# WILLACY COUNTY HOSPITAL DISTRICT September 30, 2024

#### **Board of Directors**



#### **OFFICERS**

		<u>Term Expires</u>
President	Rosa Lee Pedraza	May 2028
Vice-President	George Mukhar	May 2026
Secretary-Treasurer	llene F. Nyquist	May 2028

#### **DIRECTORS**

	<u>Term Expires</u>
Jaime Salazar	May 2026
Ariel Rebeles	May 2028
Ashley N Dominguez	May 2026
Albino S. Cantu, Jr.	May 2026
Michelle R. Zamarron	May 2026

#### **DISTRICT ADMINISTRATION**

District Administrator/Indigent Care Program Director Martha C. Acevedo, RHIA

> District Staff Lorena J. Rodriguez



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### **REPORT**



Carr, Riggs & Ingram, L.L.C. 402 East Tyler Avenue Harlingen, TX 78550

956.423.3765 956.428.7520 (fax) CRIadv.com

#### INDEPENDENT AUDITOR'S REPORT

Board of Directors
Willacy County Hospital District

#### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of Willacy County Hospital District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Willacy County Hospital District, as of September 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Willacy County Hospital District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-10 and 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2025, on our consideration of the Willacy County Hospital District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Willacy County Hospital District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Willacy County Hospital District's internal control over financial reporting and compliance.

Harlingen, Texas July 15, 2025

Carr, Riggs & Ungram, L.L.C.

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This section of Willacy County Hospital District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

#### **Financial Highlights**

Government-wide (Full Accrual Basis)

- The total assets of Willacy County Hospital District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,317,074. Of this amount, \$2,293,806 (unrestricted net position) may be used to meet the District's ongoing obligations.
- Total net position for the Willacy County Hospital District increased by \$214,567 during the fiscal year. Revenues decreased by \$36,997 primarily due to the decrease in property tax rates elected by the District. Expenditures also decreased by \$27,614 which was attributable to the decrease in indigent health care expenditures incurred during the year. During the year, there was an overall decrease in the number of claims.

Fund Level (Modified Accrual Basis)

 As of the close of the current fiscal year, the Willacy County Hospital District general fund reported ending fund balance of \$2,254,089. Of this amount, \$2,222,300 (unassigned fund balance) is available for spending at the District's discretion.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Willacy County Hospital District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, including comparative information on the General Fund.

#### **Government-Wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the Willacy County Hospital District finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflow of resources and liabilities and deferred inflow of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other indicators of the District's financial position should also be taken into consideration, such as the change in the District's property tax base, in order to more accurately assess the overall financial condition of the District.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by tax revenues from other functions that are intended to recover all or a significant portion of their costs through user charges.

#### **Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. Willacy County Hospital District, like other special – purpose, single program entities, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The District's basic services are reported in a governmental fund, which focuses on how cash and other financial assets can readily be converted to available resources and on the available balances left at year-end. This information may be useful in determining what financial resources are available in the near future to finance the District's programs.

Because the focus of governmental fund level statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In addition to the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance, separate statements are provided that reconcile between the government-wide and fund level statements.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, Willacy County Hospital District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The Governmental Accounting Standard Board (GASB) Statement No. 54 – "Fund Balance Reporting and Governmental Fund type Definitions" provides for a hierarchy of five possible classifications as follows:

**Nonspendable** fund balances are balances that cannot be spent. They are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances will be inventory and prepaid items.

The spendable fund balances include restricted, committed, assigned and unassigned based upon the hierarchy of spending constraints. **Restricted**: fund balances are constrained by external parties, or imposed by law; **Committed**: fund balances that contain self—imposed constraints of the District from its highest level of decision making authority (the Board of Directors); **Assigned**: fund balances that contained self-imposed constraints of the District to be used for a particular purpose (the Board of Directors or an official to whom which the District has delegated the authority to assign funds for specific purposes); and **Unassigned**: fund balance of the general fund that has not been constrained for any particular purpose.

