




Bexar County Hospital District d/b/a University Health A Component Unit of Bexar County, Texas

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

December 31, 2024 and 2023



Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Contents
December 31, 2024 and 2023

Report of Management Responsibility	1
Introductory Information	2
Independent Auditor’s Report	9
Management’s Discussion and Analysis	12
Financial Statements	
Balance Sheets	19
Statements of Revenues, Expenses, and Changes in Net Position	21
Statements of Cash Flows	22
Fiduciary Activities – Statements of Fiduciary Net Position	24
Fiduciary Activities – Statements of Changes in Fiduciary Net Position	25
Notes to Financial Statements	26
Required Supplementary Information	
Schedule of Changes in University Health’s Net Pension Liability and Related Ratios	73
Schedule of University Health Pension Contributions	74
Schedule of Changes in University Health’s Net OPEB Liability and Related Ratios	75
Schedule of University Health OPEB Contributions	76

Report of Management Responsibility

The management of University Health is responsible for the preparation and integrity of the financial information presented in this report. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board, and include amounts based on judgments and estimates made by management. Management also prepares the management's discussion and analysis and required supplementary information in the report and is responsible for its accuracy and consistency with the financial statements.

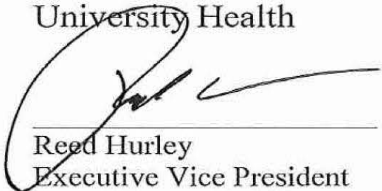
The basic financial statements have been audited by the independent accounting firm of Forvis Mazars LLP, who was given unrestricted access to all financial records and related data, including the minutes of all meetings of the Board of Managers. Pursuant to the Bylaws, the Board of Managers provides oversight by reviewing and approving annual budgets; fiscal policies and procedures; and monthly financial statements. The Audit Committee reviews and recommends external auditors to the Board of Managers.

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

- A documented organizational structure and division of responsibility;
- Established policies and procedures which are routinely reviewed by management, regularly communicated to staff and that demand highly ethical conduct from all employees.

University Health's Integrity Services Department monitors the operation of the internal control system and reports findings and recommendations to the management and the Board of Managers as appropriate. Corrective actions are taken to address control deficiencies and other opportunities for improvement as they are identified.

University Health



Reed Hurley
Executive Vice President
/Chief Financial Officer

Edward Banos
President/Chief Executive Officer

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

This introductory information of Bexar County Hospital District d/b/a University Health (University Health) provides an overview of University Health's highlights and accomplishments for the year ended December 31, 2024. It should be read in conjunction with the financial statements of University Health.

University Health continues to pursue its strategic vision to be the premier health system in South Texas, committed to delivering patient-centered, culturally competent and high-quality health care, based on a strong foundation of outcomes-based research and innovative teaching. This vision guides decision-making and operational execution. The Triple-Aim *Plus* concepts continue to be the guiding principles of how University Health executes its strategy to serve the community. University Health continues to be successful in executing the aims of improving quality, safety and outcomes; improving the patient experience; improving efficiencies and improving access to care. These principles are the foundation of health care transformation and all initiatives pursued are developed in the spirit of transforming care using the Triple-Aim *Plus* goals.

A host of significant accomplishments in 2024 are a testament to University Health's team commitment to delivering high quality, compassionate care. Highlights of key initiatives and their outcomes relative to Triple-Aim *Plus* include:

Quality, Safety and Outcomes

- University Health earned a Fall 2024 Leapfrog Hospital Safety Grade of "A." This is the third straight reporting period for University Health to earn this top rating. The Leapfrog Group announced its Fall grades for the nation's nearly 3,000 hospitals on November 15th. These grades, which range from A – F, are updated every spring and fall based on performance across 22 evidence-based quality and safety measures. The Leapfrog Hospital Safety Grade program is considered the "gold standard" measure of patient safety, and grades are reported publicly so communities and patients can stay up to date on how well their hospitals are doing at providing high quality care, protecting patients from harm and improving patient outcomes. The Leapfrog Group is a nonprofit watchdog organization that serves as a voice for health care consumers and purchasers, using their collective influence to foster positive change in U.S. health care.
- University Health was identified as one of 472 hospitals across 42 states to earn both a Leapfrog "A" safety rating and the highest price transparency score from Turquoise Health.
- University Health once again earned a Grade of A from the Lown Institute. The 2024 – 25 Lown Hospitals Index for Social Responsibility, published June 25, is its 5th annual publication ranking hospitals across the nation based on their commitment to equitable and socially responsible care. University Health was ranked 18th in Texas and was 190th among all hospitals nationally. This year the Lown Institute also ranked hospitals in the category of Academic Medical Center (AMC) and University Health was ranked 2nd among AMCs in Texas and 16th among all AMCs nationally. Here are the individual components of this report card and University Health's corresponding 2024-25 grades:
 - Social Responsibility Grade: A
 - Health Equity Grade: A
 - Patient Outcomes Grade: A
 - Clinical Outcomes Grade: A
 - Community Benefit Grade: A
 - Inclusivity Grade: A

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

- The University Hospital Level I trauma center was re-verified as a Level I trauma center and earned the Surgical Quality Partner Award from the American College of Surgeons. These designations assure patients and the community that our team offers the most advanced care and meets the highest standards of trauma care. University Hospital continues to be the only trauma center in south Texas verified at the highest level for the care of both adults and pediatric trauma patients.
- University Health was named to Becker's Hospital Review's annual list of the 150 Top Places to Work in Healthcare for 2024. According to Becker's, the healthcare organizations featured on this list are top-tier employers who assist in teammates' professional and personal development, offer wellness benefits that address whole-person health, and provide opportunities to give back to the community. This list also celebrates healthcare organizations that promote diversity in the workplace, promote a healthy work-life balance and enhance employee engagement.
- University Health earned a place on the San Antonio Express-News' list of Top Workplaces in San Antonio for 2024. This award follows the feedback our employees provided through the Top Workplaces survey last spring. More than 5,000 University Health team members responded to that independent survey. University Health has earned various Top Workplace honors since 2021, including San Antonio Express-News' Top Workplaces in San Antonio, Top U.S. Healthcare Industry Workplace awards and overall U.S. Top Workplaces recognition. These recognitions are based solely on our team's responses to a third-party confidential survey. Survey results are verified by an independent organization.
- University Health was named to the USA Today Top Workplace list for 2024. This recognition is based exclusively on results of University Health's annual employee engagement survey. University Health is ranked #87 among large employers in the nation, and the only San Antonio hospital to receive this recognition. More than 7,000 employers nationwide were invited to take the challenge and 2,227 followed through with an employee survey process. Ultimately, 1,531 employers received recognition.
- For the third year in a row, University Health was selected as a National Healthcare Top Workplace for 2024 based on results of our 2023 Top Workplace employee survey. These recognitions are based solely on our team's responses to a third-party confidential survey sent annually to all University Health team members by Energage, an independent research firm. Survey results are verified by an independent organization.
- For the second straight year, University Health Transplant Institute earned the prestigious Chairman's Award from INTERLINK. This award recognizes our program as the top performing liver transplant program in INTERLINK's large network. This designation is based on quality outcomes determined through its analytical performance model. INTERLINK is a specialty network that has partnered with University Health for many years.
- University Health Women's & Children's Hospital was again rated a "high performing" for maternity care by U.S. News & World Report. A High Performing rating indicates exemplary performance on a range of objective quality measures, such as rates of unexpected complications and C-sections. Of the record 817 hospitals that submitted maternity data to U.S. News in 2024, only 414 earned a High Performing rating.
- University Hospital once again earned a place on the annual Newsweek list of America's Best Maternity Hospitals. Data sources to develop this list include a nationwide online survey of health care professionals and hospital managers with knowledge about maternity processes. Survey respondents include neonatal and perinatal doctors, nurses, and midwives who were asked to recommend leading maternity hospitals in the US. Additionally, hospital quality metrics relevant to maternity care from a variety of public sources were collected with a focus on indicators relevant to maternity care, and publicly available data from hospital patient surveys were used to analyze patient experience.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

