




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

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

September 30, 2025 and 2024



**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Contents**  
**September 30, 2025 and 2024**

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## Independent Auditor's Report

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

### ***Opinion***

We have audited the financial statements of Tarrant County Hospital District d/b/a JPS Health Network (District), a component unit of Tarrant County, Texas, as of and for the years ended September 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2025 and 2024 and the changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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

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

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2025, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and,

therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining schedules of balance sheet information and statement of revenues, expenses, and changes in net position information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion on it or provide any assurance on it.

**Forvis Mazars, LLP**

**Dallas, Texas  
December 11, 2025**

**Tarrant County Hospital District d/b/a JPS Health Network  
A Component Unit of Tarrant County, Texas  
Management’s Discussion and Analysis (Unaudited)  
Years Ended September 30, 2025 and 2024  
(In Thousands)**

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***Introduction***

This management’s discussion and analysis of the financial performance of Tarrant County Hospital District d/b/a JPS Health Network (District) provides an overview of the District’s financial activities for the years ended September 30, 2025 and 2024. It should be read in conjunction with the accompanying financial statements of the District. Unless otherwise indicated, amounts are in thousands.

The 2023 balances included in this management’s discussion and analysis have not been restated to reflect the adoption of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, adopted by the District in 2025 and presented retrospectively to October 1, 2023 (see Note 1).

***Financial Highlights***

- As shown in Table 2, the District’s net position increased by \$269,211, or 13.0%, in 2025 and increased by \$335,640, or 18.8%, in 2024.
- Cash (excluding restricted cash), short-term investments, and other noncurrent investments increased in 2025 by \$120,727, or 5.4%, and increased in 2024 by \$335,817, or 17.7%.
- The District reported operating losses in both 2025 (\$331,011) and 2024 (\$309,384). The loss in 2025 increased by \$21,627, or 7.0%, as compared to the operating loss reported in 2024. The loss in 2024 decreased by \$70,484, or 18.6%, as compared to the operating loss reported in 2023.
- Net nonoperating revenues decreased by \$46,474, or 7.2%, in 2025 compared to 2024 and increased by \$12,796, or 2.0%, in 2024 compared to 2023.

***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, all liabilities, and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

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

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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 is the difference between its assets, liabilities, and deferred inflows and outflows of resources reported in the balance sheets. The District’s net position increased by \$269,211, or 13.0%, in 2025 over 2024 and increased by \$335,640, or 18.8%, in 2024 over 2023, as shown in Table 1.

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

	<u>2025</u>	<u>2024 (As Restated)</u>	<u>2023</u>
<b>Assets</b>			
Cash, cash equivalents, and short-term investments	\$ 953,572	\$ 1,131,456	\$ 920,165
Patient accounts receivable, net	115,627	88,444	87,587
Other current assets	120,362	73,157	156,911
Capital assets, net	449,843	356,698	255,008
Net pension asset	16,292	-	-
Other noncurrent assets	1,513,726	1,259,969	1,112,305
<b>Total Assets</b>	<u>3,169,422</u>	<u>2,909,724</u>	<u>2,531,976</u>
<b>Deferred Outflows of Resources</b>	<u>39,590</u>	<u>64,233</u>	<u>78,406</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 3,209,012</u>	<u>\$ 2,973,957</u>	<u>\$ 2,610,382</u>
<b>Liabilities</b>			
Long-term debt	\$ 447,131	\$ 459,846	\$ 472,174
Net pension liability	-	59,168	60,337
Other current and noncurrent liabilities	361,289	377,130	325,879
<b>Total Liabilities</b>	<u>808,420</u>	<u>896,144</u>	<u>858,390</u>
<b>Deferred Inflows of Resources</b>	<u>57,542</u>	<u>3,974</u>	<u>5,791</u>
<b>Net Position</b>			
Net investment in capital assets	274,543	251,765	211,057
Restricted expendable for capital and other	6,877	6,567	5,599
Restricted expendable for pension	16,292	-	-
Restricted nonexpendable	426	426	410
Unrestricted	2,044,912	1,815,081	1,529,135
<b>Total Net Position</b>	<u>2,343,050</u>	<u>2,073,839</u>	<u>1,746,201</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 3,209,012</u>	<u>\$ 2,973,957</u>	<u>\$ 2,610,382</u>

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**2025 Results in Comparison to 2024 Results:**

The most significant change in the District's assets in 2025 is the increase in current and noncurrent cash and investments. Cash and investments (excluding restricted cash), primarily internally designated, increased by \$120,727, or 5.4%, in 2025 due to earnings on investments and favorable operations in 2025.

Capital assets increased by \$93,145, or 26.1%, due to the District's Master Facility Plan including the new central utility plant, medical office building, and a parking garage, in addition to annual routine capital needs.

The supplemental Medicaid funding receivable increased by \$35,100, or 158.8%, due to the timing of receipt of funding associated with these programs and an increase in the Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA) funding, which are discussed more fully in Note 3.

The most significant change in the District's liabilities in 2025 is the decrease of the intergovernmental transfer obligation, which decreased by \$41,857, or 35.3%, related to the District's role in the Local Provider Participation Fund (LPPF). The decrease is the result of the timing of intergovernmental transfers. The District's role in the LPPF is discussed more fully in Note 3. In addition, the District recognized a net pension asset of \$16,292 in 2025, as compared to a net pension liability of \$59,168 in 2024, due to positive plan asset performance in 2025 discussed more fully in Note 15.

Long-term debt decreased by \$12,715, or 2.8%, due to the annual bond principal payments and amortization of bond premiums. The District's long-term debt is discussed more fully in Note 10.

As of September 30, 2025, the Board has designated \$1,170 of unrestricted net position for future construction and capital acquisitions.

**2024 Results in Comparison to 2023 Results:**

The most significant change in the District's assets in 2024 is the increase in current and noncurrent cash. Cash and investments (excluding restricted cash) increased by \$335,817, or 17.7%, in 2024 due to earnings on investments and favorable operations in 2024.

Capital assets increased by \$101,690, or 39.9%, due to phase one of the District's Master Facility Plan including the development of the new Psychiatric Emergency Center, Medical Home Southwest, and a parking garage, in addition to annual routine capital needs.

The supplemental Medicaid funding receivable decreased by \$67,239, or 75.3%, due to the timing of receipt of funding associated with these programs, which are discussed more fully in Note 3.

The most significant change in the District's liabilities in 2024 is the increase of the intergovernmental transfer obligation, which increased by \$15,899, or 15.5%, related to the District's role in the LPPF. The increase is the result of the timing of intergovernmental transfers. The District's role in the LPPF is discussed more fully in Note 3.

Long-term debt decreased by \$12,768, or 2.8%, due to the annual bond principal payments and amortization of bond premiums. The District's long-term debt is discussed more fully in Note 10.

As of September 30, 2024, the Board has designated \$818,887 of unrestricted net position for future construction and capital acquisitions.

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**Operating Results and Changes in the District’s Net Position**

In 2025, the District’s change in net position was an increase of \$269,211 as shown in Table 2. This increase is made up of several components (inclusive of restatement to opening net position, due to adoption of GASB 101) and represents a decrease of \$66,429 over the change in net position for 2024 of \$335,640. The District’s change in net position changed from an increase of \$252,239 in 2023 to an increase of \$335,640 in 2024.

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

	<b>2025</b>	<b>2024</b> <b>(As Restated)</b>	<b>2023</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 935,388	\$ 855,871	\$ 743,278
Supplemental Medicaid funding	267,354	292,901	251,997
Other operating revenue	161,385	142,421	118,059
<b>Total Operating Revenues</b>	<b>1,364,127</b>	<b>1,291,193</b>	<b>1,113,334</b>
<b>Operating Expenses</b>			
Salaries and related expenses	1,014,347	962,359	904,479
Purchased services and professional fees	224,482	211,716	212,133
Supplies	347,025	314,459	276,281
Depreciation and amortization	55,678	53,934	46,940
Other operating expenses	53,606	58,109	53,369
<b>Total Operating Expenses</b>	<b>1,695,138</b>	<b>1,600,577</b>	<b>1,493,202</b>
<b>Operating Loss</b>	<b>(331,011)</b>	<b>(309,384)</b>	<b>(379,868)</b>
<b>Nonoperating Revenues</b>			
Property taxes	509,493	538,554	574,072
Investment return, interest expense, and other	88,579	105,992	57,678
<b>Total Nonoperating Revenues</b>	<b>598,072</b>	<b>644,546</b>	<b>631,750</b>
<b>Income Before Capital Grants and Gifts</b>	<b>267,061</b>	<b>335,162</b>	<b>251,882</b>
<b>Capital Grants and Gifts</b>	<b>2,150</b>	<b>478</b>	<b>357</b>
<b>Increase in Net Position</b>	<b>\$ 269,211</b>	<b>\$ 335,640</b>	<b>\$ 252,239</b>

**Operating Losses**

The first component of the overall change in the District’s net position is its operating loss— generally, the difference between net patient service revenue, supplemental Medicaid funding revenue, 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

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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.

**2025 Results in Comparison to 2024 Results:**

The operating loss for 2025 increased by \$21,627, or 7.0%, as compared to 2024. The primary components of the change are:

- An increase in net patient service revenue of \$79,517, or 9.3%
- A decrease in supplemental Medicaid funding of \$25,547, or 8.7%
- An increase in salary and related expenses of \$51,988, or 5.4%
- An increase in supplies expense of \$32,566, or 10.4%

The increase in net patient service revenue in 2025 is attributable to higher volumes and Comprehensive Hospital Increased Reimbursement Program (CHIRP) rates, Medicare Uncompensated Care (UC), and retail pharmacy revenue in 2025 as compared to 2024.

The decrease in supplemental Medicaid funding is primarily due to a decrease in the Texas Medicaid Disproportionate Share Program (DSH Program) of \$65,742, or 56.3%, from 2025 to 2024, offset by the increase in uncompensated care costs (UC Pool) and APHRIQA funding of \$17,715 and \$21,637, respectively, from 2025 to 2024.

The increase in other operating revenue is related to an increase in drugs acquired through the Pharmacy Patient Assistance Program (PPAP) of \$13,531, or 18.6%, in 2025, which also has a corresponding increase in drug expense.

The increase in salary and related expenses is due to adjusting wages based on the current market to remain competitive and retain talent, as well as higher provider compensation related to higher volumes.

The increase in supplies expense is due to overall volume increases as noted through increases in net patient service revenue in 2025 in addition to increased cost of medical supplies and pharmaceuticals resulting from inflation. Drugs acquired through the PPAP also contributed to the increase, however, this has a corresponding increase in other operating revenue.

**2024 Results in Comparison to 2023 Results:**

The operating loss for 2024 decreased by \$70,484, or 18.6%, as compared to 2023. The primary components of the change are:

- An increase in net patient service revenue of \$112,593, or 15.1%
- An increase in supplemental Medicaid funding of \$40,904, or 16.2%
- An increase in other operating revenue of \$24,362, or 20.6%
- An increase in salary and related expenses of \$57,880, or 6.4%
- An increase in supplies expense of \$38,178, or 13.8%

The increase in net patient service revenue from 2024 is attributable to higher volumes and favorable payor mix changes in 2024 as compared to 2023.

