\$ -	District Contributions - QIPP Revenue			\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	District Contributions - Holiday Bonus			\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	INSURANCE CLAIM--REIMB.			\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	ARP RURAL FUNDING			\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	RH-CHRG			\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	RHC SHIP 2021 CTMP			\$ -	\$ -	\$ -
\$ 1,098,204	\$ 197,468	\$ 723,611	Net Income/(Loss)			\$ 348,545	\$ 673,360	\$ 465,378
\$ 1,500,553	\$ 566,006	\$ 387,962	EBIDA			\$ 1,212,561	\$ 1,410,434	\$ 511,872

UNAUDITED FINANCIALS

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Days Cash on Hand	62	62										
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Days Cash on Hand	57	46	44	56	60	59	57	58	57	62	65	62
	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23

Val Verde Reg Medical Center
FISCAL YEAR JUL 2024 - JUN 2025
BALANCE SHEET
PE AUG 2024

<u>ASSETS</u>	<u>YTD ACTUAL</u> <u>PE AUG 2024</u>
Current Assets	
Total Cash & Investments	\$ 12,348,043
Net Patient Receivables	\$ 7,568,183
Total Inventories	\$ 1,678,813
Other Current Assets	\$ 3,861,948
Total Current Assets	\$ 25,456,988
Gross PP&E	\$ 77,715,277
ACCUM DEPR-LAND IMPROVEMENTS	\$ (786,045)
ACCUM DEPR-BUILDINGS	\$ (5,012,986)
ACCUM DEPR-FIXED EQUIPMENT	\$ (3,187,773)
ACCUM DEPR-AMBULANCES/AUTO	\$ (1,326,640)
ACCUM DEPR-MAJOR MOVABLE	\$ (43,528,769)
AMP ACCUMULATED DEPRECIATION	\$ (358,513)
ACCUM AMORT-RTU ASSET	\$ (2,152,340)
ACCUM AMORT-RTU ASSET GASB96	\$ (1,686,317)
Total Accumulated Depreciation	\$ (58,039,384)
Net PP&E	\$ 19,675,893
TOTAL ASSETS	\$ 45,132,881
LIABILITIES & NET ASSETS	
Current Liabilities	
A/R CREDIT BALANCE	\$ 768,728
VVH EMS CREDIT BALANCES	\$ 89,644
RHC/SPEC CLINICS A/R CR BAL	\$ 143,349
CAPITAL LEASES	\$ -
INS FINANCED PAYABLE	\$ 92,997
IRS PENALTY	\$ 65,891
Current Portion of LTD	\$ (1,160,609)
Vendor Payables	\$ (3,575,439)
Accrued Vendor Payables	\$ (440,527)
Accrued Payroll Expenses	\$ (2,756,066)
Deferred Revenue	\$ (139,785)
3rd Party Payable	\$ 45,926
Total Current Liabilities	\$ (8,118,350)
OIG LIABILITY	\$ (524,714)
CHAT LAWSUIT	\$ (0)
LT PORTION OF MCR ACC/ADV PMT	\$ -
Total Long-term Debt	\$ (4,431,547)
TOTAL LIABILITIES	\$ (13,074,612)
AP-VVCHD	\$ (859,728)
NET ASSETS	
CLINIC FORGIVE	\$ (11,458,368)
AMP RETAINED EARNINGS	\$ (575,591)
AMP OPEN BALANCE EQUITY	\$ (7,282,519)
AMP OWNERS EQUITY	\$ 9,800,331
OPERATIONS	\$ 2,135,865
YTD NET INCOME	\$ 6,554,737
RETAINED EARNINGS	\$ 31,675,541
Unrestricted Net Assets	\$ (31,709,724)
YTD INCOME SUMMARY	\$ (348,545)
TOTAL NET ASSETS	\$ (32,058,269)
TOTAL LIAB & NET ASSETS	\$ (45,132,881)