#### **Government-wide Financial Analysis**

The District's net position was \$2,317,074 and \$2,102,507 at September 30, 2024 and 2023, respectively. An analysis of the District's net position is shown below:

	2024	2023
Current assets	\$ 2,310,192	\$ 2,122,526
Non-current assets	142,437	149,372
Total assets	2,452,629	2,271,898
Total liablities	12,176	38,301
Total deferred inflows	123,379	131,090
Net position		
Investment in capital assets	23,268	23,268
Unrestricted	2,293,806	2,079,239
Total net position	2,317,074	2,102,507
Total liabilities, deferred inflows of resources and net position	\$ 2,452,629	\$ 2,271,898

Changes in the District's net position can be determined by reviewing the following condensed statement of activities for the year.

	2024	2023
Program revenues	\$ 32,746	\$ 36,775
General revenues	521,913	554,881
Total revenues	554,659	591,656
Expenses - health and welfare	(340,092)	(367,706)
Change in net position	214,567	223,950
Net position, beginning of year	2,102,507	1,878,557
Net position, end of year	\$ 2,317,074	\$ 2,102,507

#### **Financial Analysis of the General Fund**

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,222,300, while total fund balance was \$2,254,089. As a measure of the general fund's liquidity; it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 653% of total general fund expenditures, while total fund balance represents 663% of total general fund expenditures. Fund balance in the general fund increased due to several factors. During the current year, the District's investments generated a significant amount of investment income which was the result of a healthy market performance. In addition, there was a significant decrease in the District's indigent health care expenditures which was also a large contributing factor to the increase in fund balance.

#### **Analysis of Changes in Capital Assets**

At the end of 2024, the District had invested \$23,268, net of depreciation, in a broad range of capital assets, including land, buildings, equipment and fixtures.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the year ended September 30, 2024:

	0	ctober 1,				Se	otember 30,
		2023	Additions	De	letions		2024
Farm - real estate	\$	12,518	\$ -	\$	-	\$	12,518
Land		10,750	-		-		10,750
Buildings		130,123	-		-		130,123
Equipment and fixtures		22,736	-		-		22,736
Subtotal		176,127	-		-		176,127
Accumulated depreciation		(152,859)	-		-		(152,859)
Net capital assets	\$	23,268	\$ -	\$	-	\$	23,268

#### **General Fund Budgetary Highlights**

The original budgeted revenue of \$506,139 represented a nominal decrease over the previous year's budgeted amount. The 2024 budget was not amended for revenues during the fiscal year. Property taxes represent about 75% of total General Fund budgeted revenue.

The original adopted General Fund expenditures were \$641,184. Each year the District performs a mid-year review of the budget. If it is determined that funds are available, certain amendments are proposed to the Board of Directors for their review and approval. These amendments increased the General Fund's appropriations by \$1,331 to \$642,515 of expenditures. The increase was attributed mostly to audit fees and director bonds.

#### **Economic Factors and Next Year's Budgets and Rates**

The District's revenue budget and rates for next year's operations appear to be sufficient to provide adequate income during this period.

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

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at 1623 South 15<sup>th</sup> Street, Raymondville, Texas 78580, telephone (956) 689-6565.



### **FINANCIAL STATEMENTS**

#### Willacy County Hospital District Statement of Net Position

September 30, 2024

September 30, 2024		overnmental Activities
ASSETS		
Current assets:		
Cash	\$	223,009
Investments		2,033,793
Receivables		
Property taxes		
(less allowance for uncollectible taxes receivable of \$36,730)		43,080
Leases		6,935
Due from other governments		3,375
Total current assets		2,310,192
Non-current assets:		
Leases		119,169
Capital assets, net		113,103
Non-depreciable assets		23,268
Total non-current assets		142,437
Total assets	\$	2,452,629
LIABILITIES		
Current liabilities:		
Accounts payable	\$	7,707
Unearned rent	Ψ	4,469
Total current liabilities		12,176
Total liabilities		12,176
- Octal nationales		12,270
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to leases		123,379
Total deferred inflows of resources		123,379
NET POSITION		
Investment in capital assets		23,268
Unrestricted		2,293,806
Total net position		2,317,074
Total liabilities, deferred inflows of resources and net position	ċ	2,452,629
Total habilities, deferred filliows of resources and fiet position	7	2,732,023