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The increase in supplemental Medicaid funding is primarily due to an increase in the DSH Program and HARP funding of \$54,795 and \$13,601, respectively, from 2024 to 2023 offset by the decrease in UC Pool funding of \$28,288 from 2024 to 2023.

The increase in other operating revenue is related to an increase in drugs acquired through the PPAP of \$17,198, or 30.9%, in 2024, which also has a corresponding increase in drug expense.

The increase in salary and related expenses is due to adjusting wages based on the current market to remain competitive and retain talent. Additionally, an increase in pension expense was recognized based on the current year actuarial report and the difference between actual and expected plan experience. The pension plan is discussed more fully in Note 15.

The increase in supplies expense is due to overall volume increases as noted through increases in net patient service revenue in 2024 in addition to increased cost of medical supplies and pharmaceuticals resulting from inflation.

***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist primarily of property taxes levied by the District, contributions, investment income, and interest expense. Nonoperating revenues and expenses decreased \$46,474, or 7.2%, from 2024 to 2025 and increased by \$12,796, or 2.0%, from 2023 to 2024.

The District's tax rates decreased in 2025, which resulted in a decrease in property tax revenue of \$29,061, or 5.4%, from 2024 to 2025. The District's tax rates decreased in 2024, which resulted in a decrease in property tax revenue of \$35,518, or 6.2%, from 2023 to 2024.

Investment return decreased \$17,886, or 14.4%, in 2025 from 2024 due to fair market value swings and use of the bond construction funds. Investment return increased \$53,832, or 76.2%, in 2024 from 2023 due to positive investment performance and higher invested balances.

***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 2025, 2024, and 2023, as discussed previously.

***Capital, Lease, and Subscription Assets and Debt Administration***

***Capital, Lease, and Subscription Assets***

At September 30, 2025, the District had \$449,843 invested in capital assets, net of accumulated depreciation, \$12,524 of lease assets, net of accumulated amortization, and \$27,317 of subscription assets, net of accumulated amortization, as detailed in Note 7 to the financial statements. In 2025, the District purchased new capital assets costing \$134,665, entered into new lease agreements with lease assets of \$4,682, and entered into new subscription agreements with subscription assets of \$10,969.

At September 30, 2024, the District had \$356,698 invested in capital assets, net of accumulated depreciation, \$10,970 of lease assets, net of accumulated amortization, and \$31,785 of subscription assets, net of accumulated amortization, as detailed in Note 7 to the financial statements. In 2024, the District purchased new capital assets costing \$137,673, entered into new lease agreements with lease assets of \$740, and entered into new subscription agreements with subscription assets of \$23,593.

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***Debt***

At September 30, 2025, the District had \$447,131 in revenue, general obligation refunding, and limited tax bonds outstanding, \$13,432 in lease liabilities, and \$20,750 in subscription liabilities.

At September 30, 2024, the District had \$446,435 in revenue, general obligation refunding, and limited tax bonds outstanding, \$11,819 in lease liabilities, and \$28,394 in subscription liabilities.

The District's formal debt issuances, revenue bonds, are subject to limitations imposed by state law. The District has a current Aa1 rating from Moody's, AA from Fitch, AAA from Kroll, and an AA rating from Standard & Poor's on the revenue bonds.

***Other Economic Factors***

The Tarrant County Commissioner's Court set the property tax rate for fiscal year 2026 to \$0.165000 per \$100 valuation, which is lower than the property tax rate from fiscal year 2025 of \$0.182500 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 and new directed payment programs could have a material impact on the District's funding for providing uncompensated care and funding for improvements in the design of the health care delivery system and associated outcomes
- Tarrant County's population growth, as well as continued growth in the number of uninsured, working poor, and medically indigent
- Continued growth in medical and pharmaceutical costs, as well as advances in therapies
- Continued advances in healthcare medical equipment and computing technology
- Continued utilization of telehealth for the care of the District's patients
- Continued inflation trends in labor and non-labor expenses
- *One Big Beautiful Bill Act* (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives

***Significant Financial Practices***

The District maintains several financial practices designed to maintain its creditworthiness 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.

***Operating Cash Capital Funding***

The District has maintained the practice to fund routine capital items from excess operating cash. This has been done to minimize borrowing costs as well as maintain financial flexibility.

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***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.

***Continued Operational Improvement***

The District routinely assesses operational areas for opportunities to increase cash flow.

***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 1500 South Main Street, Fort Worth, Texas 76104.

**Tarrant County Hospital District d/b/a JPS Health Network**  
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	<b>2025</b>	<b>2024</b> <b>(As Restated)</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 295,539	\$ 256,023
Restricted cash and cash equivalents	76,540	118,459
Short-term investments	581,493	756,974
Patient accounts receivable, net	115,627	88,444
Property taxes receivable, net	5,995	2,358
Supplemental Medicaid funding receivable	57,201	22,101
Internally designated investments for self-insurance, current portion	118	242
Supplies inventory	16,011	15,037
Prepaid expenses and other assets	41,037	33,419
<b>Total Current Assets</b>	<b>1,189,561</b>	<b>1,293,057</b>
<b>Noncurrent Cash, Cash Equivalents, and Investments</b>		
Internally designated for debt service	4,450	4,342
Internally designated for self-insurance	14,301	13,626
Restricted by donors for capital acquisitions and specific operating activities	2,814	2,813
Internally designated for capital acquisitions	1,170,377	818,887
Held by trustee for capital acquisitions	273,561	370,629
Noncurrent investments	6,995	5,385
<b>Total Noncurrent Cash, Cash Equivalents, and Investments</b>	<b>1,472,498</b>	<b>1,215,682</b>
<b>Capital Assets, Net</b>	<b>449,843</b>	<b>356,698</b>
<b>Lease Assets, Net</b>	<b>12,524</b>	<b>10,970</b>
<b>Subscription Assets, Net</b>	<b>27,317</b>	<b>31,785</b>
<b>Leases Receivable</b>	<b>1,387</b>	<b>1,532</b>
<b>Net Pension Asset</b>	<b>16,292</b>	<b>-</b>
<b>Total Assets</b>	<b>3,169,422</b>	<b>2,909,724</b>
<b>Deferred Outflows of Resources – Pension Related</b>	<b>39,590</b>	<b>64,233</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,209,012</b>	<b>\$ 2,973,957</b>

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Balance Sheets**  
**September 30, 2025 and 2024**  
**(In Thousands)**

**(Continued)**

	<u>2025</u>	<u>2024</u> <u>(As Restated)</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 89,709	\$ 80,330
Accrued expenses	132,689	118,515
Intergovernmental transfer obligation	76,597	118,454
Estimated amounts due to third-party payors	13,647	3,394
Current portion of lease liabilities	3,399	3,009
Current portion of subscription liabilities	8,013	12,699
Current portion of self-insurance costs	7,934	8,090
Current maturities of long-term debt	11,285	10,840
<b>Total Current Liabilities</b>	<u>343,273</u>	<u>355,331</u>
<b>Estimated Self-Insurance Costs</b>	2,682	1,705
<b>Lease Liabilities, Noncurrent</b>	10,033	8,810
<b>Subscription Liabilities, Noncurrent</b>	12,737	15,695
<b>Long-Term Debt</b>	435,846	449,006
<b>Net Pension Liability</b>	-	59,168
<b>Other Long-Term Liabilities</b>	<u>3,849</u>	<u>6,429</u>
<b>Total Liabilities</b>	<u>808,420</u>	<u>896,144</u>
<b>Deferred Inflows of Resources</b>		
Pension related	57,079	3,404
Leases	463	570
<b>Total Deferred Inflows of Resources</b>	<u>57,542</u>	<u>3,974</u>
<b>Net Position</b>		
Net investment in capital assets	274,543	251,765
Restricted expendable for capital and other	6,877	6,567
Restricted expendable for pension	16,292	-
Restricted nonexpendable	426	426
Unrestricted (See Note 13)	2,044,912	1,815,081
<b>Total Net Position</b>	<u>2,343,050</u>	<u>2,073,839</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 3,209,012</u>	<u>\$ 2,973,957</u>

**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, 2025 and 2024**  
**(In Thousands)**

	<u>2025</u>	<u>2024</u> <u>(As Restated)</u>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2025 – \$189,733, 2024 – \$170,108	\$ 935,388	\$ 855,871
Supplemental Medicaid funding	267,354	292,901
Other operating revenue	161,385	142,421
<b>Total Operating Revenues</b>	<u>1,364,127</u>	<u>1,291,193</u>
<b>Operating Expenses</b>		
Salaries and related expenses	1,014,347	962,359
Professional fees and purchased services	224,482	211,716
Supplies	347,025	314,459
Depreciation and amortization	55,678	53,934
Other	53,606	58,109
<b>Total Operating Expenses</b>	<u>1,695,138</u>	<u>1,600,577</u>
<b>Operating Loss</b>	<u>(331,011)</u>	<u>(309,384)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Property tax revenue	509,493	538,554
Contribution revenue	2,166	2,246
Interest expense	(20,139)	(20,692)
Investment return and other	106,552	124,438
<b>Total Nonoperating Revenues, Net</b>	<u>598,072</u>	<u>644,546</u>
<b>Income Before Capital Grants and Gifts</b>	267,061	335,162
<b>Capital Grants and Gifts</b>	<u>2,150</u>	<u>478</u>
<b>Increase in Net Position</b>	269,211	335,640
<b>Net Position, Beginning of Year, as Originally Reported</b>	<u>2,073,839</u>	<u>1,746,201</u>
<b>Adjustment Related to Adoption of GASB 101 – Note 1</b>		(8,002)
<b>Net Position, Beginning of Year, Restated</b>		<u>1,738,199</u>
<b>Net Position, End of Year</b>	<u>\$ 2,343,050</u>	<u>\$ 2,073,839</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, 2025 and 2024**  
**(In Thousands)**

	<b>2025</b>	<b>2024</b> <b>(As Restated)</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from and on behalf of patients	\$ 909,240	\$ 868,926
Receipts from supplemental Medicaid funding programs	242,207	365,420
Gross receipts from Local Provider Participation Fund	504,764	477,334
Gross payments for Local Provider Participation Fund	(546,771)	(461,489)
Payments to suppliers and contractors	(608,704)	(590,577)
Payments to employees	(1,000,515)	(948,787)
Other receipts, net	156,522	146,587
<b>Net Cash Used in Operating Activities</b>	<b>(343,257)</b>	<b>(142,586)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Noncapital grants and gifts	2,166	2,246
Increase in outstanding checks in excess of bank balance	430	457
Property taxes supporting operations	477,001	510,162
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>479,597</b>	<b>512,865</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal payments made on long-term debt	(10,840)	(10,400)
Principal payments received on leases receivable	145	193
Principal payments made on leases payable	(3,009)	(3,342)
Principal payments made on subscription liabilities	(15,730)	(12,057)
Interest paid on long-term debt, leases payable, and subscription liabilities	(22,084)	(22,687)
Property taxes supporting debt service	28,855	29,488
Capital grants and gifts	2,150	478
Proceeds from sale of capital assets	6,987	85
Purchase of subscription assets	(2,883)	(1,633)
Purchase of capital assets	(145,546)	(122,014)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(161,955)</b>	<b>(141,889)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(1,311,412)	(1,659,938)
Proceeds from the sale and maturities of investments	1,232,399	1,501,087
Interest income	101,757	102,709
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>22,744</b>	<b>(56,142)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,871)</b>	<b>172,248</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>375,057</b>	<b>202,809</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 372,186</b>	<b>\$ 375,057</b>