UNAUDITED FINANCIAL STATEMENT

**VAL VERDE REGIONAL MEDICAL CENTER
FY2025: CASH RECEIPTS & DISBURSEMENTS**

	Jul 24 Act	Aug 24 Act	Sep 24 Act	Oct 24 Act	Nov 24 Act	Dec 24 Act	Jan 25 Act	Feb 25 Act	Mar 25 Act	Apr 25 Act	May 25 Act	Jun 25 Act	
BEGINNING CASH BALANCE	13,435,478	11,614,924	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	
CASH RECEIPTS BY MAJOR CATEGORY													
OPERATING	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
PATIENT A/R RECEIPTS	4,527,932	6,728,359											11,256,291
POS CASH COLLECTIONS	30,044	50,375											80,419
CRNA A/R RECEIPTS (ANES)	43,209	42,303											85,512
RHC/SPECIALTY CLINIC RECEIPTS	643,560	888,601											1,532,161
EMS A/R Receipts	175,661	201,259											376,920
DISPRO / DSH		67,529											67,529
DSRIP - WAIVER													0
UNCOMPENSATED CARE - WAIVER													0
MEDICARE/MEDICAID SETTLEMENTS/LOW VOLUME													0
OTHER MISC INCOME	299,682	232,504											532,186
TOTAL OPERATING CASH RECEIPTS	5,720,088	8,210,931	-	-	-	-	-	-	-	-	-	-	13,931,019
NON-OPERATING													TOTAL
GRANTS AND CONTRIBUTIONS	500												500
PROVIDER RELIEF FUND/ARP													0
DISTRICT MONIES CAPITAL		63,015											63,015
NON-AR PAYMENTS	28,875	23,407											52,281
TOTAL NON-OPERATING CASH RECEIPTS	29,375	86,421	-	-	-	-	-	-	-	-	-	-	115,796
TOTAL CASH RECEIPTS	5,749,463	8,297,352	0	0	0	0	0	0	0	0	0	0	14,046,815
CASH DISBURSEMENTS BY MAJOR CATEGORY													
OPERATING	0	0	0	0	0	0	0	0	0	0	0	0	TOTAL
VENDOR PAYMENTS (HOSPITAL)	4,452,128	2,778,736											7,230,864
VENDOR PAYMENTS (CLINIC)													0
EMPLOYEE PAYROLL	2,134,195	3,555,756											5,689,951
PHYSICIAN PAYROLL	888,325	1,015,340											1,903,665
EMPLOYEE BENEFITS	76,993	183,234											260,227
PHYSICIAN RECRUITING	3,861	3,500											7,361
CASH OVER/SHORT	(67)	13,084											13,017
REPAYMENTS TO HOSPITAL: REDUCTION OF DUE TO HOSPITAL													0
PAYMENT TO HOSPITAL - MGMT SERVICES & OTHER													0
PAYMENTS TO DISTRICT - LEASE	14,583	14,583											29,165
TRANSFER TO VVHD (DISTRICT)	0												0
TOTAL OPERATING DISBURSEMENTS	7,570,017	7,564,233	-	-	-	-	-	-	-	-	-	-	15,134,250
NON-OPERATING	-	JUL	JUL	-	-	-	-	-	-	-	-	-	TOTAL
CAPITAL													0
TOTAL NON-OPERATING DISBURSEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	0
TOTAL CASH DISBURSEMENTS	7,570,017	7,564,233	-	-	-	-	-	-	-	-	-	-	15,134,250
NET CASH FLOW (PROVIDED/(USED))	(1,820,554.29)	733,119.51	-	-	-	-	-	-	-	-	-	-	(1,087,435)
ENDING CASH BALANCE	11,614,924	12,348,043.47	12,348,043.47	12,348,043.47	12,348,043.47	12,348,043.47	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	(1,087,435)
CD BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	0
AVAILABLE CASH	11,614,924	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	12,348,043	(1,087,435)

FY2025 TURN-OVER DATA

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total	
A	# FT/PT EMPLOYEES EACH MONTH	544	548												1092
B	ROLLING AVERAGE OF THE TOTAL # OF FT/PT YTD	544	546												78
C	NUMBER OF FT/PT EMPLOYEES WHO SEPARATED EACH MONTH	7	6												
D	ANNUALIZED # of TERMS	84	78												
E	ANNUALIZED TURNOVER RATE	15.4%	14.3%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Note:

- A only accounts for full-time/part-time employees (excludes PRN)
- C only accounts for full-time/part-time employees that have separated from hospital (voluntary or involuntary) (excluding PRN's)

OVERTIME % FY 2025

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	2/29/2025	Mar-25	Apr-25	May-25	Jun-25
Overtime %	5%	6%										

Val Verde Hospital Corporation
For period ending August 31, 2024
Executive Summary

Summary

For the monthly period ending August 31, 2024, VVRMC recorded a net income of \$1,098,204 indicating a favorable variance from budget of \$900,736. For the second-month period ending August 31, 2024, comparing to prior year August 2023, gross patient revenue (GPR) has decreased by (\$55k) or (0.11%). Net patient revenue is a major factor for a favorable increase in net income. Business Office staff submitted mass appeal with United Healthcare early July, resulting in high reimbursement by payer totaling to \$1.4m in payments on claims appealed. Comparing to prior year period ending August 30, 2023, net patient revenue increased by \$809k or 11% and net revenue by \$816k or 11%.

Comparing service units to prior year 2024 at PE Aug 2023:

- Patient Days have decreased by (1.7%)
- Outpatient Services decreased by (3.3%)
- Emergency Room Visits increased by 11%
- RHC Clinic visits decreased by (5.5%) and Specialty visits decreased by (27.3%)

Comparing to budget at PE Aug 2024 month to date (MTD):

Actual compared to Budget is unfavorable for:

- Admissions by (104)
- RHC clinics by (494)
- Specialty Clinic by (393)
- Births by (5)

Actual compared to Budget is favorable for:

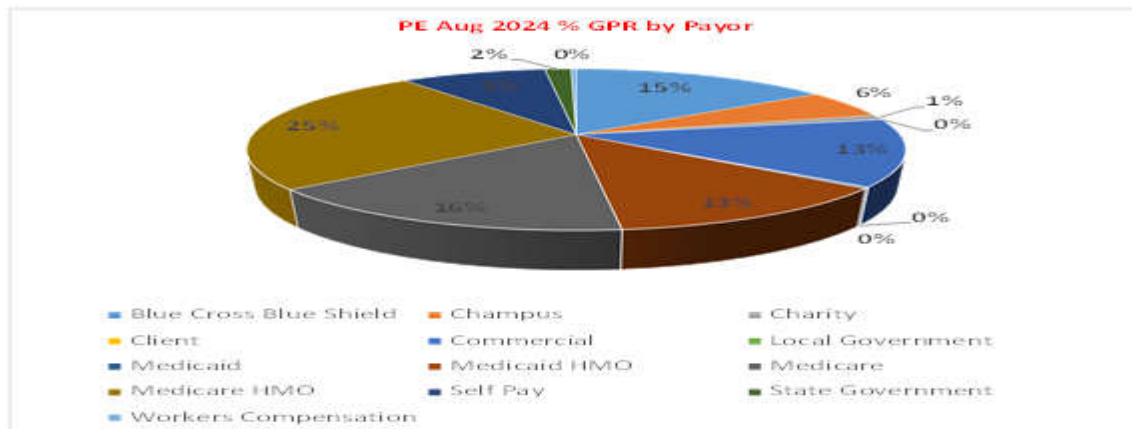
- OP volume by 77
- Emergency Room by 165
- Surgery/Endo by 22

(Orthopedic, Cardiologist, and Interventional Cardiology all on-boarded in July 2024)

Revenues

For the monthly period ending August 31, 2024, Val Verde Hospital Corporation recognized Gross Patient Revenue (GPR) of \$26,509,864. This is an increase of \$1,315,777 or 5% from the prior month, with Inpatient Revenue increasing by \$712,587 or 18% and Out-Patient increasing by \$603,190 or 3%.