## Willacy County Hospital District Statement of Activities

For the year ended September 30, 2024

For the year ended September 30, 2024	 ernmental ctivities
Expenditures/expenses	
Health and welfare	
Advertising	\$ 1,110
Building and yard maintenance	5,819
Business office supplies and expenses	3,064
Collection fees	20,375
Farm taxes and expenses	622
Indigent health care	72,085
Insurance - buildings, grounds and liability	9,253
Insurance - employee	16,606
Lease on copier	882
Local matching funds - Tropical Texas Center MHMR	30,954
Miscellaneous	3,825
Postage	416
Prescriptions	4,182
Professional services	20,486
Salaries and other payroll expenses	132,252
Telephone	1,477
Utilities	3,843
Employee retirement	12,342
Election expense	499
Total expenditures/expenses	340,092
Program revenues:	
Charges for services:	
Tobacco settlement	8,719
Claims processing fee	11,325
Refunds from health providers	116
Rental income	4,875
Lease revenue	7,711
Total program revenues	32,746
Net program expense	307,346
General revenues:	
Property taxes	406,204
Interest income	114,340
Miscellaneous	1,369
Total general revenues	521,913
Change in net position	214,567
Net position, beginning	2,102,507
Net position, ending	\$ 2,317,074

#### Willacy County Hospital District General Fund Balance Sheet

September 30, 2024		
ASSETS		
Cash	\$	223,009
Investments		2,033,793
Receivables		
Property taxes		
(less allowance for uncollectible taxes receivable of \$36,730)		43,080
Leases		126,104
Due from other governments		3,375
Total assets	\$	2,429,361
LIABILITIES		
Accounts payable	\$	7,707
Unearned rent		4,469
Total liabilities		12,176
DEFERRED INFLOWS OF RESOURCES		
Unavailable property taxes		39,717
Leases		123,379
Total deferred inflows of resources		163,096
FUND BALANCE		
Assigned for:		
Scholarship program		14,480
Farm land expenses		17,309
Unassigned		2,222,300
Total fund balance		2,254,089
Total liabilities, deferred inflows of	_	0.400.00:
resources and fund balance	\$	2,429,361

The accompanying notes are an integral part of this statement.

#### Willacy County Hospital District Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position

September 30, 2024	
Fund balance for the governmental fund	\$ 2,254,089
Amounts reported for governmental activities in the balance	
sheet are different because:	
Capital assets used in governmental activities are not	
financial resources and therefore are not reported in the fund	23,268
Assessment and a simple for a grant and the same and the same state of the same stat	
Amounts receivable for property taxes are not available	
for current period expenditures and therefore	
are deferred in the governmental fund	39,717
Net position of governmental activities	\$ 2,317,074

#### Willacy County Hospital District General Fund Statement of Revenues, Expenditures And Change in Fund Balance

For the year ended	September	30, 2024
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Revenues:	
Property taxes	\$ 406,932
Refunds from health providers	116
Rental income	4,875
Lease revenue	7,711
Claims processing fee	11,325
Tobacco settlement	8,719
Interest income	114,340
Miscellaneous	1,369
Total revenues	555,387
Expenditures/expenses	
Health and welfare	
Advertising	1,110
Building and yard maintenance	5,819
Business office supplies and expenditures	3,064
Collection fees	20,375
Farm taxes and expenditures	622
Indigent health care	72,085
Insurance - buildings, grounds and liability	9,253
Insurance - employee	16,606
Lease on copier	882
Local matching funds - Tropical Texas Center MHMR	30,954
Miscellaneous	3,825
Postage	416
Prescriptions	4,182
Professional services	20,486
Salaries and other payroll expenditures	132,252
Telephone	1,477
Utilities	3,843
Employee retirement	12,342
Election expense	499
Total expenditures/expenses	340,092
Net change in fund balance	215,299
Fund balance, beginning of year	2,038,794
Fund balance, end of year	\$ 2,254,089