**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, 2025 and 2024**  
**(In Thousands)**

**(Continued)**

	<b>2025</b>	<b>2024</b> <b>(As Restated)</b>
<b>Reconciliation of Cash and Equivalents to the Balance Sheets</b>		
Cash and cash equivalents	\$ 295,539	\$ 256,023
Restricted cash and cash equivalents	76,540	118,459
Cash and cash equivalents in noncurrent cash, cash equivalents, and investments	107	575
	<u>\$ 372,186</u>	<u>\$ 375,057</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (331,011)	\$ (309,384)
Depreciation and amortization	55,678	53,934
Gain on sale of fixed assets	(5,577)	(619)
Provision for uncollectible accounts	189,733	170,108
Changes in operating assets and liabilities		
Patient accounts receivable	(216,916)	(170,965)
Supplemental Medicaid funding receivable	(35,100)	67,239
Estimated amounts due to third-party payors	10,100	19,052
Accounts payable and accrued expenses	37,361	(436)
Intergovernmental transfer obligation	(42,007)	15,845
Net pension liability	(75,460)	(1,169)
Deferred outflows of resources – pension	24,643	14,173
Deferred inflows of resources – leases	(107)	(167)
Deferred inflows of resources – pension	53,675	(1,650)
Other assets and liabilities	(8,269)	1,453
	<u>\$ (343,257)</u>	<u>\$ (142,586)</u>
<b>Net Cash Used in Operating Activities</b>		
	<u>\$ (343,257)</u>	<u>\$ (142,586)</u>
<b>Noncash Investing, Capital, and Financing Activities</b>		
Capital asset acquisitions included in accounts payable	\$ 7,390	\$ 18,271
Lease obligations incurred for lease assets	\$ 4,682	\$ 740
Subscription liabilities incurred for subscription assets	\$ 8,086	\$ 21,960

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

Acclaim Physician Group (Acclaim) began operations on May 1, 2016 primarily for the purpose of providing physician services to the District's patients. The District is the sole corporate member of Acclaim and has the authority to exercise significant control over the financial operations of Acclaim. As such, Acclaim is presented as a blended component unit of the District. Separate financial statements of Acclaim are shown in Note 18.

JPS Foundation (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 nonprofit 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 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 are shown in Note 18.

Tarrant County Hospital District Public Facility Corporation (PFC) was formed in February 2021 for the purpose of partnering on an affordable housing project. PFC is governed by the District Board; as such, PFC is presented as a blended component unit of the District. The activity of PFC was not significant for the years ended September 30, 2025 and 2024.

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, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met.

Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated 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

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assets, liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts with brokers and state investment pools described more fully in Note 5.

***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.

***Patient Accounts Receivable***

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, 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 or market, determined using the average costing method.

***Investments and Investment Income***

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. Investments in external investment pools qualifying for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share and are included in cash equivalents in the accompanying balance sheets. All other investments are carried at fair value.

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.

***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 and amortization 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 District:

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

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***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

***Subscription Assets***

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

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

The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, or subscription 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 or amortization is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended September 30, 2025 and 2024.

***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. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled 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.

***Defined Benefit Pension Plan***

The District sponsors an agent defined benefit pension plan (Plan) as more fully described in Note 15. For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources***

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

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

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***Net Position***

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

- Net investment in capital assets consists of capital, lease, and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.
- Restricted expendable for capital and other 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 expendable for pension represents assets restricted for benefits to participants in the defined benefit pension plan.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the District, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

***Net Patient Service Revenue***

The District has agreements with third-party payors for payments to the District at amounts different from its established charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, 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 healthcare costs. The District received \$12,287 and \$10,958 in revenue from this settlement for the years ended September 30, 2025 and 2024, 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 payment or at amounts less than its established charges 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, the Foundation, PFC, and Acclaim also carry an exemption from income taxes under IRC Section 501(c)(3). The District, the Foundation, PFC, and Acclaim are all subject to federal income tax on any unrelated business taxable income.

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***Change in Accounting Principle***

On October 1, 2023, the District adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The 2024 financial statements and notes to the financial statements were restated to reflect the impact of this adoption. The effect of the changes made to the accompanying financial statements for the adoption of GASB 101 is as follows for the year ended September 30, 2024:

	<b>2024</b> <b>(As Previously</b> <b>Reported)</b>	<b>Effect</b> <b>of Adoption</b>	<b>2024</b> <b>(As Restated)</b>
<b>Balance Sheet</b>			
Accrued expenses	\$ 109,676	\$ 8,839	\$ 118,515
Total current liabilities	\$ 346,492	\$ 8,839	\$ 355,331
Total liabilities	\$ 887,305	\$ 8,839	\$ 896,144
Unrestricted net position	\$ 1,823,920	\$ (8,839)	\$ 1,815,081
Total net position	\$ 2,082,678	\$ (8,839)	\$ 2,073,839
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
Salaries and employee benefits	\$ 961,522	\$ 837	\$ 962,359
Total operating expenses	\$ 1,599,740	\$ 837	\$ 1,600,577
Operating loss	\$ (308,547)	\$ (837)	\$ (309,384)
Income before capital grants and gifts	\$ 335,999	\$ (837)	\$ 335,162
Increase in net position	\$ 336,477	\$ (837)	\$ 335,640
Net position, beginning of year	\$ 1,746,201	\$ (8,002)	\$ 1,738,199
Net position, end of year	\$ 2,082,678	\$ (8,839)	\$ 2,073,839
<b>Statement of Cash Flows</b>			
Operating loss	\$ (308,547)	\$ (837)	\$ (309,384)
Changes in accounts payable and accrued expenses	\$ (1,273)	\$ 837	\$ (436)

**Note 2. Net Patient Service Revenue**

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established charges. 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 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, 2021.

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*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.

Approximately 64% and 57% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2025 and 2024, respectively. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review, or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that recorded estimates potentially could change materially in the near term.

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

### **Note 3. Supplemental Medicaid Funding Revenue**

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

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

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

On April 22, 2022, CMS approved an extension of the Waiver through September 30, 2030. The extension provides for the continuation of the UC Pool and an expansion of directed payment programs, which transitioned participating hospitals away from the DSRIP program which ended on September 30, 2021.

Comprehensive Hospital Increased Reimbursement Program (CHIRP) is a directed payment program, which adds a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP and CHIRP, HHSC directed managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. CHIRP also provides for rate increases similar to UHRIP but

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also provides for a rate enhancement above the UHRIP rate, based upon a percentage of estimated average commercial reimbursement. Participating hospitals may opt into this second component. UHRIP ended on August 31, 2021 and CHIRP began on September 1, 2021 and has been approved through August 31, 2026. Revenue from CHIRP and UHRIP is recognized as a component of net patient service revenue.

Beginning on September 1, 2024, HHSC provided for a third component to CHIRP, Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA), that provides an additional pay-for-performance component for urban and children’s hospitals.

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

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

The District also receives supplemental payments through the Aligning Technology by Linking Interoperable Systems (ATLIS) program. The ATLIS program provides reimbursement to support managed care organizations in improving receipt of electronic data submissions from hospitals in their networks and advance alternative payment models.

Supplemental Medicaid funding revenue from each program, excluding CHIRP and UHRIP, which are recognized as a portion of net patient service revenue, was as follows in 2025 and 2024:

	<u>2025</u>	<u>2024</u>
DSH Program	\$ 50,979	\$ 116,721
UC Pool	127,979	110,264
GME Program	7,190	6,429
APHRIQA Program	22,698	1,061
HARP Program	58,359	58,426
ATLIS Revenue	149	-
	<u>\$ 267,354</u>	<u>\$ 292,901</u>

The programs described above are subject to review and scrutiny by both the Texas Legislature and the CMS, and the programs could be modified or terminated based on new legislation or regulation in future periods. The funding the District receives is subject to audit and is not representative of funding to be received in future years. The September 30, 2025 and 2024 supplemental Medicaid funding includes \$31,345 and \$3,627, respectively, of revenue from final reconciliation and redistributions from prior years.

The District administers a Local Provider Participation Fund (LPPF) in the County. The District acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in the County. These payments are to be used to fund intergovernmental transfers for others representing the state’s share of supplemental Medicaid funding programs. As the District acts as a conduit for these funds, the receipts and intergovernmental transfers are not recognized as revenue and expense in the accompanying statements of

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revenues, expenses, and changes in net position. At September 30, 2025, the District held \$76,540 in restricted cash for LPPF assessments that will be transferred in 2026. At September 30, 2024, the District held \$118,459 in LPPF assessments that was transferred in 2025. The liability is reflected in the accompanying balance sheets as intergovernmental transfer obligation.

#### **Note 4. Property Tax Revenue**

The District received approximately 27% and 29% of its support from property taxes during the years ended September 30, 2025 and 2024, 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. The District recognized an allowance of uncollectible property taxes of \$10,870 and \$10,964 at September 30, 2025 and 2024, respectively.

The District's total property tax rate was \$0.182500 and \$0.194500 per \$100 valuation for 2025 and 2024, respectively. The District's maintenance and operation tax rate was \$0.17209 and \$0.183872 per \$100 valuation for 2025 and 2024, respectively. The District's interest and debt service tax rate was \$0.010410 and \$0.010628 per \$100 valuation for 2025 and 2024, respectively. The District's property tax revenue was \$509,493 and \$538,554 for the years ended September 30, 2025 and 2024, respectively.

#### **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, 2025 and 2024, 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.

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The District had the following investments and maturities at September 30:

Type	Fair Value	2025			
		Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Investment pools	\$ 420,137	\$ 420,137	\$ -	\$ -	\$ -
U.S. Treasury obligations	1,190,564	691,749	498,815	-	-
U.S. agency obligations	360,908	215,102	145,806	-	-
Municipal bonds	2,620	-	2,620	-	-
Money market mutual funds	76,540	76,540	-	-	-
Commercial paper	113,344	113,344	-	-	-
Mutual funds	9,677	9,677	-	-	-
	<u>\$ 2,173,790</u>	<u>\$ 1,526,549</u>	<u>\$ 647,241</u>	<u>\$ -</u>	<u>\$ -</u>
Type	Fair Value	2024			
		Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Investment pools	\$ 279,926	\$ 279,926	\$ -	\$ -	\$ -
U.S. Treasury obligations	915,261	613,629	301,632	-	-
U.S. agency obligations	745,186	440,744	304,442	-	-
Municipal bonds	2,581	-	2,581	-	-
Money market mutual funds	118,052	118,052	-	-	-
Commercial paper	6,976	6,976	-	-	-
Mutual funds	7,668	7,668	-	-	-
	<u>\$ 2,075,650</u>	<u>\$ 1,466,995</u>	<u>\$ 608,655</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's 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.