- Both the University Hospital Adult Emergency Department and the University Health Harvey E. Najim Children's Emergency Department have been selected as 2024 Lantern Award recipients from the Emergency Nurses Association (ENA). They are among 94 EDs across the U.S. meeting the criteria for this highest ENA honor, which highlights this recognition as "a visible symbol of an emergency department's commitment to quality, safety, a health work environment and innovation in nursing practice and emergency care."
- Two University Health Women's & Children's Hospital units earned the Beacon GOLD Award for Excellence in 2024. The Pediatric Intensive Care Unit and the Pediatric Intermediate Care Unit are among the elite group of teams to earn this highest level of recognition from the American Association of Critical-Care Nurses, demonstrating how they are setting the standard for excellence in patient care.
- The University Health Women's & Children's Hospital Hematology/Oncology unit earned the GOLD Beacon Award for Excellence from the American Association of Critical-Care Nurses. This significant achievement recognizes this team's commitment to providing the highest level of compassionate care to our young patients battling cancer. The Beacon Award signifies exceptional care in a unit that puts patients first. For nurses, this award can mean a positive and supportive work environment with greater collaboration, higher morale and lower turnover.
- University Health's Adolescent & Young Adult (AYA) cancer unit achieved a GOLD Level Beacon Award from the American Association of Critical Care Nursing (AACN). The AYA staff and leadership are committed to providing the very best care to young cancer patients and this Beacon Awards demonstrates that commitment, validating how nurses on the unit make significant contributions in delivering high quality, safe care that meets the needs of patients. This award also validates the work nurses do to create a healthy work environment, while developing important skills and competencies.
- The University Health Women's & Children's Hospital obstetrics team earned the silver-level Beacon Award for Excellence in 2024 from the American Association of Critical-Care Nurses. The Beacon award recognizes units that exemplify nursing care and foster healthy work environments.
- In 2024, University Hospital was one of only 259 hospitals in the country to be recognized by the American College of Cardiology for the quality of care provided to patients experiencing a specific type of life-threatening heart attack called a myocardial infarction or MI. The Chest Pain –MI Registry Platinum Performance Achievement Award recognizes hospitals for their commitment and success in implementing a higher standard of care for heart attack patients, including aggressive goals for treating these patients with the most current, science-based measures outlined by the American College of Cardiology and American Heart Association. This award verifies that the University Hospital chest pain/MI team has demonstrated sustained achievement in following these guidelines for two consecutive years (2022 and 2023).
- The University Health ECMO (Extracorporeal Membrane Oxygenation) team's three-day course to educate other ECMO teams earned prestigious endorsement from ELSO, an international organization representing over 750 ECMO centers, which set standards for ECMO simulation, research and clinical practice around the world. We are now among the fewer than 30 programs worldwide to achieve this endorsement. In fact, University Health is just the fourth program in the U.S. to earn this distinction, joining University of Michigan, University of Pittsburgh and University of Iowa.
- Aetna recertified University Health as an Institute of Excellence (IOE) network member for Pediatric Congenital Heart Services. The IOE designation signifies high standards in healthcare, enhancing patient trust and confidence in the quality of care they will receive. Hospitals in the IOE network are also

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

recognized for excellence in specific areas of healthcare, providing patients access to high-quality, specialized treatments. Patients with Aetna insurance may also benefit from better coverage or more favorable terms for treatments at an IOE network hospital, potentially reducing their out-of-pocket costs.

- OptumHealth recertified University Health as a national Center of Excellence (COE) for both Adult and Pediatric Cancer Services. This is a continuation of our previous designation and demonstrates that University Health's cancer team meets the high-quality standards OptumHealth expects for its nationwide base of clients.
- OptumHealth recertified University Health as a national Center of Excellence (COE) for Adult Liver Transplant, and both Adult and Pediatric Kidney Transplant. These are continuations of our previous designations and demonstrate the high-quality care our transplant team delivers to OptumHealth's nationwide base of clients.
- Aetna recertified the University Health Transplant Institute as an Institute of Excellence. This recognition includes our adult and pediatric kidney transplant services, as well as our adult liver and lung transplant programs. This type of recognition demonstrates our commitment to high quality care and outstanding patient outcomes and assures patients and referring physicians that choosing University Health Transplant Institute is the best choice for these advanced services and lifesaving procedures.
- The University Health Adult Epilepsy Monitoring unit received re-accreditation and the Pediatric Monitoring unit received first-time accreditation from the National Association of Epilepsy Centers. As accredited programs, University Health will be listed as a Level 4 Epilepsy Center in the US News and World Report *Best Hospitals* edition.
- University Health's Center for Learning Excellence received an ATD BEST Award for the 14th straight year. Having earned this award more than 10 times places University Health in the "BEST of the BEST" category again. There are just seven organizations in the country to earn this elite status and University Health is the only nonprofit on the list. This award demonstrates our commitment to supporting individual and organizational growth through learning. With that commitment, we're better positioned to offer high-quality educational solutions that meet our organization's goals of providing high-quality compassionate patient care.
- Both the University Health Pediatric and Adult Cystic Fibrosis Programs received full accreditation (5-year cycle) from the Cystic Fibrosis Foundation based on a site visit conducted in March. Full accreditation is awarded to programs who demonstrate a commitment to providing state-of-the-art comprehensive care to patients with cystic fibrosis through adherence to clinical care guidelines, education and research activities. In addition, both the pediatric and adult programs have been selected as 2024 recipients of the annual Cystic Fibrosis Foundation's Quality Improvement Award. These awards recognize outstanding quality improvement processes and accomplishments.
- The University Health Cystic Fibrosis Center was awarded designation as a Therapeutic Development Center in May of this year. This designation will allow us to participate in clinical trials of new, cutting-edge therapies to enhance survival rates for our patient and ultimately cure CF.
- University Health once again earned recognition from the American Heart Association's "Get With the Guidelines" program. University Health's compliance with applying the most up-to-date evidence-based treatment guidelines for the care of stroke patients as well as preventing stroke in patients with diabetes earned University Health the Stroke GOLD PLUS with Target: Stroke Honor Roll Elite and Target: Type 2 Diabetes Honor Roll achievement award.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

- University Health continues to be recognized by the American Orthopaedic Association (AOA) as a “Own the Bone” Star Performer. This recognition honors hospital across the country who participate in the program’s registry and achieve a 75% compliance rate with its prevention measures, demonstrating their commitment to helping patients understand their risk for future fractures and the steps they can take to prevent them. These Star Performers are recognized by the AOA in the annual U.S. News & World Report “Best Hospitals” Guide.

The Patient Experience

- University Health earned certification as the first trauma-informed health system in San Antonio. This journey – to take a consistent and intentional approach in creating and sustaining safe, warm and welcoming environments for people who have experienced physical, emotional, psychological or generational trauma – began nearly five years ago. In 2019, the City of San Antonio, in partnership with the South Texas Trauma-Informed Care Consortium, developed a plan for a Trauma-Informed Bexar County. This local initiative includes a certifying body, the Ecumenical Center, and a centralized training institute, the University Health Institute for Trauma-Informed Care, both of which serve organizations in our community looking to become certified as trauma-informed. University Health’s certification process involved site visits by the Ecumenical Center. That team also reviewed more than 300 documents submitted by University Health in support of 111 trauma-informed care requirements. These requirements relate to Physical and Interpersonal Safety, Transparency & Trustworthiness, Respect & Empowerment, Collaboration & Policy, and Skill Building & Emotional Intelligence.
- University Health was again awarded a 5-Star Transparency Score by Turquoise Health. This prestigious rating follows our team’s work to upload a Machine Readable File (MRF) to the University Health website to provide consumers with detailed information on charges, negotiated rates and cash prices, including a price estimator tool for 300 services. CMS requires hospitals to make their prices and charges publicly available. Turquoise Health gathers and displays those rates to help patients make cost-conscious decisions when receiving care.
- University Health earned a Gold Award in the 25th Annual eHealthcare Leadership Awards for Best Search Engine Marketing Campaign. This award recognizes the user experience of our primary care campaign landing page and overall impact of the campaign in terms of click-thru rates and new patient appointments.
- The University Health GO smartphone app received a Bronze Award as part of the Spring 2024 Digital Health Awards. The Digital Health Awards is organized by the Health Information Resource Center, a national clearinghouse for professionals who work in consumer health fields. The UH GO app was recognized in its mobile digital health resources category and selected for its success in engaging patients, as well as staff members.

Efficiencies

- University Health was among 53 health systems in the nation identified by Becker’s in 2024 for having strong finances and solid operational metrics based on Fitch Ratings and Moody’s Investors Service. The publication stated “University Health has an “AA+” rating and stable outlook with Fitch. The San Antonio-based system’s outlook is based on the Bexar County Hospital District’s significant tax margin, good cost management, and strong leverage position relative to its liquidity and outstanding debt.”
- University Health continues to be the first and only health organization in Texas to be certified as a Level 10 Most Wired health system by the College of Healthcare Information Management Executives (CHIME) both Acute and Ambulatory care. For 2024, University Health was one of just 15 U.S. hospitals in the

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

nation to earn this highest level. Among the more than 55,000 facilities represented, University Health ranked above peers in categories like analytics and data management, population health, infrastructure and patient engagement. The survey assessed the adoption, integration and impact of technologies in health care organizations at all stages of development, from early development to industry leading.

- The University Health Women's & Children's Hospital earned LEED Gold certification from the U.S. Green Building Council. LEED, or Leadership in Energy & Environmental Design, is a globally recognized symbol of excellence in sustainable building. LEED certification ensures electricity cost savings, lower carbon emissions and healthier environments. In U.S., buildings account for almost 40 percent of national CO2 emissions, but LEED-certified buildings have 34 percent lower CO2 emissions, consume 25 percent less energy and 11 percent less water, and have diverted more than 80 million tons of waste from landfills. LEED projects earn points by adhering to prerequisites and credits across nine measurements for building excellence from integrative design to human health to material use.
- University Hospital earned the 2023 *Excellence in Electrophysiology Award for financial and environmental sustainability achievements in the EP lab* from Innovative Health. University Hospital works with Innovative Health to reprocess single-use devices used in the electrophysiology (EP) lab. The practice is FDA controlled and involves no additional risk to patients. In 2023, University Health saved \$76,329 in single-use device reprocessing in the EP lab.
- University Health was again recognized as a RoboHero winner by ST Engineering/Aethon. This award highlights top-of-class utilization of mobile robot technology in hospitals around for: most miles traveled and most deliveries made. One of the University Hospital robots used to deliver items for different departments was at the top of the list for most deliveries. Over a 12-month period, this robot made 16,288 deliveries.