## Willacy County Hospital District Reconciliation of Revenues, Expenditures and Changes in Fund Balance of The Governmental Fund to the Statement of Activities

For the year ended September 30, 2024	
Net change in fund balance for the governmental fund	\$ 215,295
Amount was a stand for any common antal activities in the atatament of	
Amounts reported for governmental activities in the statement of	
activities are different because:	
Property tax revenues in the statement of activities that do not provide	
current financial resources are not reported in the fund. This is the	
change in these amounts for the year.	(728)
	<b>.</b>
Change in net position of governmental activities	\$ 214,567

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Willacy County Hospital District (the "District") is a political subdivision of the State of Texas established to provide health care services, including funding for indigent health care for the residents of Willacy County, Texas. Prior to October 31, 1986, the District discontinued operations of the Hospital.

#### Reporting Entity

The financial statements of the Willacy County Hospital District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. As of September 30, 2024, the District does not present any business-type activities.

The District engages in a single governmental program which is presented here as the general fund. These financials are accompanied by a reconciliation of the balance sheet of the governmental fund to the statement of net position which reconciles the amounts reported in the governmental funds to the accrual basis of accounting as shown on the Statement of Net Position.

The statement of activities demonstrates the degree to which the direct expenses, by natural classification, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific classification. Revenues include property taxes, rental income, claims processing fees, refunds from health providers, and miscellaneous revenues.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes – Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the District.

*Program revenues and expenses* – Program revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principle ongoing operations. The principal program revenues of the General Fund are charges for services. Expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund.

#### **Fund Financial Statements**

The fund financial statements provide information about the District's financial condition and results of the operations for the general fund, the District's only fund. Government resources in the fund financial statements are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

The District reports the following governmental funds: The General Fund is the District's only operating fund. It accounts for all financial resources of the general government.

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Budgetary Information**

#### Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by individual revenue/expenditure accounts. Transfers of appropriations between accounts require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is total appropriations.

#### Excess of expenditures over appropriations

For the year ended September 30, 2024, total expenditures did not exceed total appropriations (the legal level of budgetary control) in the General Fund.

#### Assets, Liabilities, Deferred Inflows, and Net Position or Equity

#### Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### *Investments*

Investments are carried at fair value as defined on the provisions of Section 3100: Fair Value Measurements of the GASB Codification. Consistent with Section 3100, the District categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the District is disclosed in Note 2 to the financial statements.

#### Receivables and payables

Accounts receivables – Amounts due for property taxes and for lease and claim billings that have not been collected. Receivables relating to property taxes are shown net of an allowance for uncollectible accounts.

Allowance for doubtful accounts – Property tax receivables have been reported net of the allowance for doubtful accounts. An allowance for tax receivable accounts within the General Fund is based on historical experience in collecting taxes.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received for lease payments before invoices are billed.

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Leases

The District is a lessor for a noncancellable lease of District property. The District recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The District uses the U.S Treasury Index as the discount rate for the lease. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. As the District operates as a landlord, a portion of operating income is derived from the District's lease; therefore, the District recognizes lease interest income as operating income.

#### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### Capital Assets

Capital assets, which include farm-real estate, land, buildings, and equipment and fixtures, are reported in the applicable governmental column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are reflected at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Gains or losses on dispositions of capital assets are included in income within the governmental activities column of the government-wide financial statements. In the governmental fund financial statements, only the proceeds from the disposition are reported.

Depreciation of capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however it is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported in the governmental activities column of the government-wide Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings 40 years Equipment and fixtures 5-10 years

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Deferred Inflows of Resources

In addition to liabilities, the statement of financial position or General Fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting as deferred inflows of resources – unavailable revenue and leases. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and lease revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Categories and Classification of Fund Equity (continued)

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the finance director to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

#### Revenues and Expenditures/Expenses

Property taxes – Property taxes attach as an enforceable lien on real property and are levied as of October 1st. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The tax rate was 0.020 per \$100 of valuation for the year ended September 30, 2024.