**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 and treasury securities are rated Aaa by Moody's rating agency.

The District also invests in TexPool and TexSTAR, state investment pools (Pools), which are considered investments for financial reporting. The Texas State Comptroller of Public Accounts oversees TexPool. Federated Investors provides asset management and participant services for TexPool's operations under a contract with the Comptroller. TexSTAR is a local government investment pool offering professionally managed portfolios to government entities in the state of Texas. The governing board of directors selects co-administrators for TexSTAR

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that provide fund management. The District has an undivided beneficial interest in the pool of assets held by the Pools. Investments must be in compliance with the *Texas Public Funds Investment Act* and include obligations of the United States or its agencies, direct obligation of the state of Texas or its agencies, certificates of deposit, and repurchase agreements. The fair value of the position in the 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 AAAM by Standard & Poor's. The District's investments in commercial paper were rated Aa3 by Moody's rating agency.

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.

The money market mutual funds, mutual funds, investment pools, and commercial paper are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

***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. However, the District's investment policy states that preservation and safety of principal is the foremost objective of the investment program, and the District diversifies its investment portfolio in terms of investment instruments, maturity scheduling, and issuers to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, maturity, or issuer.

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

	<u>2025</u>	<u>2024</u>
Federal Home Loan Bank	8.2%	18.7%
U.S. Treasury	54.8%	43.1%
Federal Farm Credit Bank	6.8%	10.2%

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***Summary of Carrying Values***

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

	<u>2025</u>	<u>2024</u>
Carrying value		
Deposits	\$ 252,398	\$ 271,730
Investments	<u>2,173,790</u>	<u>2,075,650</u>
	<u>\$ 2,426,188</u>	<u>\$ 2,347,380</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 295,539	\$ 256,023
Restricted cash and cash equivalents	76,540	118,459
Short-term investments	581,493	756,974
Internally designated for self-insurance, current portion	118	242
Noncurrent cash and investments	<u>1,472,498</u>	<u>1,215,682</u>
	<u>\$ 2,426,188</u>	<u>\$ 2,347,380</u>

***Investment Income***

Investment income consisted of the following for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 103,633	\$ 103,332
Net increase in fair value of investments	<u>2,666</u>	<u>20,688</u>
	<u>\$ 106,299</u>	<u>\$ 124,020</u>

**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 payor agreements. Patient accounts receivable consisted of the following at September 30:

	<u>2025</u>	<u>2024</u>
Medicare	\$ 45,742	\$ 32,920
Medicaid	32,752	26,942
Other third-party payors	52,463	47,272
Patients	<u>79,346</u>	<u>76,045</u>
	210,303	183,179
Less allowance for uncollectible accounts	<u>94,676</u>	<u>94,735</u>
	<u>\$ 115,627</u>	<u>\$ 88,444</u>

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**Note 7. Capital, Lease, and Subscription Assets**

Capital assets activity was as follows for the years ended September 30:

	<b>2025</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers and Other</b>	<b>Ending Balance</b>
Land and improvements	\$ 72,220	\$ -	\$ (1,953)	\$ 981	\$ 71,248
Buildings and improvements	271,542	37	(54)	5,077	276,602
Equipment	522,733	19,992	(17,578)	2,306	527,453
Construction in progress	149,917	114,636	-	(10,999)	253,554
	<u>1,016,412</u>	<u>134,665</u>	<u>(19,585)</u>	<u>(2,635)</u>	<u>1,128,857</u>
Less accumulated depreciation and amortization	<u>659,714</u>	<u>36,878</u>	<u>(17,578)</u>	<u>-</u>	<u>679,014</u>
Capital assets, net	<u>\$ 356,698</u>	<u>\$ 97,787</u>	<u>\$ (2,007)</u>	<u>\$ (2,635)</u>	<u>\$ 449,843</u>
	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers and Other</b>	<b>Ending Balance</b>
Land and improvements	\$ 63,466	\$ -	\$ (20)	\$ 8,774	\$ 72,220
Buildings and improvements	269,177	2,105	(417)	677	271,542
Equipment	513,681	10,361	(4,665)	3,356	522,733
Construction in progress	37,517	125,207	-	(12,807)	149,917
	<u>883,841</u>	<u>137,673</u>	<u>(5,102)</u>	<u>-</u>	<u>1,016,412</u>
Less accumulated depreciation and amortization	<u>628,833</u>	<u>35,983</u>	<u>(5,102)</u>	<u>-</u>	<u>659,714</u>
Capital assets, net	<u>\$ 255,008</u>	<u>\$ 101,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,698</u>

As of September 30, 2025, the District has \$335,738 of outstanding construction commitments for the development of the central utility plant, the medical office building, the new inpatient tower, and a parking garage funded through existing cash on hand and the Series 2023 bond proceeds.

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Lease assets activity was as follows for the years ended September 30:

	<b>2025</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Buildings	\$ 18,445	\$ 1,765	\$ (290)	\$ -	\$ 19,920
Equipment	613	2,917	-	-	3,530
	<u>19,058</u>	<u>4,682</u>	<u>(290)</u>	<u>-</u>	<u>23,450</u>
Less accumulated amortization					
Buildings	7,475	2,814	(290)	-	9,999
Equipment	613	314	-	-	927
	<u>8,088</u>	<u>3,128</u>	<u>(290)</u>	<u>-</u>	<u>10,926</u>
Lease assets, net	<u>\$ 10,970</u>	<u>\$ 1,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,524</u>
	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Buildings	\$ 21,603	\$ 740	\$ (3,898)	\$ -	\$ 18,445
Equipment	613	-	-	-	613
	<u>22,216</u>	<u>740</u>	<u>(3,898)</u>	<u>-</u>	<u>19,058</u>
Less accumulated amortization					
Buildings	7,941	3,432	(3,898)	-	7,475
Equipment	551	62	-	-	613
	<u>8,492</u>	<u>3,494</u>	<u>(3,898)</u>	<u>-</u>	<u>8,088</u>
Lease assets, net	<u>\$ 13,724</u>	<u>\$ (2,754)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,970</u>

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Subscription assets activity was as follows for the years ended September 30:

	<b>2025</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Subscription IT asset	\$ 57,050	\$ 10,969	\$ (10,416)	\$ -	\$ 57,603
Less accumulated amortization					
Subscription IT asset	25,265	15,437	(10,416)	-	30,286
Subscription assets, net	<u>\$ 31,785</u>	<u>\$ (4,468)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,317</u>
	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Subscription IT asset	\$ 35,460	\$ 23,593	\$ (2,003)	\$ -	\$ 57,050
Less accumulated amortization					
Subscription IT asset	12,811	14,457	(2,003)	-	25,265
Subscription assets, net	<u>\$ 22,649</u>	<u>\$ 9,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,785</u>

**Note 8. Accounts Payable and Accrued Expenses**

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

	<b>2025</b>	<b>2024 (As Restated)</b>
	Payable to suppliers and contractors	\$ 75,520
Payable to employees (including payroll taxes and benefits)	116,313	103,638
Patient credit balances	4,920	4,032
Other liabilities and revenue received in advance	25,645	16,009
	<u>\$ 222,398</u>	<u>\$ 198,845</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 per individual and \$300 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

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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 and general liability claims liability is summarized as follows during the years ended September 30:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 365	\$ 734
Current year claims incurred and changes in estimates for claims incurred in prior years	69	4
Claims and expenses paid	<u>(26)</u>	<u>(373)</u>
Balance, end of year	<u>\$ 408</u>	<u>\$ 365</u>

***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. 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 is summarized as follows during the years ended September 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 7,000	\$ 6,413	\$ 5,250
Current year claims incurred and changes in estimates for claims incurred in prior years	81,232	68,577	68,713
Claims and expenses paid	<u>(81,442)</u>	<u>(67,990)</u>	<u>(67,550)</u>
Balance, end of year	<u>\$ 6,790</u>	<u>\$ 7,000</u>	<u>\$ 6,413</u>

***Workers' Compensation Claims***

The District is self-insured for workers' compensation claims. A provision is accrued for self-insured worker's compensation 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.

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Activity in the District's accrued workers' compensation claims liability is summarized as follows during the years ended September 30:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 2,430	\$ 2,498
Current year claims incurred and changes in estimates for claims incurred in prior years	3,246	1,882
Claims and expenses paid	<u>(2,258)</u>	<u>(1,950)</u>
Balance, end of year	<u>\$ 3,418</u>	<u>\$ 2,430</u>

**Note 10. Long-Term Debt**

A summary of long-term debt is as follows:

	<u>2025</u>	<u>2024</u>
General obligation refunding bonds, Series 2016	\$ 7,575	\$ 9,365
Revenue bonds, Series 2012	4,340	6,415
Limited tax bonds, series 2023	<u>423,680</u>	<u>430,655</u>
	435,595	446,435
Bond premium	<u>11,536</u>	<u>13,411</u>
	<u>\$ 447,131</u>	<u>\$ 459,846</u>

**General Obligation Refunding Bonds – Series 2016**

The Series 2016 general obligations refunding bonds consist of Tarrant County Hospital District Limited Refunding Bonds, Series 2016 (Series 2016 Bonds) in the original amount of \$22,415 dated January 1, 2016, which bear interest at 2.24%. The Series 2016 Bonds are payable in annual installments of \$1,830 to \$1,955 through February 15, 2029. The Series 2016 Bonds are secured by ad valorem tax revenues. The proceeds from the Series 2016 Bonds were used to advance refund the Series 2006 Bonds.

**Revenue Bonds – Series 2012**

The Series 2012 revenue bonds consist of Tarrant County Hospital District Senior Lien Revenue Refunding Bonds, Series 2012 (Series 2012 Bonds) in the original amount of \$25,890 dated September 1, 2012, which bear interest at 3.0% to 5.0%. The Series 2012 Bonds are payable in annual installments of \$2,135 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 at par value plus accrued interest. The proceeds from the Series 2012 Bonds were used to advance refund the Series 2002 Bonds.

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**Limited Tax Bonds – Series 2023**

The Series 2023 bonds consist of Tarrant County Hospital District Limited Tax Bonds, Series 2023 (Series 2023) in the original amount of \$437,295 dated February 28, 2023, which bear interest at 4.0 to 5.25%. The Series 2023 Bonds are payable in annual installments of \$7,320 to \$26,240 through August 15, 2053. The Series 2023 Bonds are secured by the ad valorem tax revenues of the District. The Series 2023 bonds were issued at a premium and the outstanding balance of the premium is \$11,536 and \$13,465 at September 30, 2025 and 2024, respectively.

All of the Series 2023 Bonds still outstanding may be redeemed on August 15, 2032 or any date thereafter. The Series 2023 Bonds were issued for the purpose of providing funds for acquiring, constructing, improving, equipping, or enlarging facilities of the District including a new medical home, new medical office building with an ambulatory surgery center, a new parking garage and expansion of existing parking, a new central utility plant, a new behavioral health emergency center, modifications and expansion of the existing pavilion building, and paying the costs associated with the sale and issuance of the bonds.