	PE Aug 2024
Financial Class	% GPR by Payor
Blue Cross Blue Shield	15%
Champus	6%
Charity	1%
Client	0%
Commercial	13%
Local Government	0%
Medicaid	0%
Medicaid HMO	13%
Medicare	16%
Medicare HMO	25%
Self Pay	9%
State Government	2%
Workers Compensation	0%



Contractual deductions (excluding waiver funds) for the period ending Aug 31, 2024 are 71%, 6% favorable against budget.

Uncompensated allowances (B/D & Charity) is under budget by \$2m MTD. As a percent of gross patient revenues, current month allowances are 4.5% compared to budget of 10.9%.

Expenses

For the monthly period ending August 31, 2024, Val Verde Hospital Corporation recorded Operating Expenses of \$7,107,147 indicating a favorable variance from budget by (\$338,503) or (5%) MTD and by (\$1,258,480) or (9%) YTD. Comparing to prior year at period ending August 31, 2023, expenses have decreased by (\$290k) or (2.1%).

Expenses unfavorable against budget for PE Aug 31, 2024 were:

- **Rental Expenses** over budget by \$51,258 MTD. Variance against budget related to rental of Mobile Cath Lab \$37k and \$5k for lab analyzer
- **Legal & Professional** over budget by \$28k MTD. Variances related to legal fees related to the Health Plan, Term Life Insurance/IRS dispute, and Amendments for Cafeteria Plan.
- **Supply/Drug** over budget by \$73,922 MTD. Highest variance was due to OR supplies/implants
- **Interest Expense** over budget by \$5,317. Variance due to transition of Vendor services from Line Item expense to RTU Asset as services meet GASB 96 requirements. Interest expense for this service was not budgeted.

Net Surplus Income (Loss) from Operations

- The Net Income from Operations is \$1,035,189 MTD and YTD \$285,530.

Total Surplus (Loss)

- The Total Surplus is \$1,098,204 MTD and YTD \$348,545.

EBIDA

- **PE Aug 2024:** \$1,500,553 MTD and YTD \$1,212,561.

Turnover:

- PE Aug 2024 turnover rate: 14.3%

FY2025 TURN-OVER DATA					
		Jul-24	Aug-24	Total	
A	# FT/PT EMPLOYEES EACH MONTH	544	548	1092	546
B	ROLLING AVERAGE OF THE TOTAL # OF FT/PT YTD	544	546		
C	NUMBER OF FT/PT EMPLOYEES WHO SEPARATED EACH MONTH	7	6	78	14.3%
D	ANNUALIZED # of TERMS	84	78		
E	ANNUALIZED TURNOVER RATE	15.4%	14.3%		
Note:					
	A	only accounts for full-time/part-time employees (excluding PRN's)			
	C	only accounts for full-time/part-time employees that have separated from hospital (voluntary or involuntary) (excluding PRN's)			

Overtime:

- PE Aug 2024 Overtime trending at 6%

OVERTIME % FY 2025			
		Jul-24	Aug-24
Overtime %		5%	6%

The Executive Team working on the following:

- **CEO currently working on recruitment efforts for:**
 - Urology
- **RHC Clinics**
 - Associate Administrator working with Clinic Management Team and Providers on volume to ensure threshold are met
 - 1200 Clinic RHC Designation
 - Name to be changed to: Lindsey M. Terry RHC Clinic
 - NPI Application submitted 08/08/2024
 - Status Approved
 - Medicare Enrollment Application submitted 09/09/2024
 - Status: In process
- **Wound Care**
 - Associate Administrator and CFO had call with Shannon Wound Care center. The Director shared policies, staffing model, and LCD (CMS medical necessity requirements).
 - Associate Administrator in contact with Texas A&M Representative regarding Wound Care training for nursing staff.
 - Senior Leader Team evaluating the clinic space for wound care services
- **Staffing**
 - Continue evaluating and restructuring departments to consolidate and align staffing with productivity needs.

Additional Updates:

DSH FFY 2024:

- June 27,2024
 - Received correspondence from Texas Health and Human Services in reference to overpayment to Val Verde Hospital
 - VVRMC to pay back \$951k before July 22,2024
 - Payment in full submitted to HHSC on July 17,2024

Low Volume Adjustment FFY 2025

Submitted request for consideration of Low Volume Payment Adjustment for FFY 2025 effective for D/C Oct. 1st 2024 thru Dec. 31st 2024.

- Based on Cost Report FYE 2023 total discharges reported 2,184
- VVRMC met both criteria required for additional payment (d/c <3,800 and facility located more than 15 road miles to the nearest "subsection (d)" Acute Care Hospital
- VVRMC does not meet new threshold set effective Oct 1st 2024 (d/c <200)
- Payments apply at claim level

Volume Decline

- Forvis is reviewing Cost Report FYE 2023 to compare to FYE 2022 to determine if volume decline exceeds 5%. If so, we will move forward with submitting request for reimbursement consideration.

