

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Auditor's Report and Financial Statements

September 30, 2013 and 2012

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas
September 30, 2013 and 2012**

Contents

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	3
Financial Statements	
Balance Sheets.....	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	13
Supplementary Information	
Balance Sheet Information	38
Statement of Revenues, Expenses and Changes in Net Position Information.....	39
Required Supplementary Information	
Schedule of Funding Progress – Pension Plan	40

Independent Auditor's Report

Board of Managers
Tarrant County Hospital District
d/b/a JPS Health Network
Fort Worth, Texas

We have audited the accompanying basic financial statements of Tarrant County Hospital District d/b/a JPS Health Network (the District), a component unit of Tarrant County, Texas, which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2013 and 2012, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
February 5, 2014

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas
Management's Discussion and Analysis
Years Ended September 30, 2013 and 2012
(In Thousands)**

Introduction

This management's discussion and analysis of the financial performance of Tarrant County Hospital District d/b/a JPS Health Network (the District) provides an overview of the District's financial activities for the years ended September 30, 2013 and 2012. It should be read in conjunction with the accompanying financial statements of the District. Unless otherwise indicated, amounts are in thousands.

Financial Highlights

- Cash, short-term investments and other noncurrent investments decreased in 2013 by \$10,227 or 2.6% and increased in 2012 by \$14,141 or 3.7%.
- The District's net position increased in each of the past two years with a \$60,260 or 9.0% increase in 2013 and a \$16,508 or 2.5% increase in 2012.
- The District reported operating losses in both 2013 (\$236,358) and 2012 (\$291,380). The operating loss in 2013 decreased by \$55,022 or 18.9%, as compared to the operating loss reported in 2012. The operating loss in 2012 decreased by \$10,787 or 3.6%, from the operating loss reported in 2011.
- Net nonoperating revenues decreased by \$8,790 or 2.9% in 2013 compared to 2012 and increased by \$56 or 0.0% in 2012 compared to 2011.

Using This Annual Report

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

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

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses and changes in net position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The Statement of Cash Flows

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

The District's Net Position

The District's net position are the difference between its assets and liabilities reported in the balance sheets. The District's net position increased by \$60,260 (9.0%) in 2013 over 2012 and by \$16,508 (2.5%) in 2012 over 2011, as shown in Table 1:

Table 1: Assets, Liabilities and Net Position

	2013	2012	2011
Assets			
Cash and short-term investments	\$ 202,938	\$ 211,511	\$ 200,306
Patient accounts receivable, net	53,928	62,726	53,821
Other current assets	161,882	58,645	45,200
Capital assets, net	283,409	303,812	303,918
Other noncurrent assets	187,096	188,876	179,037
	<u>889,253</u>	<u>825,570</u>	<u>782,282</u>
Total assets	<u>\$ 889,253</u>	<u>\$ 825,570</u>	<u>\$ 782,282</u>
Liabilities			
Long-term debt	\$ 48,742	\$ 54,024	\$ 56,352
Other current and noncurrent liabilities	109,615	100,910	71,802
	<u>158,357</u>	<u>154,934</u>	<u>128,154</u>
Total liabilities	<u>158,357</u>	<u>154,934</u>	<u>128,154</u>
Net Position			
Net investment in capital assets	232,625	250,529	248,344
Restricted expendable	1,434	4,425	2,308
Restricted nonexpendable	315	250	250
Unrestricted	496,522	415,432	403,226
	<u>730,896</u>	<u>670,636</u>	<u>654,128</u>
Total net position	<u>730,896</u>	<u>670,636</u>	<u>654,128</u>
Total liabilities and net position	<u>\$ 889,253</u>	<u>\$ 825,570</u>	<u>\$ 782,282</u>

One of the most significant changes in the District's assets in 2013 is the increase in amounts due from the state of Texas under supplemental funding programs. Supplemental funding payments from the Medicaid Section 1115(a) demonstration transition (the Waiver), discussed more fully in *Note 3*, have had delays and the related receivable increased by \$100,236 or 301.3% in 2013 as compared to 2012. The increase in the receivable is also a result of the timing of recognition of this revenue and the scheduled funding dates.

The District's cash and investments and other noncurrent investments decreased by \$10,227 or 2.6% in 2013 as compared to 2012 and the District's accounts receivable decreased by \$8,798 or 14.0% in 2013 as compared to 2012. The decrease in cash and investments is primarily attributable to the delays in receipts of supplemental Medicaid funding programs and acquisition of capital assets. The decrease in accounts receivable is primarily attributable to more experience with a new electronic health record and patient billing software program that the District began utilizing in May 2012. This implementation led to billing delays and caused an increase in accounts receivable in 2012.

The most significant change in the District's assets in 2012 is the increase in amounts due from the state of Texas under supplemental funding programs. In 2012, the state of Texas began the transition of the Waiver and the related receivable increased by \$21,331 or 178.6% in 2012 as compared to 2011. The District's cash and investments and other noncurrent investments increased by \$14,441 or 3.7% in 2012 as compared to 2011 and the District's accounts receivable increased by \$8,905 or 16.5% in 2012 as compared to 2011. The increase in accounts receivable was due to the implementation of new electronic health record and patient billing software as discussed above.

Operating Results and Changes in the District's Net Position

In 2013, the District's net position increased by \$60,260 or 9.0%, as shown in Table 2. This increase is made up of several different components and represents an increase of 265.0% compared with the increase in net position for 2012 of \$16,508. The District's change in net position increased from \$3,165 in 2011 to \$16,508 in 2012.

Table 2: Operating Results and Changes in Net Position

	2013	2012	2011
Operating Revenues			
Net patient service revenue	\$ 261,427	\$ 271,604	\$ 264,448
Supplemental Medicaid funding	211,628	121,596	103,309
Other operating revenues	51,704	48,373	52,450
	<u>524,759</u>	<u>441,573</u>	<u>420,207</u>
Operating Expenses			
Salaries and wages and employee benefits	372,709	356,588	354,123
Purchased services and professional fees	187,917	180,248	158,739
Supplies	121,011	117,048	131,964
Depreciation and amortization	42,491	43,396	40,454
Other operating expenses	36,989	35,673	37,094
	<u>761,117</u>	<u>732,953</u>	<u>722,374</u>
Operating Loss	<u>(236,358)</u>	<u>(291,380)</u>	<u>(302,167)</u>
Nonoperating Revenues (Expenses)			
Property taxes	283,766	279,403	275,345
Contributed services	12,427	23,676	26,509
Investment return, interest expense and other	405	2,309	3,478
	<u>296,598</u>	<u>305,388</u>	<u>305,332</u>
Excess of Revenues Over Expenses Before Capital Grants	60,240	14,008	3,165
Capital Grants	<u>20</u>	<u>2,500</u>	<u>-</u>
Increase in Net Position	<u>\$ 60,260</u>	<u>\$ 16,508</u>	<u>\$ 3,165</u>

Operating Losses

The first component of the overall change in the District's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the District has reported an operating loss. This is consistent with the District's recent operating history as the District was formed and is operated primarily to serve lower income residents of Tarrant County. The District levies property taxes to provide sufficient resources to enable the facility to serve lower income and other residents.