**Long-Term Obligations**

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

	<b>2025</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Long-term debt					
General obligation refunding bonds, Series 2016	\$ 9,365	\$ -	\$ 1,790	\$ 7,575	\$ 1,830
Revenue bonds, Series 2012	6,415	-	2,075	4,340	2,135
Limited tax bonds, Series 2023	430,655	-	6,975	423,680	7,320
Total long-term debt	<u>\$ 446,435</u>	<u>\$ -</u>	<u>\$ 10,840</u>	<u>\$ 435,595</u>	<u>\$ 11,285</u>
	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Long-term debt					
General obligation refunding bonds, Series 2016	\$11,115	\$ -	\$ 1,750	\$ 9,365	\$ 1,790
Revenue bonds, Series 2012	8,425	-	2,010	6,415	2,075
Limited tax bonds, Series 2023	437,295	-	6,640	430,655	6,975
Total long-term debt	<u>\$ 456,835</u>	<u>\$ -</u>	<u>\$ 10,400</u>	<u>\$ 446,435</u>	<u>\$ 10,840</u>

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The debt service requirements on long-term debt are as follows as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 31,631	\$ 11,285	\$ 20,346
2027	31,637	11,765	19,872
2028	29,363	9,990	19,373
2029	29,356	10,430	18,926
2030	27,380	8,900	18,480
2031–2035	109,519	40,275	69,244
2036–2040	136,899	63,225	73,674
2041–2045	136,899	80,425	56,474
2046–2050	136,904	100,720	36,184
2051–2053	109,524	98,580	10,944
	<u>\$ 779,112</u>	<u>\$ 435,595</u>	<u>\$ 343,517</u>

**Note 11. Lease Liabilities**

The District leases medical office, warehouse, and office space and certain equipment, the terms of which expire in various years through 2035. During the years ended September 30, 2025 and 2024, the District recognized \$4,385 and \$3,793, respectively, of rental expense for variable payments, short-term, and cancelable leases that are not included in the measurement of the lease liability.

The following is a summary of lease liability transactions for the District for the years ended September 30:

	<b>2025</b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Lease liabilities	<u>\$ 11,819</u>	<u>\$ 4,682</u>	<u>\$ 3,069</u>	<u>\$ 13,432</u>	<u>\$ 3,399</u>
	<b>2024</b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Lease liabilities	<u>\$ 14,421</u>	<u>\$ 740</u>	<u>\$ 3,342</u>	<u>\$ 11,819</u>	<u>\$ 3,009</u>

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The following is a schedule by year of payments under the leases as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,836	\$ 3,399	\$ 437
2027	3,350	3,028	322
2028	2,825	2,605	220
2029	1,424	1,273	151
2030	1,266	1,160	106
2031–2035	2,170	1,967	203
	<u>\$ 14,871</u>	<u>\$ 13,432</u>	<u>\$ 1,439</u>

**Note 12. Subscription Liabilities**

The District has various SBITAs, the terms of which expire in various years through 2030. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. The District did not recognize any subscription expense for variable payments not previously included in the measurement of the subscription liability during the years ended September 30, 2025 and 2024.

The following is a summary of subscription liability transactions for the District for the years ended September 30:

	<b>2025</b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Subscription liabilities	<u>\$ 28,394</u>	<u>\$ 8,086</u>	<u>\$ 15,730</u>	<u>\$ 20,750</u>	<u>\$ 8,013</u>
	<b>2024</b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Subscription liabilities	<u>\$ 18,491</u>	<u>\$ 21,960</u>	<u>\$ 12,057</u>	<u>\$ 28,394</u>	<u>\$ 12,699</u>

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The following is a schedule by year of payments under the SBITAs as of September 30, 2025:

<u>Year Ending September 30,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,645	\$ 8,013	\$ 632
2027	7,399	7,061	338
2028	4,471	4,368	103
2029	1,143	1,118	25
2030	195	190	5
	<u>\$ 21,853</u>	<u>\$ 20,750</u>	<u>\$ 1,103</u>

**Note 13. Restricted and Designated Net Position**

At September 30, 2025 and 2024, \$6,877 and \$6,567, respectively, of net position was restricted by donors for capital and operating activities.

At September 30, 2025 and 2024, \$1,170,377 and \$818,887, respectively, of unrestricted net position has been designated by the Board for future construction and capital acquisitions. Designated assets remain under the control of the Board, which may, at its discretion, later use these assets for other purposes.

For both years ended September 30, 2025 and 2024, the District had \$426 of restricted nonexpendable net position, which is a general endowment for the Foundation.

**Note 14. 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 \$425,455 and \$365,641 for 2025 and 2024, respectively. The increase in charity care costs is attributable to an increase in eligible charges during the year ended September 30, 2025. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

**Note 15. Pension Plan**

***Plan Description***

The District sponsors an agent multiple-employer defined benefit pension plan for eligible employees within a multi-employer retirement program sponsored for member hospitals by the Texas Hospital Association Retirement Plan (THARP). THARP is the plan administrator of the pension plan. The Plan's assets are invested as a portion of THARP'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.

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

***Benefits Provided***

The Plan provides retirement, disability, and death benefits. Retirement benefits for eligible employees are calculated as 1.4% of the employee's final five-year average compensation plus 0.7% of the employee's final five-year average compensation, if any, that exceeds \$75, with the sum multiplied times the employee's years of service.

Participants with five years of participation service are eligible to retire at age 65. Senior executives have a different formula and a cap on considered years of service. Participants may retire at any age after 55 if they have 10 years of vesting service. Unreduced Early Retirement is available at age 62 if they have 10 years of vesting service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. Death benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. An employee who leaves the employer's service may withdraw their contributions plus any accumulated interest.

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. An amendment effective October 1, 2020 excluded employees hired after that date from plan participation.

The employees covered by the Plan are as follows at October 1, 2024 and 2023 (measurement date):

	<u>2024</u>	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefits	653	612
Inactive employees entitled to but not yet receiving benefits	1,992	1,932
Active employees	<u>2,774</u>	<u>3,047</u>
	<u>5,419</u>	<u>5,591</u>

***Contributions***

The District's Board has the sole authority to establish and amend the contribution requirements of the active employees. The District's contributions are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the established amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended September 30, 2025, the active employee contribution rate was 2.00% of annual pay and the District's contribution rate was 6.25% of annual payroll.

The District's contribution is set to be 6.25% of participants payroll effective October 1, 2024 and will remain at that level as long as the amount thus determined is sufficient to pay the Employer Normal Cost and amortize the Unfunded Actuarial Liability (Net Pension Liability (Asset)) over a period of not more than 25 years. The employer contributions were 6.25% of estimated participant compensation for the plan year ending September 30, 2024. The average active employee contribution rate was 2.0% of annual pay for the plan year ending September 30, 2024.

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The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

**Net Pension Liability (Asset)**

The District's net pension liability (asset) was measured as of October 1, 2024 and 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of those dates.

The total pension liability in the October 1, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2024</u>	<u>2023</u>
Inflation	2.50%	2.50%
Salary increases	5.93%, average, including inflation	5.50%, average, including inflation
Ad hoc cost of living adjustments	Not included	Not included
Investment rate of return	6.75%, net of pension plan investment expense, including inflation	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Society of Actuaries Pri-2012 Mortality Table, projected from the 2012 base year with Projection Scale MP-2021, for both the October 1, 2024 and 2023 valuations.

The actuarial assumptions used in the October 1, 2024 valuation were based on the results of an actuarial experience study for the period 2016 to 2021 for retirement rates, 2014 to 2023 for earnings progression, 2017 to 2022 for withdrawal rates, and 2018 to 2022 for form of payment.

The actuarial assumptions used in the October 1, 2023 valuation were based on the results of an actuarial experience study for the period 2016 to 2021 for retirement rates, 2013 to 2022 for earnings progression, 2017 to 2022 for withdrawal rates, and 2018 to 2022 for form of payment.

The long-term expected rate of return used in the October 1, 2024 and 2023 valuations on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.50% for both 2024 and 2023). In addition, during both years ended in 2024 and 2023, the final 6.75% assumption reflected a reduction of 0.61% for adverse deviation and 0.2% for investment expenses.

The target allocation and expected arithmetic real rates of return valuations are summarized in the following table for each major asset class for both October 1, 2024 and 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	60%	6.1%
International equity	15%	6.0%
Fixed income	24%	2.0%
Cash	1%	0.5%
Total	<u>100%</u>	

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***Discount Rate***

The discount rate used to measure the total pension liability was 6.75% at both October 1, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position, and the net pension liability (asset) are:

	<b>2025</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at September 30, 2024	\$ 493,617	\$ 434,449	\$ 59,168
Changes for the year			
Service cost	17,308	-	17,308
Interest on total pension liability	33,843	-	33,843
Differences between expected and actual experience	(517)	-	(517)
Contributions – employee	-	18,975	(18,975)
Contributions – employer	-	5,548	(5,548)
Net investment income	-	109,329	(109,329)
Benefit payments, including refunds of employee contributions	(16,943)	(16,943)	-
Administrative expenses	(1,205)	(1,205)	-
Assumption changes	7,758	-	7,758
Net changes	40,244	115,704	(75,460)
Balances at September 30, 2025	<u>\$ 533,861</u>	<u>\$ 550,153</u>	<u>\$ (16,292)</u>

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	<b>2024</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at September 30, 2023	\$ 429,966	\$ 369,629	\$ 60,337
Changes for the year			
Service cost	17,015	-	17,015
Interest on total pension liability	29,636	-	29,636
Change of benefit terms	(40)	-	(40)
Differences between expected and actual experience	32,030	-	32,030
Contributions – employee	-	5,424	(5,424)
Contributions – employer	-	18,861	(18,861)
Net investment income	-	55,525	(55,525)
Benefit payments, including refunds of employee contributions	(13,897)	(13,897)	-
Administrative expenses	(1,093)	(1,093)	-
Net changes	<u>63,651</u>	<u>64,820</u>	<u>(1,169)</u>
Balances at September 30, 2024	<u>\$ 493,617</u>	<u>\$ 434,449</u>	<u>\$ 59,168</u>

The net pension liability (asset) of the District has been calculated using a discount rate of 6.75% at October 1, 2024. The following presents the net pension liability (asset) using a discount rate 1% higher and 1% lower than the current rate as of September 30, 2025.

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>5.75 %</b>	<b>Discount Rate</b>	<b>7.75 %</b>
	<b>6.75 %</b>	<b>6.75 %</b>	<b>7.75 %</b>
District's net pension liability (asset) as of September 30, 2025	<u>\$ 54,832</u>	<u>\$ (16,292)</u>	<u>\$ (74,634)</u>

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

For the years ended September 30, 2025 and 2024, the District recognized pension expense of \$17,213 and \$33,561, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources at September 30:

	<b>2025</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,672	\$ 360
Employer contributions subsequent to the measurement date	17,518	-
Changes of assumptions	5,400	1,841
Net difference between projected and actual earnings on plan investments	-	54,878
	<u>\$ 39,590</u>	<u>\$ 57,079</u>
	<b>2024</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,612	\$ -
Employer contributions subsequent to the measurement date	18,975	-
Changes of assumptions	1,720	3,404
Net difference between projected and actual earnings on plan investments	11,681	-
	<u>\$ 60,988</u>	<u>\$ 3,404</u>

Deferred outflows and inflows of resources associated with the Governmental Excess Benefit Arrangement Plan are included in amounts reported on the accompanying balance sheet at September 30, 2024.