Access to Care

- University Health held three successful health facility groundbreaking events in 2024, including University Health Palo Alto Hospital on the far South Side of San Antonio, University Health Retama Hospital on the far Northeast Side of Bexar County, as well as two multi-specialty clinics: University Health Wheatley, on the East Side and University Health Vida, on the far South Side. All of these events were well-attended by community leaders, physician partners, nonprofits and area residents. The hospitals are slated to open in 2027. The clinics will open in late 2025.

Economic Factors and Key Challenges

Since the DSRIP portion of the 1115 Waiver has concluded, University Health continued its effective work with focus on the Directed Payment Programs (DPPs) portion of that long-term waiver.

Staff and the Board of Managers continue to monitor and consider many factors that have a direct or indirect impact on future operations of University Health that include the following:

- Addressing the health care needs of the rapidly growing Bexar County population
- Ongoing workforce shortages
- Rising costs for equipment and services
- Growing activity and improving operating efficiencies in all places of care
- Navigating changes to reimbursement models including the Affordable Care Act, value-based care initiatives, and others

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Introductory Information
Years Ended December 31, 2024 and 2023**

Strategic Plans to Meet These Challenges

- Strong continuing focus on maintaining high quality of care and improving it in interdisciplinary teams where needed
- Continuing to maximize the Lean Management processes aimed at:
 - Enabling enhanced access to care in various places of care offered by the health system
 - Facilitating rapid improvements in key areas using lean management approaches
 - Assuring mechanism are in place to develop, sustain and improve processes over time
- Continuing to optimize the Epic electronic medical record system for effective clinical work in the system and in interoperability with referring and receiving providers in the community
- Regularly building interoperability with collaborating and referring provider organizations for secure, appropriate transmission of health care information on shared patients
- Enhancing access to such high volumes areas as ambulatory clinics, telemedicine, and dialysis
- Enhancing throughput in the inpatient and emergency department settings to meet growing demand
- Expanding the existing High Value Post-Acute Network (HVPAN) to include additional types of high quality and collaborative post-acute providers to support appropriate patient transfers and to enhance throughput
- Implementing and adapting strategic tactics to fulfill projected activity by:
 - Focusing on key service lines
 - Trauma
 - Transplant
 - Women's health services including perinatal and neonatal care
 - Heart and Vascular
 - Neurosciences
 - GI and advanced endoscopy
 - Children's health
 - Oncology
 - Growing the breadth and depth of University Medicine Associates to meet growing current and primary care and specialty care needs and to expand the group in advance of launching the community hospitals in two years
 - Enhancing marketing, outreach and referral development efforts locally and regionally
 - Executing planned clinical integration and physician alignment initiatives with key service line physicians and selected community physicians
 - Leveraging the capability and appeal of the new Women's and Children's Hospital and associated growth tactics to expand services and capacity available through that launch
- Leveraging current technology, data and tools
- Enhancing human capital through recognition programs and continuous learning, with a special focus on retaining and recruiting key staff considering post-pandemic changes to the labor market
- Produce positive financial results to prefund our annual capital budget (currently, routine capital expenditures are funded in the year the capital is expended).

Independent Auditor's Report

Board of Managers
Bexar County Hospital District
d/b/a University Health
San Antonio, Texas

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Bexar County Hospital District d/b/a University Health (University Health), collectively a component unit of Bexar County, Texas, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise University Health'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 respective financial position of the business-type activities and the fiduciary activities of University Health as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 University Health 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 opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2024, University Health adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are 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 University Health'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.

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 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 University Health'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 University Health'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, pension and other postemployment benefit information, as listed in the table of contents, 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.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the report of management responsibility and the introductory information 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.

Forvis Mazars, LLP

**Dallas, Texas
May 20, 2025**

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

This management's discussion and analysis of the financial performance of Bexar County Hospital District d/b/a University Health (University Health) provides an overview of University Health's financial activities for the years ended December 31, 2024 and 2023. It should be read in conjunction with the financial statements of University Health.

The 2022 balances included in this management's discussion and analysis have not been restated to reflect the adoption of GASB Statement No. 101, Compensated Absences, adopted by University Health in 2024 and presented retrospectively to January 1, 2023. (See Note 1.)

Financial Highlights

- As shown in Table 2, excluding consideration of the impact to 2023's opening net position for adoption of GASB 101, University Health's net position increased by \$373.6 million, or 15.3%, in 2024 and increased by \$337.7 million, or 14.6%, in 2023. The increase in net position in both years is due to increases in operating revenue and property tax revenue.
- During 2024, University Health's total operating revenue increased by \$277.3 million, or 10.9%, while total operating expenses increased by \$303.7 million, or 10.5%. During 2023, University Health's total operating revenue increased by \$207.8 million, or 8.9%, while total operating expenses increased by \$274.8 million, or 10.4%.
- University Health invested \$378.7 million in capital assets in 2024 and \$286.7 million in 2023, as part of the ongoing Capital Improvement Plan.

Financial Analysis of University Health

The balance sheets and the statements of revenue, expenses, and changes in net position report information about University Health's financial activities. These two statements report the net position of University Health and changes in the net position. Increases or decreases in University Health's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, growth in the number of uninsured and working poor, taxable property values and tax rates, and new or changed state and federal government funding should also be considered.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

A summary of University Health's balance sheets is presented in Table 1 as follows:

TABLE 1
Condensed Balance Sheets
(In Thousands)

	2024	2023 (As Restated)	2022
Assets			
Current and other assets	\$ 3,432,381	\$ 3,460,235	\$3,051,314
Capital assets, net	2,143,925	1,881,817	1,684,532
Total Assets	5,576,306	5,342,052	4,735,846
Deferred Outflows of Resources	156,253	193,561	115,218
Total Assets and Deferred Outflows of resources	\$ 5,732,559	\$ 5,535,613	\$ 4,851,064
Liabilities			
Long-term debt	\$ 1,360,519	\$ 1,412,981	\$1,259,377
Net pension liability	184,840	209,400	64,219
Net other postemployment benefits liability	138,298	121,109	78,060
Other liabilities	576,475	678,868	626,349
Total Liabilities	2,260,132	2,422,358	2,028,005
Deferred Inflows of Resources	662,414	676,792	697,159
Net Position			
Net investment in capital assets	773,640	867,138	690,956
Restricted - expendable	70,242	76,411	49,947
Restricted - non-expendable	1,000	750	500
Unrestricted	1,965,131	1,492,164	1,384,497
Total Net Position	2,810,013	2,436,463	2,125,900
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,732,559	\$ 5,535,613	\$ 4,851,064

As seen in Table 1, net position increased by \$373.6 million in 2024 to \$2.8 billion. The increase in net position results, in part, from an increase in patient service revenue attributable to increased patient volumes compared to the prior year. Property tax revenue, which is reflected as a component of nonoperating revenues, also increased significantly from prior year and is attributable to higher property values in Bexar County as well as taxes on new property values. Net position increased by \$310.6 million in 2023 to \$2.5 billion (inclusive of restatement to opening net position, due to adoption of GASB 101).

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Summary of Revenues, Expenses and Changes in Net Position

The following table presents a summary of University Health's historical revenues and expenses for each of the years ended December 31, 2024, 2023, and 2022:

TABLE 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
(In Thousands)

	2024	2023 (As Restated)	2022
Operating Revenues			
Net patient service revenue	\$ 1,817,137	\$ 1,613,889	\$1,396,759
Premium revenue	852,162	798,600	823,460
Other revenue	153,541	133,097	117,519
Total Operating Revenues	2,822,840	2,545,586	2,337,738
Operating Expenses			
Salaries and employee benefits	1,108,259	989,200	853,336
Medical claims expense	736,160	700,396	697,307
Purchased services, supplies and other	1,209,776	1,082,861	956,398
Depreciation and amortization	154,738	132,754	123,381
Total Operating Expenses	3,208,933	2,905,211	2,630,422
Operating Loss	(386,093)	(359,625)	(292,684)
Nonoperating Revenues, Net	759,643	697,311	516,015
Increase in Net Position	\$ 373,550	\$ 337,686	\$ 223,331

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Sources of Revenues

Table 3 presents a summary of University Health's historical sources of gross revenues:

**TABLE 3
Sources of Revenue by Percentage**

	2024	2023	2022
Operating Revenues			
Net patient service revenue	50.7%	49.8%	48.9%
Premium revenue	23.8%	24.6%	28.9%
Other revenue	4.3%	4.1%	4.1%
Total Operating Revenues	78.8%	78.5%	81.9%
Nonoperating Revenues (Expenses)			
Investment return	3.2%	3.4%	0.0%
Interest expense	-1.2%	-1.3%	-1.1%
Debt issuance costs	0.0%	-0.1%	-0.1%
Property tax revenue, net	18.9%	19.1%	19.0%
Proceeds from tobacco settlement	0.3%	0.3%	0.3%
Total Nonoperating Revenues, Net	21.2%	21.5%	18.1%
Total Revenues	100%	100%	100%

Payer Mix

Table 4 presents the relative percentages of gross charges billed for patient services by payer for the years ended December 31, 2024, 2023, and 2022:

**TABLE 4
Payer Mix by Percentage**

	Year Ended December 31,		
	2024	2023	2022
Medicare	27%	27%	27%
Medicaid	19	21	24
Self-pay	20	22	22
Commercial insurance and other	34	30	27
Total	100%	100%	100%

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Operating and Financial Performance

Overall activity of University Health, as measured by discharges, increased 14.8% to 39,499 in 2024 from 34,406 in 2023. In 2024, net patient service revenue increased by \$203.2 million to \$1.81 billion, or 12.6%, due primarily to increased patient volumes. Discharges increased 8.6% to 34,406 in 2023 from 31,692 in 2022. In 2023, net patient service revenue increased by \$217.1 million to \$1.61 billion, or 15.5%, due primarily to increased patient volumes.

In 2024, premium revenue increased by \$53.6 million to \$852.2 million, or 6.7%. This increase is due to an increase in rates paid for members. Member months decreased from 2,332,514 in 2023 to 1,897,855 in 2024, a decrease of 18.6%. In 2023, premium revenue decreased by \$24.9 million to \$798.6 million, or 3.0%. This decrease is attributable to a decrease in member months as a result of the end of the Public Health Emergency (PHE). During the PHE, as a result of COVID-19, health plans could not unenroll plan members. Member months decreased from 2,362,061 in 2022 to 2,332,514 in 2023, a decrease of 1.3%.

Overall, total operating revenue of \$2.8 billion increased \$277.3 million, or 10.9%, in 2024 compared to the total of \$2.5 billion in 2023 that increased by \$207.8 million, or 8.9%, over 2022. The increase in both years is attributable to the increase in net patient service revenue and premium revenue discussed above.

Employee compensation increased by \$119.1 million, or 12.0%, in 2024 and \$135.9 million, or 15.9%, in 2023. The increases are attributed to increased staffing due to increased activity in the hospital and clinic expansion initiatives as well as increased labor market costs due to inflation.

Medical claims expense increased by \$35.8 million, or 5.1%, in 2024 and increased by \$3.1 million, or 0.4%, in 2023. The increase in both years is due to increased costs associated with the claims paid on behalf of members.

Purchased services, supplies and other expenses had an overall increase of \$126.9 million, or 11.7%, in 2024 and an overall increase of \$126.5 million, or 13.2%, in 2023. The increases in both years are attributed to increased patient volumes, inflation and the COVID-19 pandemic and related industry-wide supply chain challenges.

Depreciation and amortization expense increased by \$22.0 million, or 16.6%, and increased by \$9.4 million, or 7.6%, in 2024 and 2023, respectively. The increase in expense in 2024 is attributable to placing a large amount of capital assets into service in 2024 and late 2023, including the Women's and Children's Hospital.

Overall, total operating expenses increased by \$303.7 million to \$3.2 billion, or 10.5%, in 2024 and by \$274.8 million to \$2.9 billion, or 10.4%, from 2023.

Nonoperating Revenues

Nonoperating revenues (expenses) consists of property tax revenue, investment income, proceeds from the tobacco settlement (the settlement of litigation between the State Attorney General and various tobacco companies), interest expense on bonds and debt issuance costs. Overall, nonoperating revenues (expenses) in 2024 of \$759.6 million increased by \$62.3 million, or 8.9%, from 2023. Nonoperating revenues (expenses) in 2023 of \$697.3 million increased by \$181.3 million, or 35.1%, from 2022. The increase in both 2024 and 2023 is attributable to higher investment returns earned on deposits and investments as well as an increase in property tax revenue attributable to higher property values.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

In 2024, property taxes were levied to support maintenance and operations and debt service. Overall property taxes increased by \$58.7 million to \$678.5 million compared to the 2023 taxes of \$619.8 million. Of the \$678.5 million, \$578.9 million was to support maintenance and operations. The remaining \$99.6 million in property tax revenue is a debt service property tax to fund the payment of principal and interest (debt service) on the Certificates of Obligation and the Limited Tax Refunding Bonds discussed more fully in Note 8.

Capital, Lease and Subscription Assets and Long-term Debt

During 2024 and 2023, University Health invested \$364.2 million and \$281.5 million, respectively, in a broad range of capital assets. Table 5 presents an analysis of capital asset balances between 2024, 2023, and 2022:

**TABLE 5
Capital Assets
(In Thousands)**

	2024	2023	2022
Land and land improvements	\$ 72,609	\$ 68,861	\$ 65,270
Building and improvements	2,149,439	1,983,718	1,449,471
Equipment	809,090	757,299	655,201
Construction in progress	323,324	180,383	538,804
	<u>3,354,462</u>	<u>2,990,261</u>	<u>2,708,746</u>
Less accumulated depreciation	<u>1,210,537</u>	<u>1,108,444</u>	<u>1,024,214</u>
Capital assets, net	<u><u>\$ 2,143,925</u></u>	<u><u>\$ 1,881,817</u></u>	<u><u>\$ 1,684,532</u></u>

Construction in progress increased by \$142.9 million from 2023 to 2024 due to ongoing facility expansion efforts, comprised of two new community hospitals (with planned openings in 2027) as well as two new community health centers.

University Health's long-term debt is comprised of both limited tax refunding bonds and certificates of obligation. Long-term debt transactions are discussed more fully in Note 8.

At December 31, 2024 and 2023, University Health had \$27.3 million and \$30.1 million, respectively, invested in lease assets, net of accumulated amortization. Lease asset additions totaled \$3.3 million in 2024 and were not significant for 2023.

At December 31, 2024 and 2023, University Health had \$55.6 million and \$67.5 million, respectively, invested in subscription assets, net of accumulated amortization. Subscription asset additions totaled \$22.6 million and \$37.1 million in 2024 and 2023, respectively.

See Note 5 for additional information on University Health's capital, lease and subscription assets.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Contacting University Health's Financial Manager

This financial report is designed to provide our citizens, customers, bond holders, and creditors with a general overview of University Health's finances and to demonstrate University Health's accountability for the money it receives. The report is available at www.universityhealth.com. If you have questions about this report or need additional financial information, contact University Health's Financial Offices at 4502 Medical Drive, San Antonio, Texas 78229.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Balance Sheets
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 430,143	\$ 430,322
Restricted cash equivalents - Local Provider Participation Fund	27,669	28,628
Short-term investments	249,507	311,078
Patient accounts receivable, net	216,540	192,249
Property taxes receivable, net	350,244	358,098
Estimated amounts due from third-party payors	88,998	79,583
Prepaid expenses and other current assets	197,952	159,287
Total Current Assets	1,561,053	1,559,245
Noncurrent Cash and Investments		
Noncurrent investments	119,834	86,484
Internally designated for capital acquisitions and improvements	1,099,118	778,977
Internally designated for contingencies	491,909	437,025
Internally designated for professional self-insurance	5,439	5,237
Externally restricted for capital acquisition and debt service	53,870	476,445
Total Noncurrent Cash and Investments	1,770,170	1,784,168
Capital Assets, Net	2,143,925	1,881,817
Lease Assets, Net	27,349	30,114
Subscription Assets, Net	55,617	67,534
Other Assets		
Long-term patient accounts receivable, net	4,430	4,430
Other	13,762	14,744
Total Other Assets	18,192	19,174
Total Assets	5,576,306	5,342,052
Deferred Outflows of Resources		
Loss on bond refunding	10,395	11,262
Consideration in excess of net position acquired	9,755	11,149
Other postemployment benefits	66,659	70,782
Pensions	69,444	100,368
Total Deferred Outflows of Resources	156,253	193,561
Total Assets and Deferred Outflows of Resources	\$ 5,732,559	\$ 5,535,613

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Balance Sheets
Years Ended December 31, 2024 and 2023
(In Thousands)

(Continued)

	2024	2023 (As Restated)
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 41,955	\$ 31,045
Current maturities of lease liabilities	4,074	4,943
Current portion of subscription liabilities	23,734	28,304
Accounts payable and accrued expenses	358,760	470,057
Medical claims payable	120,136	102,591
Revenue received in advance	-	5,197
Estimated amounts due to third-party payors	21,718	5,300
Total Current Liabilities	570,377	647,437
Estimated Self-insurance Costs	6,496	6,381
Lease Liabilities, Noncurrent	24,783	26,365
Subscription Liabilities, Noncurrent	16,774	29,730
Net Pension Liability	184,840	209,400
Net Other Postemployment Benefits Liability	138,298	121,109
Long-term Debt	1,318,564	1,381,936
Total Liabilities	2,260,132	2,422,358
Deferred Inflows of Resources		
Property taxes	660,395	673,399
Other postemployment benefits	351	440
Pensions	1,668	2,953
Total Deferred Inflows of Resources	662,414	676,792
Net Position		
Net investment in capital assets	773,640	867,138
Restricted - expendable	70,242	76,411
Restricted - non-expendable	1,000	750
Unrestricted	1,965,131	1,492,164
Total Net Position	2,810,013	2,436,463
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,732,559	\$ 5,535,613