The operating loss for 2013 decreased by \$55,022 or 18.9% as compared to 2012. The primary components of the decreased operating loss are:

- An decrease in net patient service revenue of \$10,177 or 3.7%
- An increase in Medicaid supplemental funding of \$90,032 or 74.0%
- An increase in grant revenue of \$3,385 or 42%
- An increase in salary and related expenses of \$16,121 or 4.5%
- A decrease in purchased services and professional fees of \$7,669 or 4.3%
- An increase in supply costs of \$3,963 or 3.4%

The increase in Medicaid supplemental funding revenue is due, in part, to changes in estimates associated with revenue earned in the first year of the Waiver (2012), but is also due to an increase in estimated amounts due from the Waiver's uncompensated care pool and amounts earned in the current year from the Waiver's Delivery System Reform Incentive Payment (DSRIP) pool.

The increase in operating costs was primarily attributable to costs associated with programs formed for participation in the DSRIP pool. Purchased services and professional fees were also impacted by the reduction in contributed services discussed below.

The operating loss for 2012 of \$291,380 was \$10,787 less than the operating loss of \$302,167 recognized in 2011. The District had an increase in net patient service revenue of \$7,156 and an increase in Texas Medicaid supplemental funding of \$18,287. The increase in net patient service revenue was primarily due to an increase in the acuity of patients and minor shifts in payer mix and a transfer of the payment of trauma funds to the Medicaid SDA. The increase in Medicaid supplemental funding is due to the Waiver transition discussed above. Professional fees and purchased services increased in 2012 by \$21,509 or 13.5%, as compared to 2011, as a result of increased payments to physician groups providing services to indigent patients serviced by the District and due to increased consulting services utilized during the implementation of the District's electronic health record and patient billing system. Supply and drug costs decreased in 2012 by \$14,916 or 11.3%, as compared to 2011, due primarily to new drug related contracts which reduced the unit price of various drugs and led to an overall decrease in drug costs.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of property taxes levied by the District and investment income and interest expense. The District held property tax rates steady in 2013, but an increase in overall property values as well as changes in estimated uncollectible property taxes resulted in a net increase in property tax revenue of \$4,363 or 1.6% from 2012 to 2013. Investment return declined in 2013 compared to 2012, resulting primarily from a decrease in interest rates on certificates of deposit and debt securities. Contributed services represent the difference between the value of services provided to the District's indigent patients by area physicians and the amount the District ultimately paid for those services. Contributed services decreased by \$11,249 or 47.5% in 2013 as compared to 2012. This decrease resulted from the District taking on more of the costs associated with physician services provided to the District's indigent payments.

Interest expense decreased by \$123 or 7.0% due to a decrease in long-term debt and refinancing of the Series 2002 Bonds discussed in *Note 10*.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses for 2013, 2012 and 2011, discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At the end of 2013, the District had \$283,409 invested in capital assets, net of accumulated depreciation, as detailed in *Note 7* to the financial statements. In 2013, the District purchased new capital assets costing \$23,775.

At the end of 2012, the District had \$303,812 invested in capital assets, net of accumulated depreciation. In 2012, the District purchased new capital assets costing \$44,931. This included \$25,056 to complete the District's new electronic health record and patient billing system.

Debt

At September 30, 2013, the District had \$49,780 in revenue bonds and certificates of obligations outstanding. In 2013, the District issued the Series 2012 Bonds to refinance the outstanding Series 2002 Bonds obligation, as discussed in *Note 10*. The District issued no new debt in 2012. The District's formal debt issuances, revenue bonds, are subject to limitations imposed by state law. There have been no changes in the District's debt ratings in the past three years.

Other Economic Factors

The District is the Anchor facility for the Region 10 Regional Healthcare Partnership (RHP) DSRIP program under the Medicaid Section 1115(a) demonstration. The Region 10 RHP is the result of a shared commitment by the region's providers to a community-oriented, regional healthcare delivery model focused on the triple aims of improving the experience of care for patients and their families, improving the health of the region, and reducing the cost of care without compromising quality. Region 10's DSRIP plan is the essential blueprint for improved individual and population health at a lower cost, delivered more efficiently.

The District is anticipating a small increase in volumes in fiscal year 2013 from growth in the county and with the addition of new physicians to the medial staff. Based on the recommendation of the District's Board of Managers (the Board), the Tarrant County Commissioners Court set the property tax rate for fiscal year 2013 to \$0.227897 per \$100 valuation.

The Board and management continue to monitor and consider many factors that have direct or indirect impact on future operations. These include:

- The Medicaid Section 1115(a) demonstration project which could have a material impact on the District's funding for providing uncompensated care and provides funding for improvements in the design of the health care delivery system and associated outcomes, specifically shifting reimbursement systems from fee for service to value based payments.
- The reimbursement impact of the Patient Protection and Affordable Care Act, Texas Medicaid DSH and other federal legislation.
- Tarrant County's population growth, as well as continued growth in the number of uninsured, working poor and medically indigent.

- Shifting of care trend from inpatient to outpatient settings
- Workforce shortages, particularly in the areas of nursing, therapists, medical technologists and IT
- Continued growth in medical and pharmaceutical costs, as well as advances in therapies
- Continued advances in health care medical equipment and computing technology

Significant Financial Practices

The District maintains several financial practices designed to maintain its credit-worthiness and to position the District to carry out its defined mission of providing health care to the residents of Tarrant County, as well as its fiduciary responsibility to the taxpayers of Tarrant County. Those practices are as follows:

Investments Internally Designated for Capital Acquisition and Operating Activities

The Board sets aside funds for both long-term stability and capital improvements.

Monthly Financial Reporting

The Board meets monthly and reviews the financial statements from the prior month. This information is presented to show actual monthly and year-to-date revenues and expenses compared to budget and the prior year. Management provides explanation for significant variances.

Pay-As-You-Go Capital Funding

The District has maintained the practice to fund routine capital items under a pay-as-you-go basis. This has been done to minimize borrowing costs as well as maintain financial flexibility.

Budget Process

The operating and capital budgets are proposed by the District's management and endorsed by the Board. Final approval is obtained from the Court. The budget remains in effect for the entire fiscal year.

Operating Practices

- The District's adoption of LEAN and Six Sigma methodologies to improve efficiency and reduce outcome variation

Contacting the District's Financial Management

This financial report is designed to provide our readers with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District's Financial Offices at 1350 South Main Street, Suite 4000, Fort Worth, Texas 76104.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Balance Sheets
September 30, 2013 and 2012
(In Thousands)**

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	\$ 97,800	\$ 151,366
Short-term investments	105,138	60,145
Patient accounts receivable, net	53,928	62,726
Property taxes receivable, net	4,342	4,253
Supplemental Medicaid funding receivable	133,508	33,272
Restricted pledges receivable, net	25	43
Internally designated for self-insurance, current portion	300	285
Supplies inventory	8,644	9,472
Prepaid expenses and other assets	15,063	11,320
Total current assets	418,748	332,882
Noncurrent Cash and Investments		
Internally designated for debt service	298	3,006
Internally designated for self-insurance	11,274	11,297
Restricted by donors for capital acquisitions and specific operating activities	1,786	2,070
Internally designated for capital acquisitions and operating activities	172,069	170,723
Total noncurrent cash and investments	185,427	187,096
Other Receivables	1,669	1,780
Capital Assets, Net	283,409	303,812
Total assets	\$ 889,253	\$ 825,570