Wage Index FFY 2026

- Wage Index completed FFY 2026: Avg. hourly rate calculation \$40.67 based on Cost Report FYE (CRFYE) 2023 (up 8% compared to Prior CRYE 2022 \$37.52)
- Participating hospitals in database reflect an average hour wage index increase between 6%-9%
- Rural Hospitals in Texas are subdivided in quadrants--average wage index is calculated to determine PPS Reimbursement for Future Payments for each specific CBSA quadrant.
- Rate reimbursements apply in 2026
- Deadline to submit wage index data is September 3,2024

OIG Notification (received Dec. 20, 2023):

- Findings from OIG received from Reed, Claymon, Meeker & Hargett (February 13, 2024)
 - Estimated recoupment is \$494k (78% are for DOS 2017-2019)
 - Infusion and Critical Care charges
 - Meeting scheduled for Tuesday, February 27, 2024 with Attorney's to review findings
- OIG Letter received by Reed, Claymon, Meeker & Hargett in December 2023
- Letter is regarding Infusion services administered in the Emergency Room considered not reimbursable--VVRMC received payment for the services in error from the MCO's
- Legal has advised that several hospitals have been sent the same letter and they (the attorney's) are disputing with the OIG.
- No action required by VVRMC is required at this time--Legal gathering data
- **August 20, 2024:** Received email correspondence from Attorney's regarding the status on OIG case. Meeting is scheduled for September 4, 2024

VCAP-ET IRS Update (Term Life Insurance)

- Taxable \$'s on term life exceeding \$50k (i.e. entitled for \$55k of term life—employer and employee responsible for paying taxes on \$5k)
- VVRMC had not been taxing on excess—issue discovered in fall of 2022
- Attorneys were engaged to assist with IRS negotiations
- Liability previously recorded in the amount of \$65k (est. payable to IRS)
- Update received from Attorney on July 18, 2024:

We spoke briefly on Monday. Mr. Silva explained that the next step is for him to pass the case up to legal and have IRS counsel offer their input and then the IRS will come back to us and we can negotiate as needed. Then, once we are both in agreement, we can enter into a closing agreement and Val Verde can pay the required amount.

There were a couple of important take aways to share:

1. Since the IRS took so long to review – it's Mr. Silva's position that tax years 2019 and 2020 are closed. Therefore, unless IRS counsel takes issue (which he did not expect) – we will only be required to resolve tax year 2021. This is great news.
2. The IRS will likely require Val Verde to account for FICA taxes in the final closing agreement. We didn't account for these in the initial application because we believed our offer was still conservative enough to make the IRS whole and the FICA taxes would have been very minimal – too minimal to calculate. We went ahead and determined that the additional FICA taxes on 2021 (accounting for the employee and employer portion (15.3%)) would have been under \$10,000.
3. The IRS may require Val Verde to use a "Gross-Up" wage calculation. Since, as part of this agreement, Val Verde would be paying income tax/FICA on behalf of

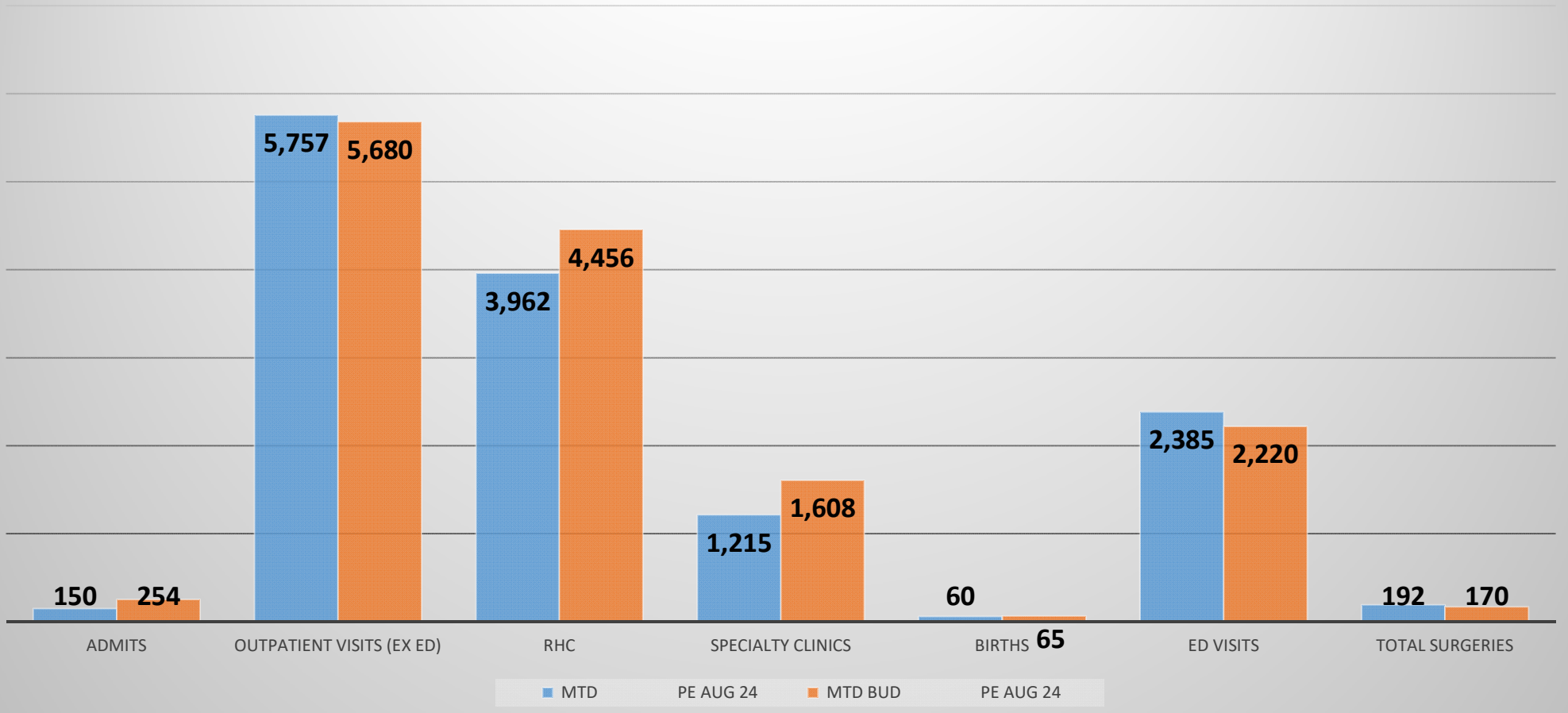
employees, it would effectively create more taxable income. We also think this number would be very small but we plan to push back on this.