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023 (As Restated)
Operating Revenues		
Net patient service revenue	\$ 1,817,137	\$ 1,613,889
Premium revenue	852,162	798,600
Other revenue	153,541	133,097
Total Operating Revenues	2,822,840	2,545,586
Operating Expenses		
Salaries and employee benefits	1,108,259	989,200
Medical claims expense	736,160	700,396
Purchased services	367,635	336,924
Medical services	281,299	269,107
Supplies and other	560,842	476,830
Depreciation and amortization	154,738	132,754
Total Operating Expenses	3,208,933	2,905,211
Operating Loss	(386,093)	(359,625)
Nonoperating Revenues (Expenses)		
Investment return	113,340	110,571
Interest expense	(44,084)	(41,631)
Debt issuance costs	-	(1,709)
Property tax revenue, net	678,467	619,750
Proceeds from tobacco settlement	11,920	10,330
Total Nonoperating Revenues, Net	759,643	697,311
Increase in Net Position	373,550	337,686
Net Position, Beginning of Year, As Originally Reported	2,436,463	2,125,900
Adjustment Related to Adoption of GASB 101 - Note 1		(27,123)
Net Position, Beginning of Year, Restated		2,098,777
Net Position, End of Year	\$ 2,810,013	\$ 2,436,463

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023 (As Restated)
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 1,786,715	\$ 1,565,354
Premiums collected, net of reinsurance	832,305	753,825
Payments to suppliers and contractors	(1,330,016)	(1,057,145)
Benefit and loss payments	(717,125)	(714,439)
Payments to or on behalf of employees	(1,061,272)	(948,121)
Other receipts, net	150,965	146,511
Net Cash Used in Operating Activities	(338,428)	(254,015)
Cash Flows From Noncapital Financing Activities		
Receipt of property taxes supporting operations	569,626	674,654
Proceeds received from tobacco settlement	11,920	10,330
Net Cash Provided by Noncapital Financing Activities	581,546	684,984
Cash Flows From Capital and Related Financing Activities		
Receipt of property taxes for debt service	103,690	113,862
Proceeds from issuance of long-term debt	-	200,000
Principal paid on long-term debt	(39,765)	(35,735)
Principal paid on leases payable	(5,766)	(5,641)
Principal paid on subscription liabilities	(35,530)	(40,093)
Interest paid on long-term debt, leases payable and subscription liabilities	(56,796)	(48,259)
Purchase of subscription assets	(4,600)	-
Purchase of capital assets	(391,420)	(286,450)
Net Cash Used in Capital and Related Financing Activities	(430,187)	(102,316)
Cash Flows From Investing Activities		
Interest received on investments	82,833	65,302
Purchase of investments	(1,610,733)	(1,570,612)
Proceeds from disposition of investments	1,714,790	1,250,293
Net Cash Provided by (Used in) Investing Activities	186,890	(255,017)
Increase (Decrease) in Cash and Cash Equivalents	(179)	73,636
Cash and Cash Equivalents, Beginning of Year	430,322	356,686
Cash and Cash Equivalents, End of Year	\$ 430,143	\$ 430,322

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Statements of Cash Flows
December 31, 2024 and 2023
(In Thousands)

(Continued)

	2024	2023 (As Restated)
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (386,093)	\$ (359,625)
Depreciation and amortization	154,738	132,754
Provision for uncollectible accounts	111,863	133,358
Changes in operating assets and liabilities		
Patient accounts receivable, net	(136,155)	(144,329)
Estimated third-party payer settlements	7,004	(23,243)
Accounts payable and accrued expenses	(96,605)	57,599
Net pension liability	(24,560)	145,182
Deferred outflows of resources - pensions	30,923	(60,384)
Deferred inflows of resources - pensions	(1,285)	(71,480)
Net OPEB liability	17,189	43,049
Deferred outflows of resources - OPEB	4,123	(20,220)
Deferred inflows of resources - OPEB	(89)	(7,740)
Other assets, deferred outflows of resources, liabilities and deferred inflows of resources	(19,481)	(78,936)
Net Cash Used in Operating Activities	\$ (338,428)	\$ (254,015)
Noncash Investing, Capital, and Financing Activities		
Capital asset acquisitions included in accounts payable, accrued expenses and other long-term liabilities	\$ 35,685	\$ 48,392
Lease obligations incurred for lease assets	\$ 3,315	\$ 357
SBITA obligations incurred for SBITA assets	\$ 18,004	\$ 37,161
Unrealized gain on investments	\$ (28,517)	\$ (40,562)

In July 2023, University Health issued the Certificates of Obligation, Series 2023 at a premium of \$13,633. Proceeds of \$1,753 were deposited immediately for the payment of the related issuance costs and \$200,000 was deposited into the related project fund.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Fiduciary Activities – Statements of Fiduciary Net Position
Years Ended December 31, 2024 and 2023
(In Thousands)

	Pension (and Other Employee Benefit)	
	Trust Funds	
	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 6,503	\$ 9,683
Employer Contributions Receivable	1,351	1,214
Investments		
Marketable securities		
Common stocks - mid capitalization	46,447	40,585
Mutual funds - common stocks - large capitalization	168,618	149,704
Mutual funds - common stocks - small capitalization	6,405	5,872
Mutual funds - fixed income securities	78,662	72,879
Equity trust	86,800	43,547
Fixed income trust	57,969	72,535
International equity trust	89,965	92,739
Total Marketable Securities	534,866	477,861
Alternative investments		
Investment in Arrowstreet Capital, Ltd.	98,378	91,219
Investment in Portfolio Advisors Private Equity Fund VI, VII, VIII,	35,192	35,527
Investment in Real Estate Trusts	37,925	39,321
Investment in Standard Life Investments	23	23
Investment in Newton Investment Management	31,736	29,245
Investment in Pantheon Access Luxembourg	15,334	11,655
Total Alternative Investments	218,588	206,990
Total Investments at Fair Value	753,454	684,851
Total Assets	761,308	695,748
LIABILITIES		
Accrued expenses	498	461
Net Position		
Restricted for:		
Pensions	686,768	627,919
Postemployment benefits other than pensions	74,042	67,368
Total Net Position	\$ 760,810	\$ 695,287

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Fiduciary Activities – Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2024 and 2023
(In Thousands)

	Pension (and Other Employee Benefit) Trust Funds	
	2024	2023
Additions		
Contributions		
Plan member	\$ 14,615	\$ 12,468
Employer	33,487	32,041
Total Contributions	48,102	44,509
Investment Income		
Interest income	461	2,017
Dividend income	7,690	5,951
Net appreciation in fair value of investments	54,931	75,156
Investment expenses	(1,946)	(1,732)
Net Investment Income	61,136	81,392
Total Net Additions	109,238	125,901
Deductions		
Benefits paid to plan members	42,944	43,066
Administrative expenses	771	640
Total Deductions	43,715	43,706
Increase in Fiduciary Net Position	65,523	82,195
Restricted Net Position, Beginning of Year	695,287	613,092
Restricted Net Position, End of Year	\$ 760,810	\$ 695,287

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

Nature of Operations and Reporting Entity

The Bexar County Hospital District d/b/a University Health (University Health) is a hospital district established under Article IX, Section 4 of the Texas Constitution and Chapter 281 of the Texas Health and Safety Code. It is a political subdivision of the state of Texas, created to provide medical and hospital care to the needy and indigent of Bexar County, and is a discrete component unit of Bexar County (legally separate from Bexar County, Texas). Its Board of Managers (the Board) is composed of seven members appointed by the Commissioners Court of Bexar County for staggered terms of two years (or until a successor is appointed and qualified). Board members are “public officers” under the Texas Constitution who, as a body, exercise sovereign functions of government largely independent of the control of others, and serve without pay.

University Health is one of the largest public health systems in the state of Texas, with approximately 11,000 employees, and more than 900 resident physicians. It includes University Hospital, South Texas’ only: Level I trauma center for both adults and children, Joint Commission accredited Comprehensive Stroke Center, and Level IV Epilepsy Center. It is also designated at Level IV, the highest level, for both its Maternity Center and Neonatal Intensive Care Unit. University Health includes more than two dozen outpatient primary, specialty and preventive care centers, including the Robert B. Green Campus downtown; the Texas Diabetes Institute, dedicated to the prevention and treatment of diabetes; family health centers; neighborhood clinics, outpatient dialysis centers; outpatient surgery centers, adult and pediatric urgent care centers; school-based health centers; and the operations of four nursing homes. University Health is the primary teaching partner of UT Health Science Center San Antonio d/b/a UT Health San Antonio (UT Health).