Liabilities and Net Position

	2013	2012
Current Liabilities		
Accounts payable	\$ 57,924	\$ 54,119
Accrued expenses	36,052	33,020
Due to third-party payers	6,912	3,547
Current portion of self-insurance costs	4,152	5,552
Current maturities of long-term debt	2,340	2,265
	<hr/>	<hr/>
Total current liabilities	107,380	98,503
Estimated Self-insurance Costs	1,366	1,411
Long-term Debt	48,742	54,024
Other Long-term Liabilities	869	996
	<hr/>	<hr/>
Total liabilities	158,357	154,934
	<hr/>	<hr/>
Net Position		
Net investment in capital assets	232,625	250,529
Restricted expendable	1,434	4,425
Restricted nonexpendable	315	250
Unrestricted	496,522	415,432
	<hr/>	<hr/>
Total net position	730,896	670,636
	<hr/>	<hr/>
Total liabilities and net position	\$ 889,253	\$ 825,570
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Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2013 and 2012
(In Thousands)

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2013 – \$322,439; 2012 – \$337,838	\$ 261,427	\$ 271,604
Supplemental Medicaid funding	211,628	121,596
Contributions	320	502
Other operating revenue	<u>51,384</u>	<u>47,871</u>
Total operating revenues	<u>524,759</u>	<u>441,573</u>
Operating Expenses		
Salaries and related expenses	372,709	356,588
Professional fees and purchased services	187,917	180,248
Supplies	121,011	117,048
Depreciation and amortization	42,491	43,396
Other	<u>36,989</u>	<u>35,673</u>
Total operating expenses	<u>761,117</u>	<u>732,953</u>
Operating Loss	<u>(236,358)</u>	<u>(291,380)</u>
Nonoperating Revenues (Expenses)		
Property tax revenue	283,766	279,403
Contributed services	12,427	23,676
Interest expense	(1,641)	(1,764)
Investment return and other	<u>2,046</u>	<u>4,073</u>
Total nonoperating revenues (expenses)	<u>296,598</u>	<u>305,388</u>
Excess of Revenues Over Expenses Before Capital Grants	60,240	14,008
Capital Grants	<u>20</u>	<u>2,500</u>
Increase in Net Position	60,260	16,508
Net Position, Beginning of Year	<u>670,636</u>	<u>654,128</u>
Net Position, End of Year	<u>\$ 730,896</u>	<u>\$ 670,636</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Statements of Cash Flows
Years Ended September 30, 2013 and 2012
(In Thousands)**

	<u>2013</u>	<u>2012</u>
Operating Activities		
Receipts from and on behalf of patients	\$ 273,590	\$ 268,296
Receipts from Texas Medicaid supplemental funding programs	111,392	100,265
Payments to suppliers and contractors	(333,948)	(287,152)
Payments to employees	(368,362)	(351,728)
Other receipts, net	<u>51,813</u>	<u>46,639</u>
Net cash used in operating activities	<u>(265,515)</u>	<u>(223,680)</u>
Noncapital Financing Activities		
Property taxes supporting operations	<u>281,578</u>	<u>278,241</u>
Net cash provided by noncapital financing activities	<u>281,578</u>	<u>278,241</u>
Capital and Related Financing Activities		
Proceeds from issuance of long-term debt	27,657	-
Principal paid on long-term debt	(32,495)	(2,180)
Interest paid on long-term debt	(2,158)	(2,826)
Payment of bond issuance costs	(270)	-
Property taxes supporting debt service	2,099	2,118
Capital grants and gifts	20	-
Proceeds from sale of capital assets	388	-
Purchase of capital assets	<u>(23,577)</u>	<u>(41,605)</u>
Net cash used in capital and related financing activities	<u>(28,336)</u>	<u>(44,493)</u>
Investing Activities		
Purchase of investments	(296,108)	(186,510)
Proceeds from the sale and maturities of short-term investments	250,954	233,320
Interest income and other	<u>2,046</u>	<u>4,073</u>
Net cash (used in) provided by investing activities	<u>(43,108)</u>	<u>50,883</u>
Increase (Decrease) in Cash and Cash Equivalents	(55,381)	60,951
Cash and Cash Equivalents, Beginning of Year	<u>154,638</u>	<u>93,687</u>
Cash and Cash Equivalents, End of Year	<u>\$ 99,257</u>	<u>\$ 154,638</u>

Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas
Statements of Cash Flows (Continued)
Years Ended September 30, 2013 and 2012
(In Thousands)

	2013	2012
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	\$ 97,800	\$ 151,366
Cash and cash equivalents in noncurrent cash and investments	1,457	3,272
	\$ 99,257	\$ 154,638
 Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used in Operating Activities		
Operating loss	\$ (236,358)	\$ (291,380)
Depreciation and amortization	42,491	43,396
Loss on disposal of assets	15	1,451
Contributed services expense	12,427	23,676
Changes in operating assets and liabilities		
Patient accounts receivable	8,798	(8,905)
Texas Medicaid supplemental funding receivable	(100,236)	(21,331)
Estimated amounts due from and to third-party payers	3,365	5,597
Accounts payable and accrued expenses	8,056	23,984
Other assets and liabilities	(4,073)	(168)
Net cash used in operating activities	\$ (265,515)	\$ (223,680)
 Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	\$ 330	\$ 282
Contributed services revenue (<i>Note 14</i>)	\$ 12,427	\$ 23,676

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

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

Nature of Operations and Reporting Entity

Tarrant County Hospital District d/b/a JPS Health Network (the District) is a political subdivision of the state of Texas and operates a hospital, a psychiatric inpatient facility, a skilled nursing unit, 24 ambulatory health centers, a psychiatric emergency center, an emergency department and a designated Level 1 trauma center, three health centers for women, 19 school-based clinics and dental services at six locations. Additionally, it manages medical care services at the Tarrant County correctional system's three locations. The District is under the supervision of the Tarrant County Commissioners Court (the Court) and is governed by an 11 member Board of Managers (the Board) appointed by the Court. For this reason, the District is considered to be a component unit of Tarrant County, Texas (the County) and is included as a discretely presented component unit in the basic financial statements of the County.

JPS Physician Group (JPSPG) began operations in July 2003, primarily for the purpose of providing physician services to District patients. The District is the sole corporate member of JPSPG and has the authority to exercise significant control over the financial operations of JPSPG. As such, JPSPG is presented as a blended component unit of the District. Separate financial statements of JPSPG can be obtained by contacting the District's management.

JPS Foundation (the Foundation) was formed on August 4, 1997, solely to support and benefit scientific, educational and charitable activities conducted by the District. The Foundation is a non-profit organization whose purpose is to perform services on behalf of the District, including organizing fundraising activities, providing patient assistance programs, participating in recruiting functions and conducting administrative services. Because the Foundation operates primarily for the exclusive benefit of the District, it is also presented as a blended component unit of the District. Separate financial statements of the Foundation can be obtained by contacting the District's management.

The District's financial statements include the activities as set forth above. All material intercompany accounts and transactions have been eliminated in the financial statements.

Basis of Accounting and Presentation

The accompanying financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Government-mandated nonexchange transactions that are not program specific, property taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers.