At September 30, 2025 and 2024, the District reported \$17,518 and \$18,975, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension asset at September 30, 2025 and a reduction of the net pension liability at September 30, 2024.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to pensions will be recognized in pension expense as follows at September 30, 2025:

2026	\$ (2,114)
2027	4,775
2028	(21,599)
2029	(16,069)
	<u>(35,007)</u>
	<u>\$ (35,007)</u>

***Pension Plan Fiduciary Net Position***

The master pension trust fund was comprised of the following as of October 1:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 18,620	\$ 23,691
Receivable for investments sold	181	3,673
Investments, at fair value		
Mutual funds	202,550	242,195
Common/collective trust funds	692,529	400,003
103-12 investment fund	-	51,813
	<u>895,079</u>	<u>694,011</u>
Total investments at fair value		
	<u>(11,825)</u>	<u>(3,989)</u>
Total plan fiduciary net position	<u>\$ 902,055</u>	<u>\$ 717,386</u>

The Plan's interest in the master pension trust fund as of the measurement date of October 1, 2024 and 2023 was \$550,153 and \$434,449, respectively.

**Investment Policy** – Investment policy decisions are established and maintained by the Trustees of THARP for Member Hospitals. The Trustees have several asset mix alternatives from which participating employers may choose in order to control risk. The Trustees employ and select investment managers with the advice of investment counsel which is completely independent of the investment managers.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the Plan. As a consequence, two important dimensions of a pension plan's investment program are expected return and expected risk.

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The plan trustees diversify plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables the trust to balance risk and return. The asset mix selected by the District is set forth below:

<u>Asset Class/Style</u>	<u>Target Asset Mix</u>
Large cap U.S. equities	45%
Small cap U.S. equities	15%
International equities	15%
<b>Total Equities</b>	<b>75%</b>
Intermediate fixed income	24%
Cash	1%
<b>Total Fixed Income</b>	<b>25%</b>

The Trustees maintain a portfolio structure that may combine several active and passive management in order to balance the objectives of enhanced return and cost control.

Passive equity and fixed income portfolios invest in a substantially similar manner as that of the underlying benchmark.

Active equity managers have the following requirements:

- The equity portion of the portfolio should not be less than 90% of the portfolio, measured at market value.
- Equity holdings in any one economic sector should not exceed the greater of 30% of the portfolio or 10 percentage points above the sector weight in benchmark.
- Equity holdings in any single company (including common stock and convertible securities) should not exceed 10% of the portfolio.

Active fixed income managers have the following requirements:

- The primary investments should be government, corporate, and mortgage securities
- Holdings in obligations of any single entity (with the exception of the U.S. government and/or its agencies) should not exceed 5% of the portfolio.

The common collective trust fund investment objective is to approximate as closely as practicable, before expenses, to the performance of the S&P 500 Index over the long term.

The 103-12 investment fund objective is to approximate as closely as practicable to the performance of the MSCI EAFE Index.

**Investment Rate of Return** – The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was 25.5% and 15.2% for the 12 months ended October 1, 2024 and 2023, respectively.

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**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Plan’s policy to limit its holdings in obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan 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 Plan’s investments are held in trust accounts.

**Concentration of Credit Risk** – It is the Plan’s policy to limit equity holdings in any one economic sector to the greater of 30% of the portfolio or 10% above the sector weight in the benchmark and limit equity holdings in any single company to 10% of the portfolio. Additionally, the Plan’s policy limits holdings in fixed income obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio.

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

	<u>2024</u>	<u>2023</u>
State Street S&P 500 Index NL Fund	37.7%	36.8%
Vanguard Small Cap Index	14.4%	14.3%
PIMCO Total Return	0.0%	11.6%
State Street Aggregate Bond Index NL Fund	24.4%	11.5%
State Street Russell 1000 Index SL Fund	7.5%	7.4%
Dodge & Cox International Stock	7.6%	7.4%
Morgan Stanley International Equity Trust	0.0%	7.2%
GQG International Equity	7.2%	0.0%

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Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

The fair value of the pension plan assets was as follows at October 1:

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>October 1, 2024</b>				
Investments by fair value level				
Mutual funds	\$ 202,550	\$ 202,550	\$ -	\$ -
Total investments by fair value level	202,550	<u>\$ 202,550</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) (A)				
Common/collective trust fund	692,529			
Total investments measured at fair value	<u>\$ 895,079</u>			
<b>October 1, 2023</b>				
Investments by fair value level				
Mutual funds	\$ 242,195	\$ 242,195	\$ -	\$ -
Total Investments by fair value level	242,195	<u>\$ 242,195</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) (A)				
Common/collective trust fund	400,003			
103-12 investment fund	51,813			
Total Investments measured at the NAV	<u>451,816</u>			
Total investments measured at fair value	<u>\$ 694,011</u>			

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts disclosed for total plan investments at fair value.

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

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are classified within Level 3 of the hierarchy. The Plan did not hold any Level 2 or Level 3 securities at October 1, 2024 and 2023.

The valuation method for investments measured at the NAV per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

***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 to the IRC Section 403(b) plan discussed below, up to 4% of pay if hired prior to October 1, 2020. For employees hired after October 1, 2020, the employer match is dollar for dollar up to 5% of pay. The contributions for the employer match on the Plan were \$14,858 and \$13,256 for the years ended September 30, 2025 and 2024, respectively.

In addition, the District offers its employees a defined contribution 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.

The District also offers its employees a defined contribution 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 \$30,078 and \$27,242 for the years ended September 30, 2025 and 2024, respectively.

The District's Governmental Excess Benefit Arrangement Plan for executives, approved by the Board, was formally terminated as of September 30, 2024. This plan was 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. On October 12, 2023, the Board amended the plan to freeze all plan benefit accruals effective November 30, 2023 and to terminate the plan.

As of September 30, 2025 and 2024, the District has recorded a liability for amounts due under this plan of \$0 and \$3,305, respectively, measured as of October 1, 2024 and 2023, respectively, which is included in other long-term liabilities in the accompanying balance sheets. The remaining balances associated with the plan are insignificant.

**Note 16. Disclosures About Fair Value of Assets and Liabilities**

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

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

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**Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30:

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>September 30, 2025</b>				
Investments by fair value level				
U.S. agency obligations	\$ 360,908	\$ -	\$ 360,908	\$ -
U.S. Treasury obligations	1,190,564	1,188,540	2,024	-
Municipal bonds	2,620	-	2,620	-
Commercial paper	113,344	-	113,344	-
Money market mutual funds	76,540	76,540	-	-
Mutual funds	9,677	9,677	-	-
Total investments by fair value level	1,753,653	<u>\$ 1,274,757</u>	<u>\$ 478,896</u>	<u>\$ -</u>
Investment pools carried at amortized cost	<u>420,137</u>			
Total investments	<u>\$ 2,173,790</u>			
<b>September 30, 2024</b>				
Investments by fair value level				
U.S. agency obligations	\$ 745,186	\$ 143,071	\$ 602,115	\$ -
U.S. Treasury obligations	915,261	913,217	2,044	-
Municipal Bonds	2,581	-	2,581	-
Commercial paper	6,976	-	6,976	-
Money market mutual funds	118,052	118,052	-	-
Mutual funds	7,668	7,668	-	-
Total investments by fair value level	1,795,724	<u>\$ 1,182,008</u>	<u>\$ 613,716</u>	<u>\$ -</u>
Investment pools carried at amortized cost	<u>279,926</u>			
Total investments	<u>\$ 2,075,650</u>			

**Tarrant County Hospital District d/b/a JPS Health Network**  
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**Years Ended September 30, 2025 and 2024**  
**(In Thousands)**

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***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The District held no Level 3 investments as of September 30, 2025 and 2024.

**Note 17. Ongoing Risk and Uncertainties Contingencies**

On July 3, 2025, the U.S. Congress enacted the *One Big Beautiful Bill Act* (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The OBBBA has not had a material impact on the financial results to date as many aspects of the legislation are effective for future periods. The District is currently evaluating what impact the OBBBA may have on the financial results, cash flows, and financial position for future periods.

***General Litigation***

The District 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 District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. 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 balance sheets, change in net assets, and cash flows of the District. Events could occur that would change this estimate materially in the near term.

***Medical Malpractice Claims***

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 9.

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Notes to Financial Statements**  
**Years Ended September 30, 2025 and 2024**  
**(In Thousands)**

**Note 18. Condensed Combining Information**

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

	September 30, 2025				
	Hospital	Acclaim	Foundation	Eliminations	Total
<b>Assets and Deferred Outflows of Resources</b>					
Current assets	\$ 1,180,378	\$ 17,327	\$ 641	\$ (8,785)	\$ 1,189,561
Due from affiliates	1,793	403	20	(2,216)	-
Noncurrent cash and investments	1,462,689	-	9,809	-	1,472,498
Capital assets, net	449,401	442	-	-	449,843
Lease assets, net	11,397	1,127	-	-	12,524
Subscription assets, net	27,317	-	-	-	27,317
Lease receivable	1,387	-	-	-	1,387
Net pension asset	16,292	-	-	-	16,292
<b>Total Assets</b>	<u>3,150,654</u>	<u>19,299</u>	<u>10,470</u>	<u>(11,001)</u>	<u>3,169,422</u>
<b>Deferred Outflows of Resources</b>	<u>39,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,590</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 3,190,244</u>	<u>\$ 19,299</u>	<u>\$ 10,470</u>	<u>\$ (11,001)</u>	<u>\$ 3,209,012</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>					
Current liabilities	\$ 314,951	\$ 37,050	\$ 57	\$ (8,785)	\$ 343,273
Due to affiliates	366	1,497	353	(2,216)	-
Estimated self-insurance costs	2,570	112	-	-	2,682
Lease liabilities, noncurrent	9,140	893	-	-	10,033
Subscription liabilities, noncurrent	12,737	-	-	-	12,737
Long-term debt	435,846	-	-	-	435,846
Other long-term liabilities	3,225	624	-	-	3,849
<b>Total Liabilities</b>	<u>778,835</u>	<u>40,176</u>	<u>410</u>	<u>(11,001)</u>	<u>808,420</u>
<b>Deferred Inflows of Resources</b>	<u>57,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,542</u>
<b>Net Position</b>					
Net investment in capital assets	274,202	341	-	-	274,543
Restricted expendable for capital and other	4,450	-	2,427	-	6,877
Restricted expendable for pension	16,292	-	-	-	16,292
Restricted nonexpendable	-	-	426	-	426
Unrestricted	2,058,923	(21,218)	7,207	-	2,044,912
<b>Total Net Position</b>	<u>2,353,867</u>	<u>(20,877)</u>	<u>10,060</u>	<u>-</u>	<u>2,343,050</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 3,190,244</u>	<u>\$ 19,299</u>	<u>\$ 10,470</u>	<u>\$ (11,001)</u>	<u>\$ 3,209,012</u>

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Notes to Financial Statements**  
**Years Ended September 30, 2025 and 2024**  
**(In Thousands)**