General revenues and expenses – General revenues and expenses generally result from property taxes. The principal revenues of the General Fund are property taxes, lease revenues, refunds from health providers, claims processing fees, and miscellaneous income. Expenses include the cost of services, administrative expenses, and depreciation on capital assets.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

#### **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 15, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Recently Issued Accounting Pronouncements**

In the fiscal year 2024, the District implemented the following pronouncements:

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There were no significant impacts of implementing this statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, Compensated Absences, the objective of this Statement 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 requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 103, Financial Reporting Model Improvements, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 20215, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, the objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District is evaluating the requirements of the above statement and the impact on reporting.

#### **NOTE 2: DETAILED NOTES ON ALL FUNDS**

#### **Deposits and Investments**

The District's deposits, including certificates of deposits, were fully insured or collateralized as required by the state statutes at September 30, 2024. At year-end, the respective bank balance totaled \$226,330. Up to \$250,000 of the District's bank balances can be covered by federal depository insurance (FDIC) and any remaining balance would be fully covered by collateral. The collateral is held at third party banks (safekeeping banks) in the District's name under a joint safekeeping agreement between various banks and the District. As of September 30, 2024, the District's bank deposits were fully collateralized in accordance with state statutes. However, during the fiscal year, there was one instance on which the District's deposits exceeded the pledged collateral, resulting in a temporary uncollateralized balance that was promptly resolved.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act determines the types of investments, which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District policy authorizes all the State allowable investments. The District believes it is in substantial compliance with the requirements of the Act and with the local policies.

Custodial credit risk — Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterpart (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

Interest Rate Risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District's investment policy states that the District's funds should not be invested in securities maturing more than five years from the date of purchase.

Credit Risk — Section 150: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation, the District's investment policy limits authorized investments to obligations of the U.S. Treasury and U.S. agencies and certificates of deposit.

#### **NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)**

#### **Deposits and Investments (continued)**

Concentration of Credit Risk — Section I50: Investments of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investment pools and other pooled investments. The certificate of deposits holdings at September 30, 2024 represent 100% of the total investment portfolio held by the District.

Fair Value — GASB Codification Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2 (L2): Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of September 30, 2024:

Maturities (in years)

0. 3eptember 30, 202 m		S)				
		Less		More than		
	Fair Value	than 1	1-5	5	Level	
Investments by fair value level Primary government						
Fixed income certificates of deposits	\$ 2,033,793	\$ 1,366,810	\$ 666,983	\$ -	L2	
Total primary government	2,033,793	1,366,810	666,983			
Total investments measured by	d 2.022.702	Å 4.266.040	<b>A</b> 666 000	<b>A</b>		
fair value level	\$ 2,033,793	\$ 1,366,810	\$ 666,983	\$ -		

#### **NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)**

#### **Deposits and Investments (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024.

Certificates of deposits - Certificates of deposits classified in Level 2 of the fair value hierarchy are valued using a pricing model based on quoted prices for identical or similar assets.

#### **Property Tax Receivables**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year, at which time the applicable property is assessed penalties and interest until paid. On July 1, the property is subject to lien plus penalties and interest until paid.

The District's ad valorem taxes are collected by the Willacy County Tax Assessor-Collector and are disbursed to the District on a monthly basis.

	Schedule of t	eceivable			
Property taxes receivable by year	Year		Total		
	2009	\$	9,670		
	2010		1,763		
	2012		2,239		
	2013		2,630		
	2014		2,795		
	2015		2,824		
	2016		3,114		
	2017		3,444		
	2018		3,805		
	2019		4,238		
	2020		5,368		
	2021		6,274		
	2022		5,842		
	2023		10,388		
	2024		13,382		
Total taxes receivable			79,810		
Allowance for uncollectible			(36,730)		
Property taxes receivable at end of year		\$	43,080		

#### **Due from Other Governments**

At September 30, 2024, due from other governments consisted of claims processing fees from Willacy County in the amount of \$3,375.