Risk Management

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

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

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one-year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

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

Patient Accounts Receivable

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

Supplies

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair 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. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the District:

Land improvements	10 – 20 years
Buildings and improvements	10 – 40 years
Equipment	3 – 20 years
Computer software	3 – 10 years

The District capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was:

	<u>2013</u>	<u>2012</u>
Interest costs capitalized	\$ 150	\$ 988
Interest costs charged to expense	<u>1,641</u>	<u>1,764</u>
Total interest incurred	<u><u>\$ 1,791</u></u>	<u><u>\$ 2,752</u></u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Deferred Financing Costs

Deferred financing costs represented costs incurred in connection with the issuance of long-term debt. Prior to 2013, those costs were being amortized over the term of the respective debt using the effective interest method. In 2013, the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires deferred financing costs to be expensed as incurred. As a result of this change, the District expensed all financing costs incurred in the current year as well as the remaining balance of financing costs deferred from prior years. There was no material impact of the adoption.

Compensated Absences

District 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 benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

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

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Net Patient Service Revenue

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

Tobacco Settlement Revenue

The District receives revenue that is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. The District received approximately \$5,801 and \$5,285 in revenue from this settlement for the years ended September 30, 2013 and 2012, respectively. This revenue is recognized as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position.

Charity Care

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

Income Taxes

As an essential government function of the County, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. The District and the Foundation also carry an exemption from income taxes under IRC Section 501(c)(3). JPSPG is exempt from income taxes under Section 501(a) of the IRC. The District, the Foundation and JPSPG are all subject to federal income tax on any unrelated business taxable income.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the American Recovery and Reinvestment Act of 2009, provides for one time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payments under both programs are contingent on the District continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the administrative contractor. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The District recognizes revenue under the grant accounting model using the cliff recognition approach. Under this approach, revenue is recognized once meaningful use status has been met for the full reporting period.

In 2013, the District completed the first-year requirements under the Medicare program and recorded revenue of approximately \$1,006. In 2013 and 2012, the District completed the first-year requirements under the Medicaid program, respectively, and recorded revenue of approximately \$3,808 and \$4,760 in 2013 and 2012, respectively. The revenue earned from these programs is included as a component of other operating revenue in the accompanying statements of revenue, expenses and changes in net position.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. The reclassifications had no effect on the changes in financial position.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Note 2: Net Patient Service Revenue

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

- **Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. The District's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2009.
- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system. Inpatient reimbursement is inclusive of an add-on for trauma care that is based on the Medicaid Standards Dollar Amount. Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. The District is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor. The District's Medicaid cost reports have been audited by the Medicaid administrative contractor through September 30, 2007.

Approximately 80% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for both the years ended September 30, 2013 and 2012. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that recorded estimates will change materially in the near term. Net patient service revenue decreased in 2013 and 2012 by approximately \$2,494 and \$1,473, respectively, due to changes in previous estimates.

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

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Note 3: Supplemental Medicaid Funding Revenue

Supplemental Medicaid funding revenue included in the statement of revenues, expenses and changes in net position includes revenue received from the Medicaid Disproportionate Share Program (DSH) of approximately \$26,726 and \$14,633 for the years ended September 30, 2013 and 2012, respectively. The amounts the District may expect to receive from this program in future years could be impacted by the Medicaid section 1115(a) demonstration program discussed below.

On December 12, 2011, the United States Department of Health and Human Services approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (the Waiver). The Waiver expands existing Medicaid managed care programs and established two funding pools that assists providers with uncompensated care costs (UC Pool) and promotes health system transformation (DSRIP Pool). The Waiver is effective from December 12, 2011 to September 30, 2016. The revenue from the two funding pools is recognized as earned throughout the related demonstration year. During 2013, the District recognized approximately \$128,757 and \$56,145 from the UC Pool and DSRIP Pool, respectively. Approximately \$8,349 of revenue recognized in 2013 related to settlement of the 2012 UC Pool. During 2012, the District recognized approximately \$106,963 from the UC Pool. The funding the District has received is subject to audit and is not representative of funding to be received in future years.

The programs described above are subject to review and scrutiny by both the Texas Legislature and the Center for Medicare and Medicaid Services (CMS) and the programs could be modified or terminated based on new legislation or regulation in future periods.

Note 4: Property Tax Revenue

The District received approximately 35% and 39% of its support from property taxes in the years ended September 30, 2013 and 2012, respectively. Property taxes are levied by the District on October 1 of each year based on the preceding January 1 assessed property values. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and the District records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year. The District recorded an allowance for uncollectible property taxes of approximately \$8,722 and \$8,745 at September 30, 2013 and 2012, respectively.

The District's property tax rate was \$0.226210 and \$0.226175 per \$100 valuation for 2013 and 2012, respectively, for the maintenance and operation fund and property tax revenue for this fund was \$281,666 and \$277,292 for 2013 and 2012, respectively. The District's property tax rate was \$0.001687 and \$0.001722 per \$100 valuation for 2013 and 2012, respectively, for the interest and sinking fund and property tax revenue for this fund was \$2,100 and \$2,111 for 2013 and 2012, respectively.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Notes to Financial Statements
September 30, 2013 and 2012
(In Thousands)**

Note 5: Deposits, Investments and Investment Income

Deposits

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

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2013 and 2012, the District's deposits were either insured or collateralized in accordance with state law.

Investments

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

At September 30, 2013 and 2012, the District had the following investments and maturities as:

September 30, 2013		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$ 32	\$ 32	\$ -	\$ -	\$ -
Investment pools	55,194	55,194	-	-	-
U.S. Treasury obligations	1,236	-	1,236	-	-
U.S. agencies obligations	36,749	6,001	29,848	900	-
Municipal bonds	5,752	153	5,599	-	-
		<u>\$ 61,380</u>	<u>\$ 36,683</u>	<u>\$ 900</u>	<u>\$ -</u>
Mutual funds	<u>525</u>				
	<u>\$ 99,488</u>				

September 30, 2012		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$ 3,224	\$ 3,224	\$ -	\$ -	\$ -
Investment pools	94,361	94,361	-	-	-
U.S. Treasury obligations	1,263	-	1,263	-	-
U.S. agencies obligations	40,590	2,447	31,721	6,422	-
Municipal bonds	574	203	371	-	-
		<u>\$ 100,235</u>	<u>\$ 33,355</u>	<u>\$ 6,422</u>	<u>\$ -</u>
Mutual funds	<u>199</u>				
	<u>\$ 140,211</u>				

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

- **Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District investment policy requires that total investments have a weighted-average maturity of five years or less. The District’s investments in U.S. Treasury and agency obligations include fixed-rate notes and bonds with a weighted-average maturity of three years. The longer the maturity of a fixed-rate obligation, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the obligations decrease. Likewise, when interest rates decrease, the fair value of the obligations increase. The money market mutual funds are presented as an investment with a maturity of less than one-year because they are redeemable in full immediately.
- **Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District’s policy to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restriction of the Texas Public Funds Investment Act. The District’s investment in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. The debt securities of the U.S. agencies are rated AA+ by Standard & Poor’s rating agency. The District’s investments in municipal bonds were rated AA- to AA+ by Standard & Poor’s. The District also invests in State Investment Pools (the Pools), which are considered investments for financial reporting. The District has an undivided beneficial interest in the pool of assets held by the Pools. Authorized investments include obligations of the United States or its agencies, direct obligation of the state of Texas or its agencies, certificates of deposit, and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool. The Pools, as well as the money market mutual funds invested in by the District, are rated as AAAM by Standard & Poor’s.