We are in the process of preparing a response for Mr. Silva explaining the offer that we originally made and why that offer would make the IRS whole. Even if the IRS requires Val Verde to pay the additional FICA, we think there is a strong likelihood that the balance Val Verde will be required to pay will be about \$30,000.

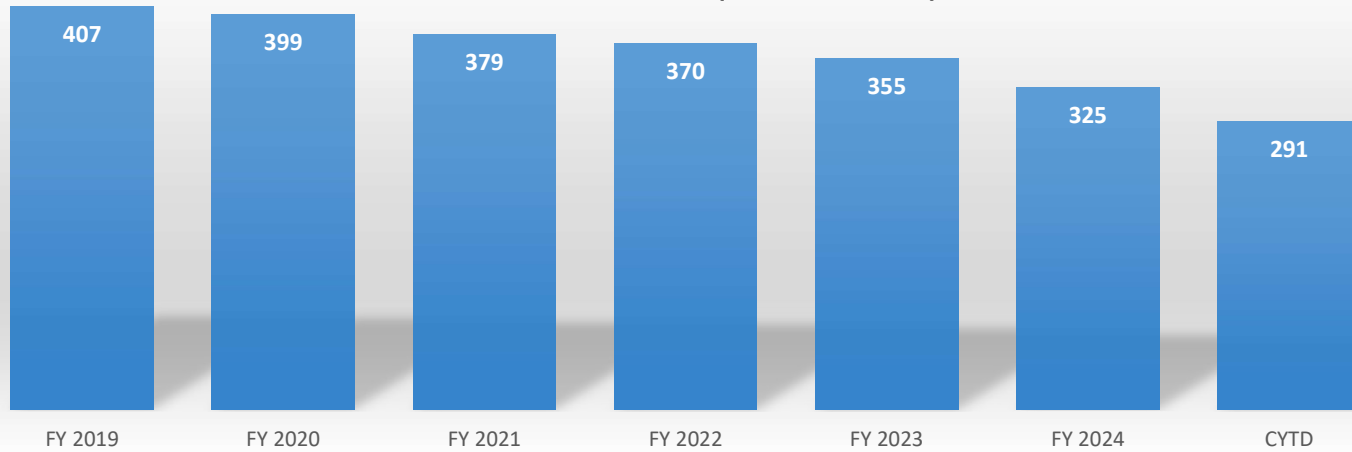
STATs CFY 2025 (Actual Compared to BUD)

Statistic	MTD PE AUG 24	MTD BUD PE AUG 24	Var to Budget	Y-T-D 2025	Y-T-D BUDGET	Var to Budget
Admits	150	254	(104)	291	508	217
Patient Days	463	664	(201)	820	1,328	508
LOS	3	3	0	3	3	(0)
Outpatient Visits (ex ED)	5,757	5,680	77	11,470	11,360	(110)
RHC	3,962	4,456	(494)	7,284	8,912	(1,628)
Specialty Clinics	1,215	1,608	(393)	2,174	3,216	(1,042)
Births	60	65	(5)	125	65	(60)
ED Visits	2,385	2,220	165	4,527	4,440	(87)
Total Surgeries	192	170	22	336	340	4

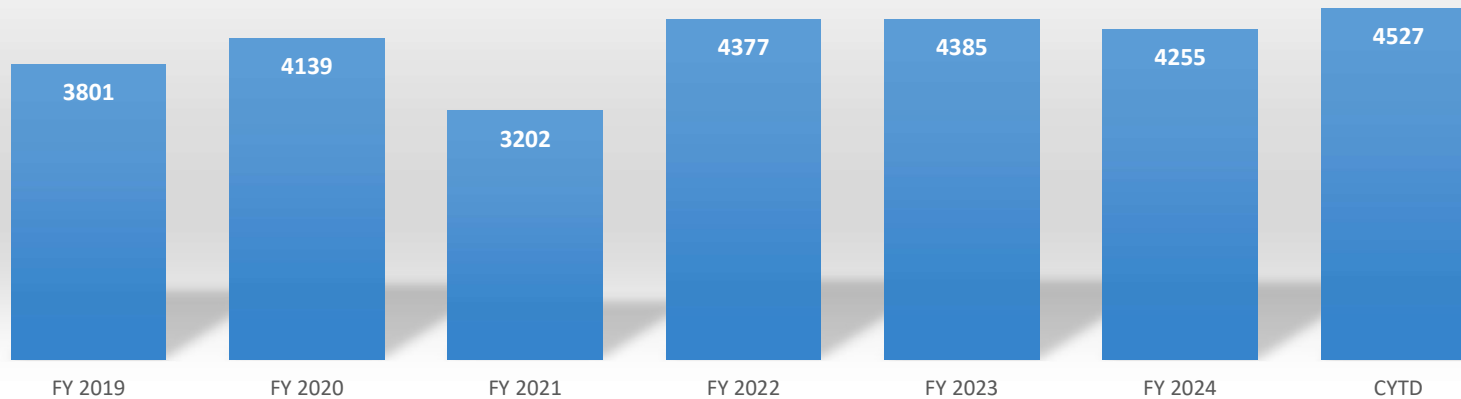
FY 2025
PE AUG 2024 Actual compared to BUDGET