University Health has established various affiliated nonprofit, tax-exempt organizations to facilitate the funding, delivery and management of its health care mission. The accompanying financial statements present University Health and its component units, entities for which University Health is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended units are appropriately presented as funds of the primary government.

Blended component units. Community First Health Plans (Community First), a not-for-profit corporation, was established in 1994 to assist University Health with providing and arranging health care services in accordance with the *Texas Health Maintenance Organization Act* (Chapter 20A, Vernon’s Texas Insurance Code). Community First is organized as a health maintenance organization (HMO) licensed in Texas to provide comprehensive health care services to its members principally through its contractual relationships with physician groups, ancillary providers and hospitals, including University Health. Community First is the sole corporate member of Community First Insurance Plan (CFIP), which was incorporated in 2001 and licensed by the State of Texas on August 3, 2001, to operate as a Group Hospital Service Corporation under Chapter 20 of the Texas Insurance Code. CFIP is a not-for-profit company and provides hospital accident coverage and preferred provider organization medical insurance to policyholders through their employer. Because Community First is the sole corporate member of CFIP, CFIP is reported as a blended component unit of Community First. Because University Health is the sole corporate member of Community First, Community First is reported as a blended component unit of University Health. Separately issued financial reports are available for Community First and may be obtained by contacting Community First Health Plans, 12238 Silicon Drive, Suite 100, San Antonio, Texas 78249.

University Health Foundation (Foundation) was formed in 1984 under the Texas Development Facility Act as a non-profit organization to solicit, receive and maintain funds for the benefit of University Health. The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a legally separate entity from University Health. In 2023, the Foundation’s articles of incorporation were amended through

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

the filing of Certificates of Formation and Conversion with the Texas Secretary of State converting its structure to a nonprofit public corporation under the Texas Business Organizations Code. As converted, University Health became the sole member of the Foundation with reserve powers and the Foundation is now reported as a blended component unit of University Health. No change was made to the appointment process to the Foundation board. The Bexar County Hospital District Board of Managers continues to appoint the Foundation's Board of Directors. Separately issued financial reports are available for the Foundation and may be obtained by contacting University Health's administrative offices.

Community Medicine Associates d/b/a University Medicine Associates (UMA) is a Texas nonprofit health organization certified by the Texas State Board of Medical Examiners pursuant to Section 501(a) of the Texas Medical Practice Act, now codified at Section 162.001 of the Texas Occupations Code. UMA provides primary care physician services at University Health's Family Health Centers and specialty care physician services at various regional clinic locations and at University Hospital. Because University Health is the sole corporate member of UMA, UMA is presented as a blended component unit of University Health. UMA does not issue separate financial statements.

University Health System Services of Texas, Inc. (UHSST) was formed to establish membership in Central Texas Laundry, LLC (CTL). University Health's governing board is responsible for all financial decisions related to UHSST, there exists a financial benefit or burden relationship between University Health and UHSST and University Health's management has operational responsibility for UHSST. As such, the financial statements of UHSST are presented as a blended component unit of University Health. Separately issued financial reports are available for UHSST. Owned by three regional health care organizations, CTL was formed to provide linen services to businesses and institutions in the region. UHSST holds a 24% interest in CTL, which is recorded using the equity method of accounting.

In prior years, UHSST acquired an interest in Post Acute Medical at San Antonio, LLC (PAM), which is accounted for using the equity method of accounting. PAM was formed to increase access to inpatient beds and to serve current inpatients with enhanced options for post-acute care. UHSST's ownership interest in PAM was approximately 31.03% at both December 31, 2024 and 2023. The difference between the consideration paid and the net position acquired is reflected as a deferred outflow of resources in the balance sheets and is being amortized over a period of 10 years.

Pension and retiree health care trust funds. The University Health System Pension Plan (the Plan) is a single-employer defined benefit pension plan designated as a public retirement system as defined in and authorized by Section 810.001 of the Texas Government Code and a government plan within the meaning of the IRC Section 414(d). The Plan is administered by University Health and is fiscally dependent on University Health. The Plan is reported as a fiduciary component unit in the funds statements. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/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. Separate financial statements of the Plan are available at www.universityhealth.com.

University Health also sponsors a Match Savings Plan, a defined contribution plan, which is described in more detail in Note 11. The Match Savings Plan is also reported as a fiduciary component unit.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

The University Health System Retiree Health Trust (the OPEB Trust) is a single-employer defined benefit OPEB established and administered by University Health and is fiscally dependent on University Health. The OPEB Trust is reported as a fiduciary component unit in the funds statements. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust and additions to/deductions from the OPEB's fiduciary net position have been determined on the same basis as they are reported by the OPEB. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Separate financial statements of the OPEB Trust are available at www.universityhealth.com.

Other significant relationships. In 1994, UT Health established a Texas nonprofit corporation organized under Section 501(a) of Article 4495b of the Texas Medical Practice Act, now codified at Section 162.001 of the Texas Occupations Code. This corporation serves as a contracting vehicle for physician services with University Health and other payers, including managed care organizations.

Effective June 6, 2000, University Health and Bexar County became the sole sponsors for the Center for Health Care Services (CHCS). The terms of the relationship are governed by a Sponsorship Agreement with Bexar County dated May 2, 2000. CHCS is a community center established under Chapter 534 of the Texas Health and Safety Code to provide a comprehensive array of services to improve the lives of people with mental health disorders, substance use challenges and intellectual and developmental disabilities (IDD) throughout Bexar County. CHCS was originally established by a coalition of 17 local taxing authorities in 1966.

The Department of Aging and Disability Services (DADS) required CHCS to divest its dual roles as a local authority and provider of IDD services, which it did by transferring its responsibility for IDD authority to the Alamo Area Council of Governments (AACOG) effective September 1, 2006. University Health entered into a memorandum of understanding with AACOG to connect the sponsorship obligations for IDD from CHCS to AACOG.

The balances and transactions of UT Medicine, CHCS and AACOG are not combined or otherwise included in the accompanying basic financial statements, but University Health's transactions with these organizations are included.

Unless otherwise noted, the following notes do not include the Plan or the OPEB Trust and the values reported in the tables are in thousands.

Basis of Accounting and Presentation

The financial statements of University Health 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 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. 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. University Health first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

In accordance with Governmental Accounting Standards Board Statement (GASB) Statement No. 34, the assets and net position of the Plan and the OPEB Trust are presented separately from those of University Health. The Plan is used to account for assets held in trust for the benefit of the employees of University Health for the defined benefit pension plan and defined contribution plan. The OPEB Trust is used to account for assets held in trust related to the postretirement benefit program for employees of University Health. The financial statements of the Plan and the OPEB Trust are prepared using the accrual basis of accounting.

Use of Estimates

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

Cash Equivalents

University Health considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash and cash equivalents include demand deposits and money market mutual funds. University Health does not consider highly liquid investments that are designated as to use as cash equivalents.

Patient Accounts Receivable

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

Supplies

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

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost.

Investments in external investment pools qualifying for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share. All other investments are carried at fair value as determined using quoted market prices.

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

State statutes and the Board of Managers authorize University Health to invest in a limited number of instruments, as further described in Note 3.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by University Health:

Land improvements	5 – 15 years
Buildings and leasehold improvements	10 – 30 years
Equipment	5 – 15 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. University Health recognizes lease assets related to lease arrangements with more than \$250 payments over the lease term.

Subscription Asset

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset. University Health recognizes subscription assets related to subscription arrangements with more than \$250 payments over the subscription term.

Capital, Lease and Subscription Asset Impairment

University Health 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 December 31, 2024 and 2023.

Compensated Absences

University Health's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. 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, as applicable, in effect at the balance sheet date plus an additional amount for salary-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the balance sheet date is included in other long-term liabilities.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Deferred Outflows

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

Deferred Inflows of Resources

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

Net Position

Net position of University Health is classified in four components on its balance sheets.

- Net investment in capital assets consists of capital, lease and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to University Health, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to University Health, 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.

Risk Management

University Health 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.

University Health 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.

Net Patient Service Revenue

University Health has agreements with third-party payors that provide for payments to University Health at amounts different from its established rates. 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.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Charity Care

University Health provides charity care to residents of Bexar County who qualify on a financial basis for the CareLink Program and to all others who qualify based on University Health's charity care policy. University Health does not pursue collection of amounts in excess of the established guidelines for those patients who meet the charity criteria. Such excess is considered charity care and is not reported as revenue.

University Health's CareLink Program is used to discount gross charges for medical services received in University Health's facilities. Under this program, residents of Bexar County have an established maximum family liability rather than a discount of total gross charges. Key factors in establishing a family's maximum liability levels are: number of dependents, income and the relationship of these factors to the current Poverty Index. University Health does not pursue collection of amounts in excess of the maximum family liability. Such excess amounts are considered charity care and are not reported as revenue.

Arrangements are made with residents of Bexar County to pay their reduced medical costs in installments. Any amounts designated as not being due prior to December 31 of the subsequent year are classified as long-term patient receivables and are presented net of applicable allowances.