The District also invests in certificates of deposit, which are classified as deposits for financial reporting purposes. These certificates of deposit are fully collateralized by the various financial institutions.

- **Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the District’s investments are held in safekeeping or trust accounts.
- **Concentration of Credit Risk** – The District places no limit on the amount that may be invested in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Notes to Financial Statements
September 30, 2013 and 2012
(In Thousands)**

The following table reflects the District's investments in single issuers that represent more than 5% of total investments:

	<u>2013</u>	<u>2012</u>
Federal Home Loan Bank	9.6%	8.1%
Federal National Mortgage Association	6.8%	5.2%
Federal Farm Credit Bank	11.5%	8.9%
Federal Agricultural Mortgage Corporation	5.7%	4.2%

Summary of Carrying Values

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

	<u>2013</u>	<u>2012</u>
Carrying value		
Deposits	\$ 289,177	\$ 258,681
Investments	<u>99,488</u>	<u>140,211</u>
	<u>\$ 388,665</u>	<u>\$ 398,892</u>
Included in the following balance sheets captions		
Cash and cash equivalents	\$ 97,800	\$ 151,366
Short-term investments	105,138	60,145
Internally designated for self-insurance, current portion	300	285
Noncurrent cash and investments	<u>185,427</u>	<u>187,096</u>
	<u>\$ 388,665</u>	<u>\$ 398,892</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Notes to Financial Statements
September 30, 2013 and 2012
(In Thousands)**

Investment Income

Investment income for the years ended September 30 consisted of:

	2013	2012
Interest and dividend income	\$ 3,624	\$ 4,703
Net decrease in fair value of investments	(1,574)	(504)
	\$ 2,050	\$ 4,199

Note 6: Patient Accounts Receivable

The District 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 September 30 consisted of:

	2013	2012
Medicare	\$ 10,173	\$ 9,913
Medicaid	27,628	18,832
Other third-party payers	15,707	16,412
Patients	135,668	201,287
	189,176	246,444
Less allowance for uncollectible accounts	135,248	183,718
	\$ 53,928	\$ 62,726

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Notes to Financial Statements
September 30, 2013 and 2012
(In Thousands)**

Note 8: Accounts Payable and Accrued Expenses

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

	<u>2013</u>	<u>2012</u>
Payable to suppliers and contractors	\$ 30,913	\$ 23,733
Payable to employees (including payroll taxes and benefits)	35,798	32,670
Payable to TCICC (Note 14)	25,233	20,953
Pollution remediation liability	-	5,600
Patient credit balances	1,752	3,832
Other accrued liabilities	280	351
	<u>\$ 93,976</u>	<u>\$ 87,139</u>

Note 9: Risk Management

Medical Malpractice and General Liability Risks

The District is self-insured for medical malpractice and general liability claims. The District's maximum liability for professional and general liability claims as a governmental unit under the Tort Claims Act is generally \$100,000 per individual and \$300,000 per occurrence.

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

Activity in the District's accrued medical malpractice claims liability during 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 785	\$ 1,106
Current year claims incurred and changes in estimates for claims incurred in prior years	28	(312)
Claims and expenses paid	(148)	(9)
	<u>\$ 665</u>	<u>\$ 785</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

**Notes to Financial Statements
September 30, 2013 and 2012
(In Thousands)**

Employee Health Claims

Substantially all of the District's employees and their dependents are eligible to participate in the District's employee health insurance plan. Commercial stop-loss insurance coverage is purchased for claims in excess of \$500,000. 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 District's estimate will change by a material amount in the near term.

Activity in the District's accrued employee health claims liability during 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 4,450	\$ 4,300
Current year claims incurred and changes in estimates for claims incurred in prior years	26,714	30,392
Claims and expenses paid	<u>(28,194)</u>	<u>(30,242)</u>
Balance, end of year	<u>\$ 2,970</u>	<u>\$ 4,450</u>

Workers' Compensation Claims

The District is self-insured for workers' compensation claims. 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 District's estimate will change by a material amount in the near term.

Activity in the District's accrued workers' compensation claims liability during 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 1,728	\$ 1,769
Current year claims incurred and changes in estimates for claims incurred in prior years	1,402	1,037
Claims and expenses paid	<u>(1,247)</u>	<u>(1,078)</u>
Balance, end of year	<u>\$ 1,883</u>	<u>\$ 1,728</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Note 10: Long-term Debt

A summary of long-term debt is as follows:

	2013	2012
Revenue bonds, Series 2002	\$ -	\$ 30,100
Revenue bonds, Series 2012	24,405	-
Certificates of obligation, Series 2006	25,375	26,285
	49,780	56,385
Bond premium (discount), net	1,302	(96)
	\$ 51,082	\$ 56,289

Revenue Bonds – Series 2002

The Series 2002 revenue bonds consisted of Tarrant County Hospital District Revenue Bonds, Series 2002 (the Series 2002 Bonds) in the original amount of \$40,940 dated June 1, 2002, which bore interest at 2.0% to 5.5%. The Series 2002 Bonds were payable in remaining annual installments of \$1,355 to \$2,790 through August 15, 2027. All of the Series 2002 Bonds still outstanding could be redeemed at the District’s option on or after August 15, 2012, at par value plus accrued interest. The Series 2002 Bonds were secured by the net revenues of the District, excluding property tax revenue. The District advance refunded the outstanding obligation on the Series 2002 Bonds with proceeds from the Series 2012 Bonds. The loss on the advance refunding was approximately \$165. The District anticipates cash savings of approximately \$9,856 as a result of the advance refunding of the Series 2002 Bonds.

Revenue Bonds – Series 2012

The Series 2012 revenue bonds consist of Tarrant County Hospital District Senior Lien Revenue Refunding Bonds, Series 2012 (the Series 2012 Bonds) in the original amount of \$25,890 dated September 1, 2012, which bear interest at 1.5% to 5.0%. The Series 2012 Bonds are payable in annual installments of \$1,390 to \$2,205 through August 15, 2027. The Series 2012 Bonds are secured by revenues of the District, exclusive of ad valorem tax revenue. All of the Series 2012 Bonds still outstanding may be redeemed at the District’s option on or after August 15, 2023, at par value plus accrued interest. The proceeds from the Series 2012 Bonds were used to advance refund the Series 2002 Bonds.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Certificates of Obligation – Series 2006

The Series 2006 certificates of obligation consist of Tarrant County Hospital District Certificates of Obligation, Series 2006 (the Certificates) in the original amount of \$30,330 dated March 1, 2006, which bear interest at 4.0% to 5.0%. The Certificates are payable in remaining annual installments of \$950 to \$2,025 through February 15, 2031. All of the Certificates still outstanding may be redeemed at the District’s option on or after February 15, 2016, at par value plus accrued interest. The Certificates are secured by the net revenues of the District, including property tax revenue.

The indenture agreements require the District to comply with certain restrictive covenants including minimum insurance coverage and days cash on hand.