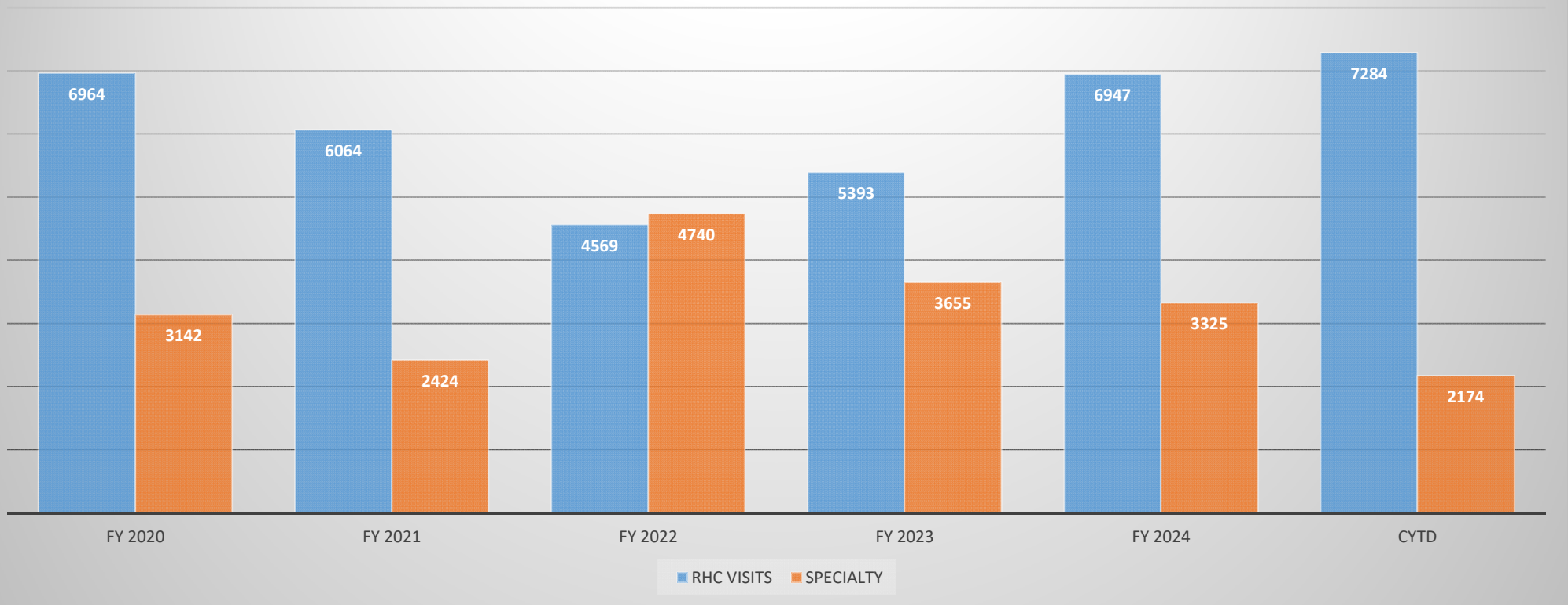
Admissions CFY 2025 COMPARED TO PYs (2020-2024)



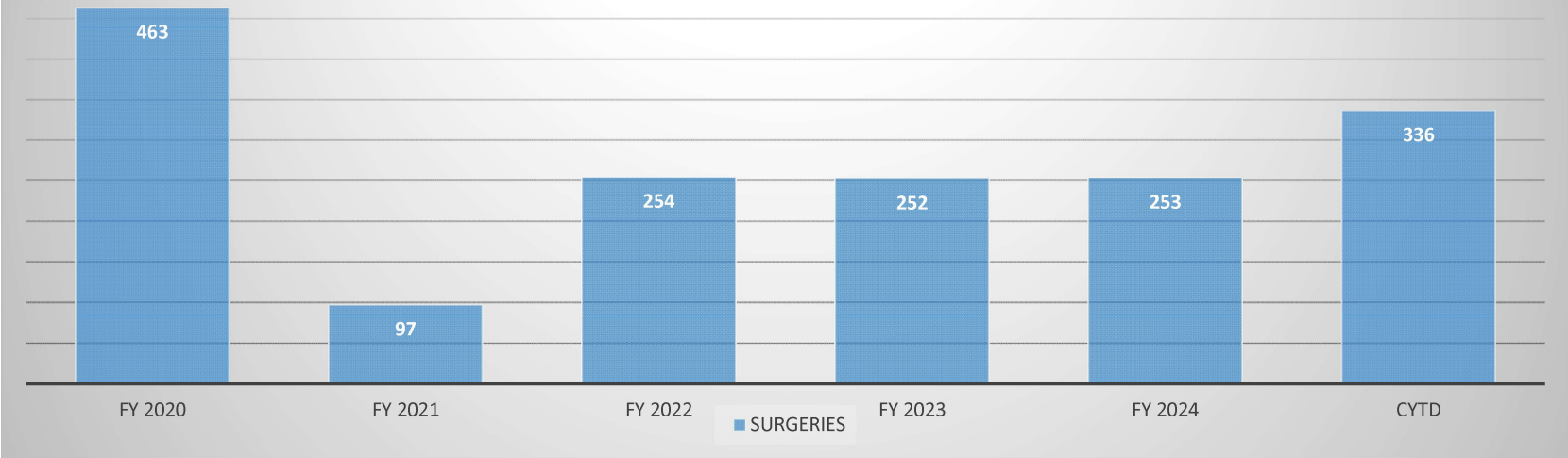
ED Visits CFY 2025 COMPARED TO PYs (2020-2024)