Non-CareLink patients meeting the financial and medical indigency criteria established in the charity policy receive a discount from gross charges for emergency and catastrophic medical services received in University Health's facilities. Charges for financial indigency are discounted based on family income compared to the Poverty Index. Charges for medical indigency are discounted when charges exceed a certain income and asset level.

University Health maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. The charges forgone, based on established rates, were approximately \$1,252,030 and \$1,120,037 for the years ended December 31, 2024 and 2023, respectively. The cost of charity care provided under University Health's charity care policy were approximately \$363,938 and \$343,169 for 2024 and 2023, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

Premium Revenue

Community First has agreements with plan sponsors to arrange health service benefits for subscribing participants. Under these agreements, Community First receives monthly premium payments based on the number of each plan sponsor's participants. In addition, Community First receives supplementary delivery payments under the Medicaid program.

Medical Claims Expense

Community First arranges for the provision of comprehensive health care services to its members principally through its contractual relationships with physician groups, ancillary providers, and hospitals, including University Health. Physicians, ancillary providers, and hospitals are paid a contracted fee for service or a capitation rate, and Community First is responsible for any related payments to those providers.

The cost of health care services provided is accrued in the period it is rendered to the enrolled members, based in part on estimates for hospital and physician services rendered to enrolled members during the period that have not yet been reported.

Reserves for Incurred But Not Reported Medical Claims

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

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

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

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. University Health received \$11,920 and \$10,330 in revenue from this settlement for the years ended December 31, 2024 and 2023, respectively. This revenue is recognized as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position.

Property Taxes

University Health received approximately 19% of its financial support from property taxes in both 2024 and 2023. These funds were used as follows:

	2024	2023
Percentage used to support operations	84.6%	85.6%
Percentage used for debt service on bonds	15.4%	14.4%
Total	100.0%	100.0%

Property taxes are levied by University Health 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 University Health records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year. University Health recorded an allowance for uncollectible property taxes of approximately \$22,932 and \$21,857 at December 31, 2024 and 2023, respectively.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

At December 31, 2024 and 2023, respectively, University Health had recorded approximately \$660,395 and \$673,399 of property taxes levied for services to be provided in 2025 and 2024, respectively. These amounts are reported as a deferred inflow of resources in the accompanying balance sheets and will be recognized as revenue in the period for which they were levied.

University Health's property tax rate was \$0.233700 and \$0.236335 per \$100 valuation for 2024 and 2023, respectively, for the maintenance and operation fund. University Health's property tax rate was \$0.042535 and \$0.039900 per \$100 valuation for 2024 and 2023, respectively, for the interest and sinking fund.

Income Taxes

As an essential government function of the County, University Health is generally exempt from federal and state income taxes under Section 115 of the IRC and a similar provision of state law. University Health also has an exemption from income taxes under IRC Section 501(c)(3). UMA, Community First and the Foundation carry exemptions from income taxes under IRC Section 501 sections. University Health, UMA, Community First and the Foundation are subject to federal income tax on any unrelated business taxable income.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassifications had no effect on the changes in financial position.

Change in Accounting Principle

On January 1, 2024, University Health adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). 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.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The 2023 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 for the year ended December 31, 2023, are as follows:

	2023 (As Previously Reported)	Effect of Adoption	Other Reclassifications	2023 (As Restated)
Balance Sheet				
Accounts payable and accrued expenses	\$ 439,169	\$ 30,888	\$ -	\$ 470,057
Total current liabilities	\$ 616,549	\$ 30,888	\$ -	\$ 647,437
Total liabilities	\$ 2,391,470	\$ 30,888	\$ -	\$ 2,422,358
Unrestricted net position	\$ 1,516,419	\$ (30,887)	\$ 6,632	\$ 1,492,164
Total net position	\$ 2,467,350	\$ (30,887)	\$ -	\$ 2,436,463
Statement of Revenues, Expenses, and Changes in Net Position				
Salaries and employee benefits	\$ 985,436	\$ 3,764	\$ -	\$ 989,200
Total operating expenses	\$ 2,901,447	\$ 3,764	\$ -	\$ 2,905,211
Operating loss	\$ (355,861)	\$ (3,764)	\$ -	\$ (359,625)
Increase in net position	\$ 341,450	\$ (3,764)	\$ -	\$ 337,686
Net position, beginning of year	\$ 2,125,900	\$ (27,123)	\$ -	\$ 2,098,777
Net position, end of year	\$ 2,467,350	\$ (30,887)	\$ -	\$ 2,436,463
Statement of Cash Flows				
Operating loss	\$ (355,861)	\$ (3,764)	\$ -	\$ (359,625)
Changes in accounts payable and accrued expenses	\$ 53,835	\$ 3,764	\$ -	\$ 57,599

Note 2. Net Patient Service Revenue

University Health has agreements with third-party payors that provide for payments to University Health at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology.

University Health is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by University Health and audits thereof by the Medicare fiscal intermediary. University Health's Medicare cost reports have been audited by the Medicare administrative contractor through December 31, 2017.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

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 Standard Dollar Amount. Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. University Health is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by University Health and audits thereof by the Medicaid administrative contractor.

Approximately 50% and 54% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2024 and 2023, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Supplemental Medicaid Funding Revenue

The Texas Medicaid Disproportionate Share Program (DSH Program) was designed to assist facilities, like the University Health, serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. This program allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas. At December 31, 2023, University Health had recorded approximately \$5,197 of DSH revenue for services to be provided in 2024, which is reported as revenue received in advance in the accompanying balance sheets. This funding will be recognized as revenue during the period in which services are provided. University Health did not have any DSH revenue received in advance at December 31, 2024.

On December 12, 2011, the United States Department of Health and Human Services (HHS) approved a Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (the Waiver) that allowed the state to expand Medicaid managed care while preserving hospital funding, provide incentive payments for health care improvements and direct more funding to hospitals that serve large numbers of uninsured patients. The Waiver established two pools, an Uncompensated Care Pool (UC Pool) to offset the cost of uncompensated care and a Delivery System Reform Initiative Payment Pool (DSRIP) as incentive payments for developing programs and strategies supporting hospitals' efforts to improve access to health care; improve quality and outcomes of care; improve efficiencies of care provided; and to improve the patient experience by managing the health of patients and families served.

The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as the Texas Health and Human Services Commission (HHSC) and 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 DSRIP program ended on September 30, 2021 and was not extended under the Waiver extension.

CMS has also approved a number of directed payment programs. The directed payment programs University Health participates in are discussed more fully below.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

- Comprehensive Hospital Increased Reimbursement Program (CHIRP) - CHIRP began on September 1, 2021. CHIRP provides for a uniform percentage rate increase to all hospitals within a particular class of hospitals as well as a quality component, which participating hospitals may opt into. The state's share of CHIRP funding is funded through intergovernmental transfers from certain hospitals, including University Health. CHIRP will require annual approval by CMS and has been approved through August 31, 2025. Revenue from CHIRP is part of the claims payment from the Medicaid managed care organizations and is recognized as a component of net patient service revenue in the statements of changes in revenues, expenses and changes in net position.
- Network Access Improvement Program (NAIP) - NAIP aims to increase the availability and effectiveness of primary care for Medicaid beneficiaries by providing incentive payments to participating Health Related Institutions (HRIs). Participation is voluntary and requires HRIs to create a proposal in partnership with a managed care organization (MCO). When the proposal is approved by the Health and Human Services Commission, the costs associated with the incentive payments are added to the monthly capitation rates paid to the MCO and the MCOs are responsible for making payments to the HRIs, such as University Health. Under federal law, pass-through payments to hospitals, like NAIP, must be phased out by July 1, 2027.
- Quality Improvement Payment Program (QIPP) - QIPP is designed to assist nursing facilities serving indigent patients by providing funding to support increased access to health care into the community. It is also designed to allow participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures.
- Medicaid Graduate Medical Education (GME) supplemental payment 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.
- Texas Incentives for Physicians and Professional Services Program (TIPPS) - TIPPS is a directed payment program for certain physician practice groups providing health care services to children and adults enrolled in the STAR, STAR+PLUS and STAR Kids Medicaid managed care programs. Eligible physician practice groups include health related institutions (HRIs), indirect medical education physician practice groups affiliated with hospitals and other physician practice groups.
- Public Hospital Augmented Reimbursement Program (HARP) - HARP is a statewide supplemental program that provides Medicaid payments to certain 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 participating hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services.
- Beginning on September 1, 2024, HHSC provided for a third component to CHIRP, Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA) that provides an additional pay-for-performance component open to urban and children's hospitals for state fiscal year 2025.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Revenue from these programs is recognized throughout the program year as services are rendered and the revenue is earned. Revenue recognized from all programs that are not components of claims payments is included as a component of net patient service revenue in the statements of revenues, expenses and changes in net position as follows:

	2024	2023
DSH Program	\$ 72,059	\$ 47,899
UC Pool	112,991	171,242
NAIP	28,090	40,667
GME	16,351	16,120
QIPP	1,562	2,530
TIPPS	18,736	18,740
HARP	40,896	30,643
APHRIQUA	3,996	-
	<u>\$ 294,681</u>	<u>\$ 327,841</u>

Accounts receivable under the programs listed above were \$88,998 and \$75,890 at December 31, 2024 and 2023, respectively, and are included in estimated amounts due from third-party payors. At December 31, 2024 and 2023, University Health recorded approximately \$33,137 and \$27,669, respectively, of prepaid intergovernmental transfers, which University Health is required to contribute as the state share of CHIRP funding, which is included as prepaid expenses in the accompanying financial statements.