The following is a summary of long-term debt transactions for the District for the years ended September 30:

	2013				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds, Series 2002	\$ 30,100	\$ -	\$ 30,100	\$ -	\$ -
Revenue bonds, Series 2012	-	25,890	1,485	24,405	1,390
Certificates of obligation, Series 2006	26,285	-	910	25,375	950
Total long-term debt	\$ 56,385	\$ 25,890	\$ 32,495	\$ 49,780	\$ 2,340

	2012				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds, Series 2002	\$ 31,405	\$ -	\$ 1,305	\$ 30,100	\$ 1,355
Certificates of obligation, Series 2006	27,160	-	875	26,285	910
Total long-term debt	\$ 58,565	\$ -	\$ 2,180	\$ 56,385	\$ 2,265

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

The debt service requirements as of September 30, 2013, are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 2,340	\$ 2,012	\$ 4,352
2015	2,405	1,946	4,351
2016	2,470	1,877	4,347
2017	2,555	1,792	4,347
2018	2,650	1,702	4,352
2019 – 2023	15,075	6,647	21,722
2024 – 2028	16,480	2,981	19,461
2029 – 2032	5,805	413	6,218
	<u>\$ 49,780</u>	<u>\$ 19,370</u>	<u>\$ 69,150</u>

Note 11: Restricted and Designated Net Position

At September 30, 2013 and 2012, \$1,434 and \$4,425, respectively, of net position were restricted by donors for capital and operating activities.

At September 30, 2013 and 2012, \$172,069 and \$170,723, respectively, of unrestricted net position has been designated by the Board for future operating needs and capital acquisitions. Designated assets remain under the control of the Board, which may, at its discretion, later use these assets for other purposes.

At September 30, 2013 and 2012, the District had \$315 and \$250, respectively, of restricted nonexpendable net position which is a general endowment for the Foundation.

Note 12: Uncompensated Care

In support of its mission, the District voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The costs of charity care provided under the District's charity care policy were \$158,148 and \$152,132 for 2013 and 2012, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Note 13: Pension Plan

Plan Description

The District sponsors a defined benefit pension plan for eligible employees within a multiemployer retirement program sponsored for member hospitals by the Texas Hospital Association (THA). HealthShare/THA, a wholly owned subsidiary of THA, is the plan administrator of the pension plan. The plan's assets are invested as a portion of the THA's master pension trust fund. The plan provides retirement, death and disability benefits. Amendments to the plan are made only with the authority of the District's Board.

The plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from the District or HealthShare/THA. That report may be obtained by writing HealthShare/THA at 1108 Lavaca, Suite 700, Austin, Texas 78701.

Funding Policy

The Board has the sole authority to establish or amend the obligations to contribute to the plan by participants or the employer. The District is not subject to any explicit legal or contractual contribution rate. Plan members are required to annually contribute 1% of their compensation. Effective October 1, 2006, participation in the pension plan became mandatory for full-time employees completing one-year of service on or after October 1, 2006. An amendment effective October 1, 2011, made plan participation voluntary for employees hired after that date.

The District makes annual contributions, which are actuarially determined as a level percentage of total participant compensation less projected employee contributions in accordance with the Entry Age Normal (EAN) actuarial funding method. Under the EAN method, the District contribution rate is set equal to 6.5% of total participant compensation beginning with the current fiscal year until a future actuarial valuation shows that: (a) actuarial value of assets equals or exceeds the EAN accrued liability, which will cause a reduction to the employer contribution rate or (b) the implicit amortization period of the unfunded EAN accrued liability at the current contribution rate exceeds 25 years, which would be remediated by an increase in the employer contribution rate. The employer contributions were 6.5% of estimated participant compensation for both the years ended September 30, 2013 and 2012. The costs of administering the plan are paid by the plan and are considered in the determination of the employer contribution rate.

Annual Pension Cost

The District's annual pension cost was \$12,380 and \$12,051 for the years ended September 30, 2013 and 2012, respectively. These costs were equal to the annual required contributions as determined in the actuarial valuations dated October 1, 2012 and 2011, respectively. There is no existing net pension obligation.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

The required contributions for the plan year ended September 30, 2013, were based on the results of the actuarial valuation as of October 1, 2012, using the EAN actuarial funding method and were in compliance with the GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, parameters. The actuarial assumptions included: (a) an 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 8.0%, per year, varying by attained age. Both (a) and (b) included an inflation component of 4.0%. The assumptions did not include any postretirement benefit increases. The actuarial value of plan assets was determined using a five-year smoothed market value method.

Three-year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 12,652,413	100%	\$ -
2012	12,051,401	100%	-
2013	12,380,156	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Plan Assets Less than AAL	Funded Ratio	Covered Payroll	Plan Assets Less Than AAL as a Percent of Covered Payroll
10/1/2010	\$ 101,345	\$ 134,597	\$ (33,252)	75.3%	\$ 194,653	(17.1%)
10/1/2011	113,033	144,579	(31,546)	78.2%	185,406	(17.0%)
10/1/2012	125,181	159,752	(34,571)	78.4%	190,464	(18.2%)

Other Benefit Plans

The District has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution up to 4% of pay. The contributions for the employer match on the plan were approximately \$3,645 and \$3,641 for the years ended September 30, 2013 and 2012, respectively.

In addition, the District offers its employees a tax-deferred annuity plan created in accordance with IRC Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan and income attributable to those amounts are solely the property of the employee. Thus, the plan amounts are not reported in the accompanying financial statements.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

The District also offers its employees a tax-deferred annuity plan created in accordance with IRC Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan and income attributable to those amounts are solely the property of the employee. Thus, the plan amounts are not reported in the financial statements. Employee contributions were \$8,470 and \$8,369 for the years ended September 30, 2013 and 2012, respectively.

The District has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board. This plan is to provide participants in the defined benefit plan that portion of the participant's benefits that would otherwise be payable under the terms of the defined benefit plan, except for the limitations on benefits imposed by Section 415(b) of the IRC. As of September 30, 2013 and 2012, there were no benefits due under this plan.

Note 14: Related Party Transactions

The District is party to an indigent care affiliation agreement with the Tarrant County Indigent Care Corporation (TCICC), a non-profit corporation comprised of affiliated Tarrant County hospitals. This agreement was intended to increase funding for the Medicaid population and to access federal funding for the indigent population of Tarrant County through the Texas Medicaid Supplemental Payment Program also known as the Private Upper Payment Limit Program (UPL). During 2012, funding through the UPL program was largely replaced with funding from the Waiver. This program allows for continued funding under the current TCICC agreement.

Under this program, the District contributes certain government funds to the state of Texas, limited to the amount allowed based on aggregate state-wide funding caps. TCICC uses the funds received for medical direction and indigent care for services to the Tarrant County indigent care population provided at the District's facilities. Prior to this agreement, the medical direction and indigent care services were funded by the District.

Services provided by TCICC were valued at approximately \$47,967 and \$94,471 for the years ended September 30, 2013 and 2012, respectively. As part of the affiliation agreement, the District provided \$35,539 and \$70,795 in funding to the program for the years ended September 30, 2013 and 2012, respectively. The District recognizes revenue from contributed services equal to the difference in the value of the services provided by TCICC and the program funding provided by the District. Contributed services revenue was \$12,427 and \$23,676 for 2013 and 2012, respectively.