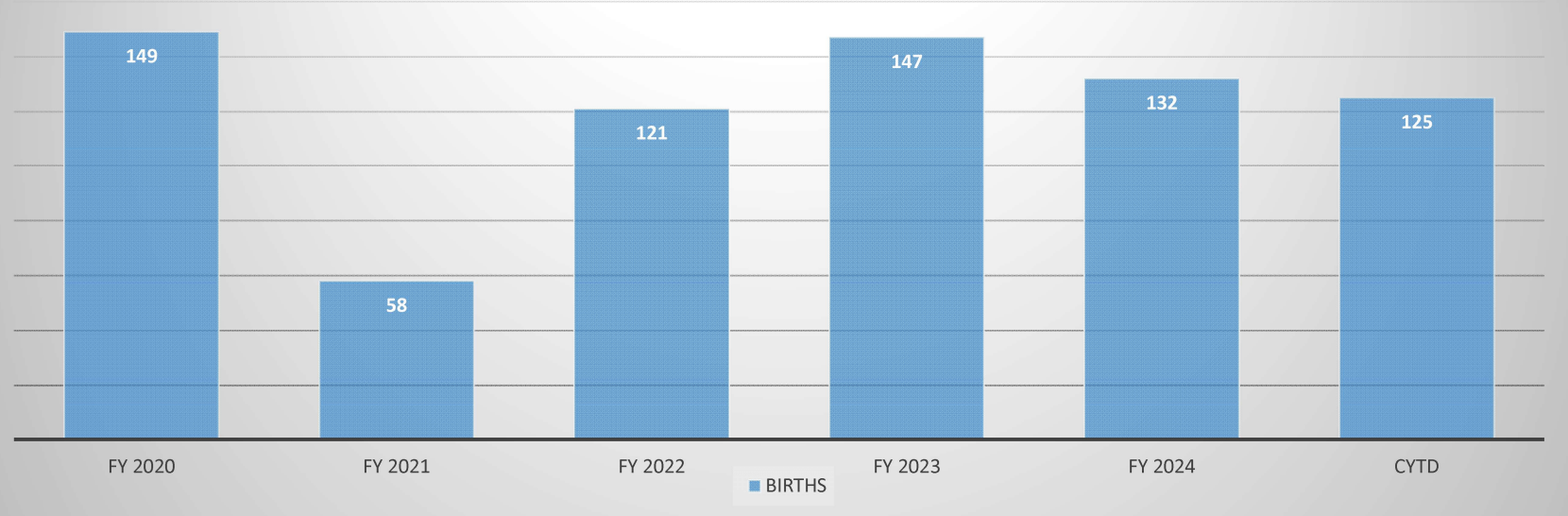
CLINIC VISITS CFY 2025 COMPARED TO PYs (2020-2024)



SURGERIES CFY 2025 COMPARED TO PYs (2020-2024)



BIRTHS CFY 2025 COMPARED TO PYs (2020-2024)



Capital Needs Committee Report

Meeting Date: October 15, 2024

Meeting Attendance

Core Committee	Department Directors	Other attendees
<ul style="list-style-type: none"> • Jorge Jurado , CEO • Claudia Falcon, CFO • Terri Adam, Dir. Materials Management • Robert Carrillo, Dir. Plant Operations 	<ul style="list-style-type: none"> • Rodriguez, Patricio, Lab Dir. • Barksdale, Maria, Respiratory Dir. • Grant, Linda, WHC Dir. 	<ul style="list-style-type: none"> • Kathy Flores, Staff Accountant • Jureza Moselina, CNO • Sylina Contreras, Sr. Admin. Asst.

The following CERs were reviewed by the Capital Needs Committee and were recommended for presentation to Finance Committee at the October 15, 2024 meeting.

Corporate Budgeted

Description of Project	Department	Vendor	Cost and Time Estimate	Budget Category	Budget Justification
Centrifuge	Laboratory Dept.	McKesson	\$8,719.90	Corporate - budgeted	The laboratory is in need of a replacement refrigerated centrifuge. The organization recently replaced one of the two aging centrifuges due to failure. That centrifuge could not be repaired as per the manufacturer. Both were purchase over 10 years ago. The estimated life expectancy is approximately 10 years.
Vapotherm High Flow	Respiratory Dept.	Vapotherm	\$57,648.25	Corporate budgeted	Currently HFNC units were purchased when PEDI unit opened up in 2018 and they were overused during COVID. We currently have 3 Vapotherm units, 1 was purchased in 2016 and is currently out of service. The other 2 units were purchased in 2017 and currently one of them is out of service. These Vapotherm units are used primarily with PEDI patients in ER, Medsurg and Special Care Nursery.
Newborn Radiant Warmers	Women's Health Center	McKesson	\$126,348.24	Corporate - budgeted	Currently end of life and end of end services. Manufactory dates are between 1984-2006.

Capital Needs Committee Report

Meeting Date: October 15, 2024

Meeting Attendance

Corporate Unbudgeted

Description of Project	Department	Vendor	Cost and Time Estimate	Budget Category	Budget Justification
LUCAS Pneumatic Piston Device	ICU/ED	Stryker	\$17,634.50	Corporate-Unbudgeted	Currently VVRMC does not have a mechanical chest compression device for the inpatient setting. When EMS is in house they will bring their LUCAS device to code. When they are out on call we do not have access to this technology.

District Unbudgeted

Description of Project	Department	Vendor	Cost and Time Estimate	Budget Category	Budget Justification
Cath Lab Services	Cath Lab	Shimadzu	\$100,000.00	District Unbudgeted	Board approved One-time payment of \$919,410.00 to purchase Shimadzu. The construction was not included in the original CER.

2024 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR


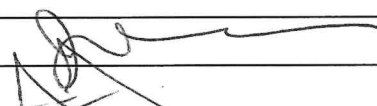
Department Name: <u>Laboratory</u>	Dept#: <u>736</u>	CER# _____
Project/Equipment Description: <u>Centrifuge</u>	Date: <u>10/8/2024</u>	Was this item budgeted? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Project Start Date: _____	TO BE COMPLETED BY THE CFO	If yes, what is the item number? <input type="text"/>
	Will this item generate cost savings? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Maintenance cost _____
	If yes, attach an estimate.	

Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
Centrifuge, STIR Plus-Md Megafuge 120v 60hz	ST 1R	1	8,719.00	8,719.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ 8,719.00

Are you replacing equipment which is currently in your department? Yes No
If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
Sorvall ST 16R	ST 16R	41029062

Approvals	Signature	Date
Department Head		10-9-2024
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		10/15/24
Administrator		10-15-24

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date
10,000. ⁰⁰		

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025
2024 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: Respiratory Care Dept#: 754 CER#

Project/Equipment Description: Vapotherm High Flow

Date: 10/4/2024 Was this item budgeted? Yes No

If yes, what is the item number?

Project Start Date: _____ Will this item generate cost savings? Yes No

TO BE COMPLETED BY THE CFO If yes, attach an estimate. Maintenance cost



Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
HVT 2.0 Unit + Vapotherm Transfer Unit, DISS		5		57,648.25
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ 57,648.25

Are you replacing equipment which is currently in your department? Yes No

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		

Approvals	Signature	Date
Department Head		10-15-24
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		10/15/24
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: Women's Health Center Dept#: 670 CER#
 Project/Equipment Description: Newborn Radiant Warmers
 Date: 9/3/2024 Was this item budgeted? Yes No
 If yes, what is the item number?
 Project Start Date: _____ Will this item generate cost savings? Yes No
 TO BE COMPLETED BY THE CFO If yes, attach an estimate. Maintenance cost

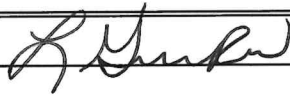
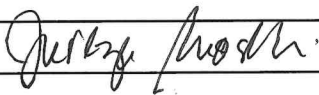
Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
MIC Panda iRes Warmer/ GE Health Care		8	15,481.03	123,848.24
USA MIC Training & Installation/ GE Health Care		1	2,500.00	2,500.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
Total Estimated Cost				\$ -

Are you replacing equipment which is currently in your department? Yes No

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
Ohmeda Ohio Infant warmer system	4300	HCCB00433, HCCB00429, HCC200329 AANQ00259, HCAX00669, HCCK00528
Manufacturer dates between 1984-2006		HCCCK00551, HCCZ00327

Approvals	Signature	Date
Department Head		10-14-24
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		10/14/24
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025 CAPITAL EQUIPMENT REQUISITION (CER) - CORPORATE

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: ICU/ED Dept#: 650 CER#
 Project/Equipment Description: LUCAS Pneumatic piston device
 Date: 9/26/2024 Was this item budgeted? Yes No
 If yes, what is the item number?
 Project Start Date: Will this item generate cost savings? Yes No
TO BE COMPLETED BY THE CFO If yes, attach an estimate. Maintenance cost

Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
LUCAS 3, v3.1 Chest Compression System, Includes Hard Shell	99576-000063	1	14,831.12	14,831.12
LUCAS Desk-Top Battery Charger	11576-000060	1	1,070.01	1,070.01
LUCAS External Power Supply	11576-000060	1	339.91	339.91
LUCAS 3 Battery - Dark Grey - Rechargeable LiPo	11576-000080	1	652.51	652.51
LUCAS Disposable Suction Cup (12 pack)	11576-000047	1	454.87	454.87
Freight/Shipping		1	286.08	286.08
				0.00
				0.00
Total Estimated Cost				\$ 17,634.50

Are you replacing equipment which is currently in your department? Yes No
 If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		

Approvals	Signature	Date
Department Head	<i>Elliot Brown</i>	9/26/24
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		
Administrator	<i>[Signature]</i>	9-26-24

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date

2025 CAPITAL EQUIPMENT REQUISITION (CER) - DISTRICT

TO BE COMPLETED BY DEPARTMENT HEAD OR DIVISION DIRECTOR

Department Name: Plant Ops Dept#: 10.70830 CER# 2025-001
 Project/Equipment Description: Utility Vehicle
 Date: 7/1/2024 Was this item budgeted? Yes [] No []
 If yes, what is the item number?
 Project Start Date: _____ Will this item generate cost savings? Yes [] No []
 If yes, attach an estimate. Maintenance cost

TO BE COMPLETED BY THE CFO

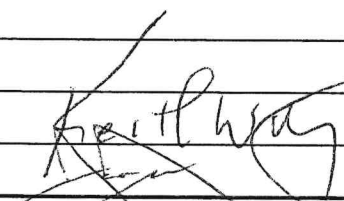
Items Requested

Description/ Manufacturer	Model Number	Quantity	Estimated Price	Total Cost
2024 CFMOTO Serial/VIN LCELDUZ98R6005547	CF600UZ	1	10,799.00	10,799.00
Stock No. CCF005547				0.00
Strobe Light Series POD Amber 1pc		1	94.98	94.98
Freight		1	500.00	500.00
Dealer Prep		1	400.00	400.00
Title Fees		1	28.00	28.00
Inventory Tax - VIT /SIT		1	22.79	22.79
Other Charges		1	125.00	125.00
Total Estimated Cost				\$ 11,969.77


Are you replacing equipment which is currently in your department? Yes [] No []

If yes, describe below

Description/ Manufacturer	Model Number	Serial Number
See Attached		

Approvals	Signature	Date
Department Head		
IT Director (Computer Related CER's)		
Biomedical Director (Clinical Equipment CER's)		
Plant Operations Director (Maintenance CER's)		
Materials Director		
Senior Leader		7/1/24
Administrator		

TO BE COMPLETED BY GENERAL ACCOUNTING

Budgeted Amount	CFO Signature	Date
\$11,750.00		7/1/24

TO BE COMPLETED BY MATERIALS MANAGEMENT

Vendor's	PO Number	Date