	September 30, 2024 (Restated)				
	Hospital	Acclaim	Foundation	Eliminations	Total
<b>Assets and Deferred Outflows of Resources</b>					
Current assets	\$ 1,287,268	\$ 12,089	\$ 937	\$ (7,237)	\$ 1,293,057
Due from affiliates	1,990	373	89	(2,452)	-
Noncurrent cash and investments	1,207,484	-	8,198	-	1,215,682
Capital assets, net	356,201	497	-	-	356,698
Lease assets, net	9,513	1,457	-	-	10,970
Subscription assets, net	31,785	-	-	-	31,785
Lease receivable	1,532	-	-	-	1,532
<b>Total Assets</b>	<u>2,895,773</u>	<u>14,416</u>	<u>9,224</u>	<u>(9,689)</u>	<u>2,909,724</u>
<b>Deferred Outflows of Resources</b>	<u>64,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,233</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 2,960,006</u>	<u>\$ 14,416</u>	<u>\$ 9,224</u>	<u>\$ (9,689)</u>	<u>\$ 2,973,957</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>					
Current liabilities	\$ 331,844	\$ 30,695	\$ 29	\$ (7,237)	\$ 355,331
Due to affiliates	260	1,895	297	(2,452)	-
Estimated self-insurance costs	1,641	64	-	-	1,705
Lease liabilities, noncurrent	7,879	931	-	-	8,810
Subscription liabilities, noncurrent	15,695	-	-	-	15,695
Long-term debt	449,006	-	-	-	449,006
Net pension liability	59,168	-	-	-	59,168
Other long-term liabilities	5,615	814	-	-	6,429
<b>Total Liabilities</b>	<u>871,108</u>	<u>34,399</u>	<u>326</u>	<u>(9,689)</u>	<u>896,144</u>
<b>Deferred Inflows of Resources</b>	<u>3,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,974</u>
<b>Net Position</b>					
Net investment in capital assets	251,356	409	-	-	251,765
Restricted expendable for capital and other	4,342	-	2,225	-	6,567
Restricted nonexpendable	-	-	426	-	426
Unrestricted	1,829,226	(20,392)	6,247	-	1,815,081
<b>Total Net Position</b>	<u>2,084,924</u>	<u>(19,983)</u>	<u>8,898</u>	<u>-</u>	<u>2,073,839</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 2,960,006</u>	<u>\$ 14,416</u>	<u>\$ 9,224</u>	<u>\$ (9,689)</u>	<u>\$ 2,973,957</u>

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:

	September 30, 2025				
	Hospital	Acclaim	Foundation	Eliminations	Total
Operating revenues	\$ 1,293,676	\$ 161,141	\$ 166	\$ (90,856)	\$ 1,364,127
Operating expenses	1,562,405	222,159	4,552	(93,978)	1,695,138
Operating loss	(268,729)	(61,018)	(4,386)	3,122	(331,011)
Nonoperating revenues, net	594,942	704	5,548	(3,122)	598,072
Capital grants and gifts	2,150	-	-	-	2,150
Transfer of net position	(59,420)	59,420	-	-	-
<b>Increase (Decrease) in Net Position</b>	<u>268,943</u>	<u>(894)</u>	<u>1,162</u>	<u>-</u>	<u>269,211</u>
<b>Net Position, Beginning of Year</b>	<u>2,084,924</u>	<u>(19,983)</u>	<u>8,898</u>	<u>-</u>	<u>2,073,839</u>
<b>Net Position, End of Year</b>	<u>\$ 2,353,867</u>	<u>\$ (20,877)</u>	<u>\$ 10,060</u>	<u>\$ -</u>	<u>\$ 2,343,050</u>

**Tarrant County Hospital District d/b/a JPS Health Network**  
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**Notes to Financial Statements**  
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**(In Thousands)**

	September 30, 2024 (Restated)				
	Hospital	Acclaim	Foundation	Eliminations	Total
Operating revenues	\$ 1,223,281	\$ 152,535	\$ 240	\$ (84,863)	\$ 1,291,193
Operating expenses	1,475,503	208,846	4,211	(87,983)	1,600,577
Operating loss	(252,222)	(56,311)	(3,971)	3,120	(309,384)
Nonoperating revenues, net	641,751	84	5,831	(3,120)	644,546
Capital grants and gifts	331	134	13	-	478
Transfer of net position	(56,085)	56,085	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>333,775</b>	<b>(8)</b>	<b>1,873</b>	<b>-</b>	<b>335,640</b>
<b>Net Position, Beginning of Year, Restated</b>	<b>1,751,149</b>	<b>(19,975)</b>	<b>7,025</b>	<b>-</b>	<b>1,738,199</b>
<b>Net Position, End of Year</b>	<b>\$ 2,084,924</b>	<b>\$ (19,983)</b>	<b>\$ 8,898</b>	<b>\$ -</b>	<b>\$ 2,073,839</b>

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:

	September 30, 2025				
	Hospital	Acclaim	Foundation	Eliminations	Total
<b>Net Cash Provided By (Used in)</b>					
Operating activities	\$ (341,192)	\$ (766)	\$ (4,421)	\$ 3,122	\$ (343,257)
Noncapital financing activities	478,051	101	4,567	(3,122)	479,597
Capital and related financing activities	(161,888)	(67)	-	-	(161,955)
Investing activities	23,210	638	(1,104)	-	22,744
<b>Decrease in Cash and Cash Equivalents</b>	<b>(1,819)</b>	<b>(94)</b>	<b>(958)</b>	<b>-</b>	<b>(2,871)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>373,754</b>	<b>92</b>	<b>1,211</b>	<b>-</b>	<b>375,057</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 371,935</b>	<b>\$ (2)</b>	<b>\$ 253</b>	<b>\$ -</b>	<b>\$ 372,186</b>

	September 30, 2024 (Restated)				
	Hospital	Acclaim	Foundation	Eliminations	Total
<b>Net Cash Provided By (Used in)</b>					
Operating activities	\$ (141,104)	\$ (308)	\$ (4,054)	\$ 2,880	\$ (142,586)
Noncapital financing activities	511,094	124	4,527	(2,880)	512,865
Capital and related financing activities	(142,005)	103	13	-	(141,889)
Investing activities	(54,863)	5	(1,284)	-	(56,142)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>173,122</b>	<b>(76)</b>	<b>(798)</b>	<b>-</b>	<b>172,248</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>200,632</b>	<b>168</b>	<b>2,009</b>	<b>-</b>	<b>202,809</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 373,754</b>	<b>\$ 92</b>	<b>\$ 1,211</b>	<b>\$ -</b>	<b>\$ 375,057</b>

**Note 19. Future Change in Accounting Principle**

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability. Impacted areas include management's discussion and analysis, unusual or infrequent items, definitions and presentation of operating and nonoperating revenues and expenses, proprietary fund statements, presentation of major component units, and financial trends information within the statistical section of separately issued financial reports. While GASB 103 does not impact the timing of recognition and measurement of revenue, it could affect the presentation and geographical location of certain healthcare-specific revenues within the financial statements. The requirements of GASB 103 are effective for the District's fiscal year ending September 30, 2026, and all reporting periods thereafter. Changes are required to be made retroactively to the earliest period presented.

***Required Supplementary Information***

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 17,308	\$ 17,015	\$ 13,198	\$ 28,335	\$ 18,432	\$ 17,647	\$ 15,429	\$ 12,604	\$ 12,028	\$ 12,181
Interest on total pension liability	33,843	29,636	27,646	25,495	23,472	21,612	19,526	17,416	15,931	14,805
Differences between expected and actual experience	(517)	32,030	5,556	5,978	2,314	1,073	4,775	5,794	1,523	1,720
Changes of benefit terms	-	(40)	-	-	200	-	184	-	-	-
Changes of assumptions	7,758	-	(4,425)	(2,375)	10,774	(1,028)	8,396	(1,084)	(2,153)	(4,900)
Benefit payments, including refunds of employee contributions	(16,943)	(13,897)	(16,510)	(16,330)	(13,021)	(11,805)	(8,577)	(6,590)	(7,210)	(6,069)
Administrative expenses	(1,205)	(1,093)	(1,003)	(1,053)	(1,110)	(942)	(886)	(515)	(496)	-
<b>Net Change in Total Pension Liability</b>	<b>40,244</b>	<b>63,651</b>	<b>24,462</b>	<b>40,050</b>	<b>41,061</b>	<b>26,557</b>	<b>38,847</b>	<b>27,625</b>	<b>19,623</b>	<b>17,737</b>
<b>Total Pension Liability—Beginning</b>	<b>493,617</b>	<b>429,966</b>	<b>405,504</b>	<b>365,454</b>	<b>324,393</b>	<b>297,836</b>	<b>258,989</b>	<b>231,364</b>	<b>211,741</b>	<b>194,004</b>
<b>Total Pension Liability—Ending (a)</b>	<b>\$ 533,861</b>	<b>\$ 493,617</b>	<b>\$ 429,966</b>	<b>\$ 405,504</b>	<b>\$ 365,454</b>	<b>\$ 324,393</b>	<b>\$ 297,836</b>	<b>\$ 258,989</b>	<b>\$ 231,364</b>	<b>\$ 211,741</b>
<b>Plan Fiduciary Net Position</b>										
Contributions—employer	\$ 18,975	\$ 18,861	\$ 20,425	\$ 20,153	\$ 18,225	\$ 17,281	\$ 17,305	\$ 14,443	\$ 13,579	\$ 12,313
Contributions—employee	5,548	5,424	5,573	5,476	5,258	4,956	2,314	1,933	1,805	1,641
Net investment income (loss)	109,329	55,525	(70,626)	82,016	19,485	10,602	25,385	29,994	20,967	(2,629)
Benefit payments, including refunds of employee contributions	(16,943)	(13,897)	(16,510)	(16,330)	(13,021)	(11,805)	(8,577)	(6,590)	(7,210)	(6,069)
Administrative expense	(1,205)	(1,093)	(1,003)	(1,053)	(1,110)	(942)	(886)	(515)	(496)	(587)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>115,704</b>	<b>64,820</b>	<b>(62,141)</b>	<b>90,262</b>	<b>28,837</b>	<b>20,092</b>	<b>35,541</b>	<b>39,265</b>	<b>28,645</b>	<b>4,669</b>
<b>Plan Fiduciary Net Position—Beginning</b>	<b>434,449</b>	<b>369,629</b>	<b>431,770</b>	<b>341,508</b>	<b>312,671</b>	<b>292,579</b>	<b>257,038</b>	<b>217,773</b>	<b>189,128</b>	<b>184,459</b>
<b>Plan Fiduciary Net Position—Ending (b)</b>	<b>\$ 550,153</b>	<b>\$ 434,449</b>	<b>\$ 369,629</b>	<b>\$ 431,770</b>	<b>\$ 341,508</b>	<b>\$ 312,671</b>	<b>\$ 292,579</b>	<b>\$ 257,038</b>	<b>\$ 217,773</b>	<b>\$ 189,128</b>
<b>District's Net Pension Liability (Asset)—Ending (a) – (b)</b>	<b>\$ (16,292)</b>	<b>\$ 59,168</b>	<b>\$ 60,337</b>	<b>\$ (26,266)</b>	<b>\$ 23,946</b>	<b>\$ 11,722</b>	<b>\$ 5,257</b>	<b>\$ 1,951</b>	<b>\$ 13,591</b>	<b>\$ 22,613</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Covered-Employee Payroll</b>	<b>103.05%</b>	<b>88.01%</b>	<b>85.97%</b>	<b>106.48%</b>	<b>93.45%</b>	<b>96.39%</b>	<b>98.23%</b>	<b>99.25%</b>	<b>94.13%</b>	<b>89.32%</b>
	<b>\$303,607</b>	<b>\$301,779</b>	<b>\$326,804</b>	<b>\$322,441</b>	<b>\$291,597</b>	<b>\$276,493</b>	<b>\$256,366</b>	<b>\$213,963</b>	<b>\$201,170</b>	<b>\$182,418</b>
<b>District's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll</b>	<b>-5.37%</b>	<b>19.61%</b>	<b>18.46%</b>	<b>-8.15%</b>	<b>8.21%</b>	<b>4.24%</b>	<b>2.05%</b>	<b>0.91%</b>	<b>6.76%</b>	<b>12.40%</b>

**Notes to Schedule:**

Earnings progression assumption was updated to reflect recent experience in 2024.  
This schedule is presented as of October 1, which is the measurement date.  
All amounts are in thousands unless otherwise indicated.