Should TCICC cease providing these services, the District has entered a stand-by agreement with physicians participating in this program under which the District would assume the payment obligations of TCICC. The District assumed a portion of the contracts during 2013, which resulted in the decreases in transactions amounts shown above.

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Note 15: Pollution Remediation Obligations

The District owns a building containing asbestos and other potential environmental issues that meet the criteria for “obligating events” and disclosure under GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This vacant property was acquired by the District for the purpose of eventually constructing new facility space and changes in the District’s pollution remediation obligation (PRO) liability are capitalized as a component of capital assets.

During 2013, the District completed demolition of the building and related pollution remediation activities.

The following table summarizes the change in the District’s PRO during the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
PRO, beginning of year	\$ 5,600	\$ 2,837
Changes in estimated remediation costs	(1,225)	2,763
Payment of remediation costs	<u>(4,375)</u>	<u>-</u>
PRO, end of year	<u>\$ -</u>	<u>\$ 5,600</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

Note 16: Condensed Combining Information

The following tables include condensed combining balance sheet information for the District and its blended component units as of September 30, 2013 and 2012:

	September 30, 2013				
	Hospital	JPSPG	Foundation	Eliminations	Total
Assets					
Current assets	\$ 394,188	\$ 25,851	\$ 120	\$ (1,411)	\$ 418,748
Due from affiliates	1,070	82	44	(1,196)	-
Noncurrent cash and investments	183,641	-	1,786	-	185,427
Other receivables	1,667	-	2	-	1,669
Capital assets, net	281,749	1,657	3	-	283,409
Total assets	<u>\$ 862,315</u>	<u>\$ 27,590</u>	<u>\$ 1,955</u>	<u>\$ (2,607)</u>	<u>\$ 889,253</u>
Liabilities and Net Position					
Current liabilities	\$ 103,109	\$ 5,656	\$ 26	\$ (1,411)	\$ 107,380
Due to affiliates	133	961	102	(1,196)	-
Estimated self-insurance costs	1,366	-	-	-	1,366
Long-term debt	48,742	-	-	-	48,742
Other long-term liabilities	-	869	-	-	869
Total liabilities	<u>153,350</u>	<u>7,486</u>	<u>128</u>	<u>(2,607)</u>	<u>158,357</u>
Net Position					
Net investment in capital assets	230,965	1,657	3	-	232,625
Restricted expendable	20	-	1,414	-	1,434
Restricted nonexpendable	-	-	315	-	315
Unrestricted	477,980	18,447	95	-	496,522
Total net position	<u>708,965</u>	<u>20,104</u>	<u>1,827</u>	<u>-</u>	<u>730,896</u>
Total liabilities and net position	<u>\$ 862,315</u>	<u>\$ 27,590</u>	<u>\$ 1,955</u>	<u>\$ (2,607)</u>	<u>\$ 889,253</u>

	September 30, 2012				
	Hospital	JPSPG	Foundation	Eliminations	Total
Assets					
Current assets	\$ 307,741	\$ 24,887	\$ 254	\$ -	\$ 332,882
Due from affiliates	791	323	6	(1,120)	-
Noncurrent cash and investments	185,026	-	2,070	-	187,096
Other receivables	1,667	-	113	-	1,780
Capital assets, net	303,808	-	4	-	303,812
Total assets	<u>\$ 799,033</u>	<u>\$ 25,210</u>	<u>\$ 2,447</u>	<u>\$ (1,120)</u>	<u>\$ 825,570</u>
Liabilities and Net Position					
Current liabilities	\$ 92,252	\$ 6,180	\$ 71	\$ -	\$ 98,503
Due to affiliates	329	782	9	(1,120)	-
Estimated self-insurance costs	1,411	-	-	-	1,411
Long-term debt	54,024	-	-	-	54,024
Other long-term liabilities	-	986	10	-	996
Total liabilities	<u>148,016</u>	<u>7,948</u>	<u>90</u>	<u>(1,120)</u>	<u>154,934</u>
Net Position					
Net investment in capital assets	250,525	-	4	-	250,529
Restricted expendable	2,500	-	1,925	-	4,425
Restricted nonexpendable	-	-	250	-	250
Unrestricted	397,992	17,262	178	-	415,432
Total net position	<u>651,017</u>	<u>17,262</u>	<u>2,357</u>	<u>-</u>	<u>670,636</u>
Total liabilities and net position	<u>\$ 799,033</u>	<u>\$ 25,210</u>	<u>\$ 2,447</u>	<u>\$ (1,120)</u>	<u>\$ 825,570</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its blended component units for the years ended September 30, 2013 and 2012.

	September 30, 2013				
	Hospital	JPSPG	Foundation	Eliminations	Total
Operating revenues	\$ 492,618	\$ 50,042	\$ 450	\$ (18,351)	\$ 524,759
Operating expenses	731,431	47,250	1,228	(18,792)	761,117
Operating income (loss)	(238,813)	2,792	(778)	441	(236,358)
Nonoperating revenues (expenses)	296,741	50	248	(441)	296,598
Capital grants	20	-	-	-	20
Increase (decrease) in net position	57,948	2,842	(530)	-	60,260
Net position, beginning of year	651,017	17,262	2,357	-	670,636
Net position, end of year	<u>\$ 708,965</u>	<u>\$ 20,104</u>	<u>\$ 1,827</u>	<u>\$ -</u>	<u>\$ 730,896</u>

	September 30, 2012				
	Hospital	JPSPG	Foundation	Eliminations	Total
Operating revenues	\$ 395,709	\$ 47,889	\$ 441	\$ (2,466)	\$ 441,573
Operating expenses	689,989	44,667	1,389	(3,092)	732,953
Operating income (loss)	(294,280)	3,222	(948)	626	(291,380)
Nonoperating revenues (expenses)	305,603	49	362	(626)	305,388
Capital grants	2,500	-	-	-	2,500
Increase (decrease) in net position	13,823	3,271	(586)	-	16,508
Net position, beginning of year	637,194	13,991	2,943	-	654,128
Net position, end of year	<u>\$ 651,017</u>	<u>\$ 17,262</u>	<u>\$ 2,357</u>	<u>\$ -</u>	<u>\$ 670,636</u>

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Notes to Financial Statements

September 30, 2013 and 2012

(In Thousands)

The following tables include condensed combining statements of cash flows information for the District and its blended component units for the years ended September 30, 2013 and 2012.