#### **NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)**

#### **Capital Assets**

Capital asset activity for the year ended September 30, 2024 is as follows:

#### **Governmental Activities**

	eginning Balance					Ending Balance
	/1/2023	Additi	ons	Retir	ements	/30/2024
Capital assets, not being depreciated	· ·					·
Farm-real estate	\$ 12,518	\$	-	\$	-	\$ 12,518
Land	10,750		-		-	10,750
Total capital assets, not being depreciated	23,268		-		-	23,268
Capital assets, being depreciated						
Buildings	130,123		-		-	130,123
Equipment and fixtures	22,736		-		-	22,736
Total capital assets, being depreciated	152,859		-		-	152,859
Less accumulated depreciation for:						
Buildings	(130,123)		-		-	(130,123)
Equipment and fixtures	(22,736)		-		-	(22,736)
Total accumulated depreciation	(152,859)		-		-	(152,859)
Total capital assets, being depreciated, net	-		-		-	-
Governmental activities, capital assets, net	\$ 23,268	\$	-	\$	_	\$ 23,268

#### **NOTE 4: LEASES**

Willacy County Hospital District has one lease related to land. The agreement is for 19 years and the interest rate is set at 1.9%.

The District recognized \$7,711 in lease revenue and \$1,165 in interest revenue during the year ended September 30, 2024, related to the lease. As of September 30, 2024, the District's receivable for lease payments was \$126,104. Also, the District has a deferred inflow of resource associated with this lease that will be recognized as revenue over the lease terms. As of September 30, 2024, the balance of the deferred inflow of resources was \$123,379.

#### **NOTE 4: LEASES (Continued)**

Future payments included in the measurement of the lease receivable as of September 30, 2024 for each of the next five fiscal years and in five-year increments thereafter are as follows:

Years ending						
September 30,	F	Principal	cipal Interest Tot		Total	
2025	\$	7,071	\$	1,029	\$	8,100
2026		7,209		891		8,100
2027		7,351		749		8,100
2028		7,495		605		8,100
2029		7,642		458		8,100
2030-2034		38,855		4,345		43,200
2035-2039		41,654		3,346		45,000
2040-2041		8,827		173		9,000
Total	\$	126,104	\$	11,596	\$	137,700

#### **NOTE 5: RETIREMENT PLAN**

In June 1999, the Board implemented a retirement plan for District employees. The plan is a defined contribution plan with the District Administrator acting as the plan administrator. The District acts as trustee for the plan. Employees are fully vested after one year of service. Contributions to the plan are equal to 10% of the employee's salary from the District. Contributions to the plan for the year ended September 30, 2024 were \$12,342. All required employer contributions had been funded by September 30, 2024.