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

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
2025	\$ 17,518	\$ 17,518	\$ -	\$ 280,290	6.25%
2024	\$ 18,975	\$ 18,975	\$ -	\$ 303,607	6.25%
2023	\$ 18,861	\$ 18,861	\$ -	\$ 301,779	6.25%
2022	\$ 20,425	\$ 20,425	\$ -	\$ 326,804	6.25%
2021	\$ 20,153	\$ 20,153	\$ -	\$ 322,441	6.25%
2020	\$ 18,225	\$ 18,225	\$ -	\$ 291,597	6.25%
2019	\$ 17,281	\$ 17,281	\$ -	\$ 276,493	6.25%
2018	\$ 17,305	\$ 17,305	\$ -	\$ 256,366	6.75%
2017	\$ 14,443	\$ 14,443	\$ -	\$ 213,963	6.75%
2016	\$ 13,579	\$ 13,579	\$ -	\$ 201,170	6.75%

**Notes to Schedule:**

Valuation date: October 1 of respective year

Actuarially determined contribution rates are calculated as of October 1, 2024, which is the most recent valuation date prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Amortization method	"Closed group" level dollar of payroll
Remaining amortization period	10.8 years at October 1, 2024; recalculated annually; employer contribution rate constant unless amortization period > 25 years or ≤ 0 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	5.93%, average, including inflation
Investment rate of return	6.75% net of pension plan investment expense, including inflation
Retirement age	62 (average)
Mortality	Pri-2012 Total Dataset Mortality Table, Projected from the 2012 base year using the MP-2021 mortality improvement scale

All amounts are in thousands unless otherwise indicated.

***Supplementary Information***

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Combining Schedule – Balance Sheet Information**  
**September 30, 2025**  
**(In Thousands)**

	<u>Hospital</u>	<u>Acclaim</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 295,393	\$ -	\$ 146	\$ -	\$ 295,539
Restricted cash and cash equivalents	76,540	-	-	-	76,540
Short-term investments	581,352	-	141	-	581,493
Patient accounts receivable, net	109,530	9,197	-	(3,100)	115,627
Property taxes receivable, net	5,995	-	-	-	5,995
Supplemental Medicaid funding receivable	56,901	300	-	-	57,201
Internally designated for self-insurance, current portion	118	-	-	-	118
Supplies inventory	16,011	-	-	-	16,011
Prepaid expenses and other assets	38,538	7,830	354	(5,685)	41,037
<b>Total Current Assets</b>	<b>1,180,378</b>	<b>17,327</b>	<b>641</b>	<b>(8,785)</b>	<b>1,189,561</b>
<b>Due From Affiliates</b>	<b>1,793</b>	<b>403</b>	<b>20</b>	<b>(2,216)</b>	<b>-</b>
<b>Noncurrent Cash, Cash Equivalents, and Investments</b>					
Internally designated for debt service	4,450	-	-	-	4,450
Internally designated for self-insurance	14,301	-	-	-	14,301
Restricted by donors for capital acquisitions and specific operating activities	-	-	2,814	-	2,814
Internally designated for capital acquisitions and operating activities	1,170,377	-	-	-	1,170,377
Held by trustee for capital acquisitions	273,561	-	-	-	273,561
Noncurrent investments	-	-	6,995	-	6,995
<b>Total Noncurrent Cash, Cash Equivalents, and Investments</b>	<b>1,462,689</b>	<b>-</b>	<b>9,809</b>	<b>-</b>	<b>1,472,498</b>
<b>Capital Assets, Net</b>	<b>449,401</b>	<b>442</b>	<b>-</b>	<b>-</b>	<b>449,843</b>
<b>Lease Assets, Net</b>	<b>11,397</b>	<b>1,127</b>	<b>-</b>	<b>-</b>	<b>12,524</b>
<b>Subscription Assets, Net</b>	<b>27,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,317</b>
<b>Leases Receivable</b>	<b>1,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,387</b>
<b>Net Pension Asset</b>	<b>16,292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,292</b>
<b>Total Assets</b>	<b>3,150,654</b>	<b>19,299</b>	<b>10,470</b>	<b>(11,001)</b>	<b>3,169,422</b>
<b>Deferred Outflows of Resources – Pension Related</b>	<b>39,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,590</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,190,244</b>	<b>\$ 19,299</b>	<b>\$ 10,470</b>	<b>\$ (11,001)</b>	<b>\$ 3,209,012</b>

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Combining Schedule – Balance Sheet Information**  
**September 30, 2025**  
**(In Thousands)**

**(Continued)**

	<u>Hospital</u>	<u>Acclaim</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 94,998	\$ 3,496	\$ -	\$ (8,785)	\$ 89,709
Accrued expenses	99,446	33,186	57	-	132,689
Intergovernmental transfer obligation	76,597	-	-	-	76,597
Estimated amounts due to third-party payors	13,647	-	-	-	13,647
Current portion of lease liabilities	3,064	335	-	-	3,399
Current portion of subscription liabilities	8,013	-	-	-	8,013
Current portion of self-insurance costs	7,901	33	-	-	7,934
Current maturities of long-term debt	11,285	-	-	-	11,285
<b>Total Current Liabilities</b>	<b>314,951</b>	<b>37,050</b>	<b>57</b>	<b>(8,785)</b>	<b>343,273</b>
<b>Due to Affiliates</b>	<b>366</b>	<b>1,497</b>	<b>353</b>	<b>(2,216)</b>	<b>-</b>
<b>Estimated Self-Insurance Costs</b>	<b>2,570</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>2,682</b>
<b>Lease Liabilities, Noncurrent</b>	<b>9,140</b>	<b>893</b>	<b>-</b>	<b>-</b>	<b>10,033</b>
<b>Subscription Liabilities, Noncurrent</b>	<b>12,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,737</b>
<b>Long-Term Debt</b>	<b>435,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435,846</b>
<b>Other Long-Term Liabilities</b>	<b>3,225</b>	<b>624</b>	<b>-</b>	<b>-</b>	<b>3,849</b>
<b>Total Liabilities</b>	<b>778,835</b>	<b>40,176</b>	<b>410</b>	<b>(11,001)</b>	<b>808,420</b>
<b>Deferred Inflows of Resources</b>					
Pension related	57,079	-	-	-	57,079
Leases	463	-	-	-	463
<b>Total Deferred Inflows of Resources</b>	<b>57,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,542</b>
<b>Net Position</b>					
Net investment in capital assets	274,202	341	-	-	274,543
Restricted expendable	4,450	-	2,427	-	6,877
Restricted nonexpendable	-	-	426	-	426
Restricted for pension	16,292	-	-	-	16,292
Unrestricted	2,058,923	(21,218)	7,207	-	2,044,912
<b>Total Net Position</b>	<b>2,353,867</b>	<b>(20,877)</b>	<b>10,060</b>	<b>-</b>	<b>2,343,050</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 3,190,244</b>	<b>\$ 19,299</b>	<b>\$ 10,470</b>	<b>\$ (11,001)</b>	<b>\$ 3,209,012</b>

**Tarrant County Hospital District d/b/a JPS Health Network**  
**A Component Unit of Tarrant County, Texas**  
**Combining Schedule – Statement of Revenues, Expenses, and Changes in Net Position**  
**Information**  
**Year Ended September 30, 2025**  
**(In Thousands)**

	<u>Hospital</u>	<u>Acclaim</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Operating Revenues</b>					
Net patient service revenue	\$ 871,511	\$ 99,059	\$ -	\$ (35,182)	\$ 935,388
Supplemental Medicaid funding	267,354	-	-	-	267,354
Other operating revenue	154,811	62,082	166	(55,674)	161,385
<b>Total Operating Revenues</b>	<u>1,293,676</u>	<u>161,141</u>	<u>166</u>	<u>(90,856)</u>	<u>1,364,127</u>
<b>Operating Expenses</b>					
Salaries and related expenses	806,268	208,718	923	(1,562)	1,014,347
Professional fees and purchased services	304,533	9,953	1,305	(91,309)	224,482
Supplies	346,040	441	544	-	347,025
Depreciation and amortization	55,226	452	-	-	55,678
Other	50,338	2,595	1,780	(1,107)	53,606
<b>Total Operating Expenses</b>	<u>1,562,405</u>	<u>222,159</u>	<u>4,552</u>	<u>(93,978)</u>	<u>1,695,138</u>
<b>Operating Loss</b>	<u>(268,729)</u>	<u>(61,018)</u>	<u>(4,386)</u>	<u>3,122</u>	<u>(331,011)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Property tax revenue	509,493	-	-	-	509,493
Contribution revenue	620	101	4,567	(3,122)	2,166
Interest expense	(20,104)	(35)	-	-	(20,139)
Investment return and other	104,933	638	981	-	106,552
<b>Total Nonoperating Revenues, Net</b>	<u>594,942</u>	<u>704</u>	<u>5,548</u>	<u>(3,122)</u>	<u>598,072</u>
<b>Income (Loss) Before Capital Grants and Gifts and Transfers</b>	<u>326,213</u>	<u>(60,314)</u>	<u>1,162</u>	<u>-</u>	<u>267,061</u>
<b>Transfer of Net Position</b>	<u>(59,420)</u>	<u>59,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Capital Grants and Gifts</b>	<u>2,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,150</u>
<b>Increase (Decrease) in Net Position</b>	<u>268,943</u>	<u>(894)</u>	<u>1,162</u>	<u>-</u>	<u>269,211</u>
<b>Net Position, Beginning of Year</b>	<u>2,084,924</u>	<u>(19,983)</u>	<u>8,898</u>	<u>-</u>	<u>2,073,839</u>
<b>Net Position, End of Year</b>	<u>\$ 2,353,867</u>	<u>\$ (20,877)</u>	<u>\$ 10,060</u>	<u>\$ -</u>	<u>\$ 2,343,050</u>