	September 30, 2013				
	Hospital	JPSPG	Foundation	Eliminations	Total
Net cash provided by (used in):					
Operating activities	\$ (264,684)	\$ (156)	\$ (675)	\$ -	\$ (265,515)
Noncapital financing activities	281,578	-	-	-	281,578
Capital and related financing activities	(26,405)	(1,931)	-	-	(28,336)
Investing activities	(43,406)	50	248	-	(43,108)
Increase in cash and cash equivalents	(52,917)	(2,037)	(427)	-	(55,381)
Cash and cash equivalents, beginning of year	135,680	16,703	2,255	-	154,638
Cash and cash equivalents, end of year	<u>\$ 82,763</u>	<u>\$ 14,666</u>	<u>\$ 1,828</u>	<u>\$ -</u>	<u>\$ 99,257</u>

	September 30, 2012				
	Hospital	JPSPG	Foundation	Eliminations	Total
Net cash provided by (used in):					
Operating activities	\$ (225,479)	\$ 2,898	\$ (1,095)	\$ (4)	\$ (223,680)
Noncapital financing activities	278,241	-	-	-	278,241
Capital and related financing activities	(44,493)	-	-	-	(44,493)
Investing activities	50,472	49	362	-	50,883
Increase in cash and cash equivalents	58,741	2,947	(733)	(4)	60,951
Cash and cash equivalents, beginning of year	76,939	13,756	2,988	4	93,687
Cash and cash equivalents, end of year	<u>\$ 135,680</u>	<u>\$ 16,703</u>	<u>\$ 2,255</u>	<u>\$ -</u>	<u>\$ 154,638</u>

Supplementary Information

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas**

Balance Sheet Information

September 30, 2013

(In Thousands)

Assets

	Hospital	JPSPG	Foundation	Eliminations	Total
Current Assets					
Cash and cash equivalents	\$ 83,092	\$ 14,666	\$ 42	\$ -	\$ 97,800
Short-term investments	105,138	-	-	-	105,138
Patient accounts receivable, net	50,899	4,429	-	(1,400)	53,928
Property taxes receivable, net	4,342	-	-	-	4,342
Supplemental Medicaid funding receivable	131,479	2,029	-	-	133,508
Restricted pledges receivable, net	-	-	25	-	25
Internally designated for self-insurance, current portion	300	-	-	-	300
Supplies inventory	8,644	-	-	-	8,644
Prepaid expenses and other assets	10,294	4,727	53	(11)	15,063
	<u>394,188</u>	<u>25,851</u>	<u>120</u>	<u>(1,411)</u>	<u>418,748</u>
Total current assets					
	<u>1,070</u>	<u>82</u>	<u>44</u>	<u>(1,196)</u>	<u>-</u>
Due from Affiliates					
	<u>1,070</u>	<u>82</u>	<u>44</u>	<u>(1,196)</u>	<u>-</u>
Noncurrent Cash and Investments					
Internally designated for debt service	298	-	-	-	298
Internally designated for self-insurance	11,274	-	-	-	11,274
Restricted by donors for capital acquisitions and specific operating activities	-	-	1,786	-	1,786
Internally designated for capital acquisitions and operating activities	172,069	-	-	-	172,069
	<u>183,641</u>	<u>-</u>	<u>1,786</u>	<u>-</u>	<u>185,427</u>
Total noncurrent cash and investments					
	<u>183,641</u>	<u>-</u>	<u>1,786</u>	<u>-</u>	<u>185,427</u>
Other Receivables	<u>1,667</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>1,669</u>
Capital Assets , Net	<u>281,749</u>	<u>1,657</u>	<u>3</u>	<u>-</u>	<u>283,409</u>
Total assets	<u>\$ 862,315</u>	<u>\$ 27,590</u>	<u>\$ 1,955</u>	<u>\$ (2,607)</u>	<u>\$ 889,253</u>

Liabilities and Net Position

	Hospital	JPSPG	Foundation	Eliminations	Total
Current Liabilities					
Accounts payable	\$ 58,931	\$ 378	\$ 26	\$ (1,411)	\$ 57,924
Accrued expenses	30,774	5,278	-	-	36,052
Due to third-party payers	6,912	-	-	-	6,912
Current portion of self-insurance costs	4,152	-	-	-	4,152
Current maturities of long-term debt	2,340	-	-	-	2,340
Total current liabilities	103,109	5,656	26	(1,411)	107,380
Due to Affiliates	133	961	102	(1,196)	-
Estimated Self-insurance Costs	1,366	-	-	-	1,366
Long-term Debt	48,742	-	-	-	48,742
Other Long-term Liabilities	-	869	-	-	869
Total liabilities	153,350	7,486	128	(2,607)	158,357
Net Position					
Net investment in capital assets	230,965	1,657	3	-	232,625
Restricted expendable	20	-	1,414	-	1,434
Restricted nonexpendable	-	-	315	-	315
Unrestricted	477,980	18,447	95	-	496,522
Total net position	708,965	20,104	1,827	-	730,896
Total liabilities and net position	\$ 862,315	\$ 27,590	\$ 1,955	\$ (2,607)	\$ 889,253

Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas
Statement of Revenues, Expenses and
Changes in Net Position Information
Year Ended September 30, 2013
(In Thousands)

	Hospital	JPSPG	Foundation	Eliminations	Total
Operating Revenues					
Net patient service revenue	\$ 242,316	\$ 34,141	\$ -	\$ (15,030)	\$ 261,427
Supplemental Medicaid funding	206,782	4,846	-	-	211,628
Contributions	71	-	375	(126)	320
Other operating revenue	43,449	11,055	75	(3,195)	51,384
	<u>492,618</u>	<u>50,042</u>	<u>450</u>	<u>(18,351)</u>	<u>524,759</u>
Operating Expenses					
Salaries and related expenses	329,043	43,627	39	-	372,709
Professional fees and purchased services	203,742	2,496	509	(18,830)	187,917
Supplies	120,858	125	91	(63)	121,011
Depreciation and amortization	42,297	193	1	-	42,491
Other	35,491	809	588	101	36,989
	<u>731,431</u>	<u>47,250</u>	<u>1,228</u>	<u>(18,792)</u>	<u>761,117</u>
	<u>(238,813)</u>	<u>2,792</u>	<u>(778)</u>	<u>441</u>	<u>(236,358)</u>
Operating Income (Loss)					
Nonoperating Revenues (Expenses)					
Property tax revenue	283,766	-	-	-	283,766
Contributed services	12,427	-	-	-	12,427
Interest expense	(1,641)	-	-	-	(1,641)
Investment return and other	2,189	50	248	(441)	2,046
	<u>296,741</u>	<u>50</u>	<u>248</u>	<u>(441)</u>	<u>296,598</u>
	<u>57,928</u>	<u>2,842</u>	<u>(530)</u>	<u>-</u>	<u>60,240</u>
Excess of Revenues Over Expenses Before Capital Grants and Gifts					
	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Capital Grants and Gifts					
	<u>57,948</u>	<u>2,842</u>	<u>(530)</u>	<u>-</u>	<u>60,260</u>
Increase (Decrease) in Position					
	<u>651,017</u>	<u>17,262</u>	<u>2,357</u>	<u>-</u>	<u>670,636</u>
Net Position, Beginning of Year					
	<u>\$ 708,965</u>	<u>\$ 20,104</u>	<u>\$ 1,827</u>	<u>\$ -</u>	<u>\$ 730,896</u>
Net Position, End of Year					

Required Supplementary Information

**Tarrant County Hospital District
d/b/a JPS Health Network
A Component Unit of Tarrant County, Texas
Schedule of Funding Progress – Pension Plan
September 30, 2013**

Acturial Valuation Date	Acturial Value of Plan Assets	Acturial Accrued Liability (AAL)	Plan Assets Less than AAL	Funded Ratio	Covered Payroll	Plan Assets Less Than AAL as a Percent of Covered Payroll
10/1/2010	\$ 101,344,894	\$ 134,596,522	\$ (33,251,628)	75.3%	\$ 194,652,507	(17.1%)
10/1/2011	113,033,130	144,578,735	(31,545,605)	78.2%	185,406,171	(17.0%)
10/1/2012	125,180,815	159,751,900	(34,571,085)	78.4%	190,463,939	(18.2%)