## REQUIRED SUPPLEMENTARY INFORMATION

#### Willacy County Hospital District Schedule of Revenues, Expenditures And Changes in Fund Balance – Budget and Actual

For the year ended September 30, 2024

, , , , , , , , , , , , , , , , , , , ,	_			Variance With Final Budget	
		dget	A atual	Positive	
Revenues	Original	Final	Actual	(Negative)	
Property taxes	\$ 381,934	\$ 381,934	\$ 406,932	\$ 24,998	
Refunds from health providers	500	500	116	(384)	
Rental income	4,875	4,875	4,875	(504)	
Lease revenue	9,125	9,125	7,711	(1,414)	
Claims processing fee	24,000	24,000	11,325	(12,675)	
Tobacco settlement	10,000	10,000	8,719	(1,281)	
Interest income	75,205	75,205	114,340	39,135	
Miscellaneous	500	500	1,369	869	
Total revenues	506,139	506,139	555,387	49,248	
Total revenues	300,139	300,139	333,367	49,246	
Expenditures					
Advertising	2,000	2,000	1,110	890	
Building and yard maintenance	9,000	9,000	5,819	3,181	
Business office supplies and expenditures	8,600	8,600	3,064	5,536	
Collection fees	35,000	35,000	20,375	14,625	
Employee retirement	14,095	14,095	12,342	1,753	
Election expense	20,000	20,000	499	19,501	
Farm taxes and expenditures	800	800	622	178	
Indigent health care	250,000	250,000	72,085	177,915	
Insurance - buildings, grounds and liability	11,100	11,100	9,253	1,847	
Insurance - employee	19,000	19,000	16,606	2,394	
Lease on copier	1,000	1,000	882	118	
Local matching funds - Tropical Texas Center MHMR	36,000	36,000	30,954	5,046	
Miscellaneous	15,835	16,180	3,825	12,355	
Postage	600	600	416	184	
Prescriptions	40,000	40,000	4,182	35,818	
Professional services	19,500	20,486	20,486	-	
Salaries and other payroll expenditures	149,154	149,154	132,252	16,902	
Scholarships	3,000	3,000	-	3,000	
Telephone	1,700	1,700	1,477	223	
Utilities	4,800	4,800	3,843	957	
Total expenditures	641,184	642,515	340,092	302,423	
·	,	,	,	•	
Net change in fund balance	\$ (127,045)	\$ (128,376)	215,295	\$ 343,671	
Fund balance, beginning of year			2,038,794		
0 - 7			,		
Fund balance, end of year			\$ 2,254,089		

# Willacy County Hospital District Notes to Required Supplementary Information

#### Stewardship, compliance, and accountability

### 1. Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

Formal budgetary integration is employed as a management control device during the year for the General Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The original annual appropriated budgets and any revisions of such budgets that affect the overall fund total expenditures are made through appropriated budget resolutions approved by the Board of Directors. The original annual appropriated budgets are adopted by resolutions by the Board of Directors prior to the beginning of the fiscal year as required by state law. The final annual amended appropriated budgets are used in this report. The overall fund total of actual expenditures cannot exceed the overall fund total of appropriated expenditures for such funds.

### 2. Expenditures Over Appropriations

At September 30, 2024, total expenditures did not exceed total appropriations in the General Fund.



# OTHER SUPPLEMENTARY INFORMATION

### Willacy County Hospital District General Fund Comparative Balance Sheets

September 30,	2024	2023
ASSETS		
Cash	\$ 223,009	\$ 151,860
Investments	2,033,793	1,919,306
Receivables		
Property taxes (less allowance for uncollectible taxes receivable		
of \$36,730 for 2024 and \$36,730 for 2023)	43,080	43,800
Leases	126,104	133,039
Due from other governments	3,375	625
Total assets	\$ 2,429,361	\$ 2,248,630
LIABILITIES		
Accounts payable	\$ 7,707	\$ 33,832
Unearned rent	4,469	4,469
Total liabilities	12,176	38,301
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	20.747	40.445
Property taxes	39,717	40,445
Deferred inflows related to leases	123,379	131,090
Total deferred inflows of resources	163,096	171,535
FUND BALANCE		
Assigned for:		
Scholarship program	14,480	14,480
Farm land expenses	17,309	9,777
Unassigned	2,222,300	2,014,537
Total fund balances	2,254,089	2,038,794
	, - ,	,,
Total liabilities, deferred inflows		
of resources and fund balances	\$ 2,429,361	\$ 2,248,630

# Willacy County Hospital District General Fund Comparative Statements of Revenues, Expenditures And Changes in Fund Balance

For the years ended September 30,	2024		2023	
Revenues:				
Property taxes	\$	406,932	\$ 510,738	
Refunds from health providers		116	157	
Rental income		4,875	4,875	
Lease revenue		7,711	7,711	
Claims processing fee		11,325	15,250	
Tobacco settlement		8,719	8,782	
Interest income		114,340	40,889	
Miscellaneous		1,369	3,254	
Total revenues		555,387	591,656	
Expenditures/expenses				
Health and welfare				
Advertising		1,110	1,091	
Building and yard maintenance		5,819	2,264	
Business office supplies and expenditures		3,064	3,412	
Collection fees		20,375	26,026	
Election expense		499		
Farm taxes and expenditures		622	680	
Indigent health care		72,085	100,208	
Insurance - buildings, grounds and liability		9,253	7,897	
Insurance - employee		16,606	16,901	
Lease on copier		882	882	
Local matching funds - Tropical Texas Center MHMR		30,954	27,206	
Miscellaneous		3,825	1,216	
		416	384	
Postage Prescriptions		4,182	1,831	
Professional services		20,486	18,594	
Salaries and other payroll expenditures		132,252	139,353	
Telephone		1,477	1,497	
Utilities		3,843	3,756	
Employee retirement		12,342	13,836	
Total expenditures/expenses		340,092	367,034	
Net change in fund balance		215,295	224,622	
Fund balance, beginning of year		2,038,794	1,814,172	
	,			
Fund balance, end of year	\$	2,254,089	\$ 2,038,794	



### **COMPLIANCE SECTION**



Carr, Riggs & Ingram, L.L.C. 402 East Tyler Avenue Harlingen, TX 78550

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Willacy County Hospital District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund, of Willacy County Hospital District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Willacy County Hospital District's basic financial statements, and have issued our report thereon dated July 15, 2025.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Willacy County Hospital District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Willacy County Hospital District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Willacy County Hospital District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harlingen, Texas July 15, 2025

Carr, Riggs & Ungram, L.L.C.

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# Willacy County Hospital District Schedule of Findings and Responses

### Section I - Summary of Auditor's Results

Financial Statements		
Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	yes	<u>X</u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u>X</u> yes	none reported
Noncompliance material to financial statements noted?	yes	<u>X</u> no

# Willacy County Hospital District Schedule of Findings and Responses

### Section II – Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with *Government Auditing Standards*

### A. Significant Deficiency in Internal Control

# PROGRAM DESCRIPTION Significant Deficiency Number: (2024-001) Segregation of Duties (Repeat Finding)

Criteria:	Internal controls are a major part of managing an entity's financial operations. Internal controls are designed to reduce the risk associated with achieving the District's organizational objectives to be within its organizational risk goals.
Condition Found:	We observed internal control weaknesses due primarily to the fact that the number of employees employed by the District prohibits the ability of the organization to cover all aspects of internal control.
Context:	The District only has two employees performing all accounting duties, and at times, noncompatible accounting duties overlap.
Effect:	Lack of a sound internal control system, could result in financial statement errors and/or fraud.
Cause:	A limited number of employees working in the office and overlapping accounting duties resulting in inadequate segregation of duties.
Recommendation:	Although we believe that the existing policies and procedures employed by the District represent the best available alternative for sound internal controls, it is important to recognize that this situation dictates the Board of Directors remain involved in the financial affairs of the District to provide oversight and independent review functions.
Views:	Management agrees with the finding. See corrective action plan

on page 39.

Willacy Country Hospital District

1623 South 15th Street 956/689-6565

RAYMONDVILLE, TEXAS 78580

## Schedule of Findings and Responses Corrective Action Plan

REFERENCE NUMBER CORRECTIVE ACTION PLAN

Reference Number: (2024-001) Segregation of Duties

Corrective Action Plan: The District's Board of Directors will continue to remain

involved in the financial affairs of the District to provide

oversight and independent review functions.

Martha Acevedo, District Administrator (956) 689-6565

Implementation Time Frame: September 30, 2025

### Schedule of Findings and Responses Summary of Prior Audit Findings

### **REFERENCE NUMBER**

### STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE

Schedule Reference Number: (2023-001) Segregation of Duties

Status of Corrective Action Plan:

Due to the limited size of the District, the District continues to develop procedures involving the Board of Directors to mitigate the segregation of duties issue. However, the District's resources are not available for expansion of personnel and therefore, this resulted in the District not being able to maintain a full accounting department with appropriate segregation of duties within a reasonable timeframe.

**Conclusion:** Repeated in current year as finding (2024-001).