University Health participates in a Local Provider Participant Fund (LPPF) in Bexar County. University Health acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in Bexar County. These payments are to be used to fund intergovernmental transfers representing the state's share of supplemental Medicaid funding program. As University Health acts a conduit for these funds, the receipts and intergovernmental transfers are not recognized as revenues and expenses in the statements of revenues, expenses and changes in net position. At December 31, 2024 and 2023, University Health held \$27,669 and \$28,628, respectively, in mandatory payments that will be transferred in 2025 and 2024.

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

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Note 3. Deposits and Investments

Deposits

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

State law requires collateralization of all deposits of University Health with federal depository insurance or other qualified investments. At December 31, 2024 and 2023, all of University Health's bank deposits were fully insured or collateralized.

Investments

University Health 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 to a limited extent in corporate bonds and equity securities.

University Health also had the following investments and maturities at December 31, 2024 and 2023:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
2024					
U.S. Treasury obligations	\$ 689,916	\$ 351,545	\$ 338,371	\$ -	\$ -
U.S. agencies obligations	738,800	253,220	478,034	7,546	-
Municipal bonds	2,319	2,319	-	-	-
Commercial paper	192,736	192,736	-	-	-
Money market mutual funds	584,410	584,410	-	-	-
Investment pool	267,432	267,432	-	-	-
	\$ 2,475,613	\$ 1,651,662	\$ 816,405	\$ 7,546	\$ -

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
2023					
U.S. Treasury obligations	\$ 354,161	\$ 310,648	\$ 43,513	\$ -	\$ -
U.S. agencies obligations	964,505	511,533	445,480	7,492	-
Municipal bonds	21,745	19,474	2,271	-	-
Commercial paper	276,412	276,412	-	-	-
Money market mutual funds	562,427	562,427	-	-	-
Investment pool	361,861	361,861	-	-	-
	\$ 2,541,111	\$ 2,042,355	\$ 491,264	\$ 7,492	\$ -

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, University Health's investment policy requires that total investments have a weighted-average maturity of five years or less. The longer the maturity of a fixed-rate obligation, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the obligations decrease. Likewise, when interest rates decrease, the fair value of the obligations increase. The money market mutual funds are presented as an investment with a maturity of less than one-year because they are redeemable in full immediately. University Health's investment policy limits the maturity periods of its investments by type to a maximum of 10 years.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). University Health and Community First each have formal investment policies adopted by the Board of Managers and Board of Directors, respectively, that limit investments in securities based on an NRSRO credit rating. University Health's investments are also subject to the *Public Funds Investment Act* (the Act), at Government Code Chapter 2256, and Community First's investments are also subject to regulations enumerated in Title 28, Chapter 11 of the Texas Administrative Code (TAC) and Chapter 20A of the Texas Insurance Code (TIC).

Investments authorized by the Act and University Health's investment policy are limited to: obligations of the United States government or its agencies; municipal obligations, repurchase agreements collateralized by obligations of the United States government or its agencies; investment pools with at least an AA-m or better rating by one nationally recognized rating service; commercial paper with a stated maturity of 270 days or less, and a credit rating of A-1 or P-1 or its equivalent by at least two nationally recognized credit rating agencies; certificates of deposit issued by a state bank, national bank, or a savings and loan association domiciled in Texas, with FDIC insurance and collateralized by obligations of the U.S. government or its agencies, with market value of 102% of the insured principal amount; bankers' acceptances of a bank organized and existing under the laws of the United States, whose short-term obligations are rated not less than A-1 or P-1 or its equivalent by at least one nationally recognized rating agency, and with a stated maturity of 270 days or less; and no-load money market mutual funds registered by the Securities and Exchange Commission with a dollar-weighted-average stated maturity of 90 days or less, and an investment objective of a stable net asset value of one dollar.

Investments authorized by the TAC, TIC and Community First's investment policy are limited to obligations of the United States government or its agencies; certificates of deposit with a credit rating of Moody's A2 or Standard & Poor's (S&P) A; corporate obligations with a credit rating of Moody's A1 or S&P A+; municipal notes and bonds with a credit rating of Moody's Aaa or S&P AAA; auction-rate securities with a credit rating of Moody's A2 or S&P A; and asset-backed securities with a credit rating of Moody's Aaa or S&P AAA.

University Health's investments in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. At December 31, 2024, the debt securities of the U.S. agencies are rated AA+ or A-1+ by S&P or Aaa, Aa3, or P-1 by Moody's. University Health's investments in municipal bonds were rated AAA, AA, and AA- by S&P or Aa1, Aa3, or Aaa by Moody's at December 31, 2024. University Health's investments in commercial paper was rated A-1+ or A-1 by S&P at December 31, 2024.

University Health also invests in TexPool, a state investment pool, which is considered an investment for financial reporting. The Texas State Comptroller of Public Accounts (Comptroller) oversees TexPool. Federated Investors provides asset management and participant services for TexPool's operations under a contract with the Comptroller. The Comptroller has established an advisory board comprised of participants and others who do not have a business relationship with TexPool. The advisory board reviews the investment policy and management fee structure. TexPool is not registered with the Securities and Exchange Commission as an investment

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

company. University Health has an undivided beneficial interest in the pool of assets held by TexPool. Investments must be in compliance with the *Texas Public Fund Investment Act* and include obligations of the United States or its agencies, direct obligation of the state of Texas or its agencies, certificates of deposit and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool. TexPool is rated AAA by Standard & Poor's.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, University Health 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 University Health's investments are held in safekeeping or trust accounts.

Concentration of Credit Risk – University Health places no limit on the amount that may be invested in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed.

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

	2024	2023
Federal Home Loan Bank	14%	27%
Federal Farm Credit Bank	12%	8%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in University Health's balance sheets as follows:

	2024	2023
Carrying value		
Deposits	\$ 1,876	\$ 13,085
Investments	2,475,613	2,541,111
	<u>\$ 2,477,489</u>	<u>\$ 2,554,196</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 430,143	\$ 430,322
Restricted cash equivalents - Local Provider Participation Fund	27,669	28,628
Short-term investments	249,507	311,078
Noncurrent cash and investments	1,770,170	1,784,168
	<u>\$ 2,477,489</u>	<u>\$ 2,554,196</u>

University Health's outstanding checks in excess of deposit balances (if any) are covered by money market mutual funds held with the right of offset at the same financial institution.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Note 4. Patient Accounts Receivable

University Health 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 December 31:

	2024	2023
Medicare	\$ 54,580	\$ 48,774
Medicaid	55,704	55,409
Other third-party payors	109,057	88,414
Patients	460,861	431,444
	<u>680,202</u>	<u>624,041</u>
Less allowance for uncollectible accounts	459,232	427,362
	<u><u>\$ 220,970</u></u>	<u><u>\$ 196,679</u></u>

Note 5. Capital, Lease and Subscription Assets

Capital assets activity was as follows for the years ended December 31, 2024 and 2023:

	Beginning Balance	Additions/ Transfers	Disposals/ Other	Ending Balance
2024				
Land and land improvements	\$ 68,861	\$ 4,053	\$ (305)	\$ 72,609
Buildings and improvements	1,983,718	165,417	304	2,149,439
Equipment	757,299	66,302	(14,511)	809,090
Construction in progress	180,383	142,941	-	323,324
	<u>2,990,261</u>	<u>378,713</u>	<u>(14,512)</u>	<u>3,354,462</u>
Less accumulated depreciation	1,108,444	114,137	(12,044)	1,210,537
	<u><u>\$ 1,881,817</u></u>	<u><u>\$ 264,576</u></u>	<u><u>\$ (2,468)</u></u>	<u><u>\$ 2,143,925</u></u>

	Beginning Balance	Additions/ Transfers	Disposals/ Other	Ending Balance
2023				
Land and land improvements	\$ 65,270	\$ 3,591	\$ -	\$ 68,861
Buildings and improvements	1,449,471	534,247	-	1,983,718
Equipment	655,201	107,257	(5,159)	757,299
Construction in progress	538,804	(358,421)	-	180,383
	<u>2,708,746</u>	<u>286,674</u>	<u>(5,159)</u>	<u>2,990,261</u>
Less accumulated depreciation	1,024,214	89,097	(4,867)	1,108,444
	<u><u>\$ 1,684,532</u></u>	<u><u>\$ 197,577</u></u>	<u><u>\$ (292)</u></u>	<u><u>\$ 1,881,817</u></u>

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

At December 31, 2024, construction in progress include two new community hospitals (with planned openings in 2027) as well as two new community health centers. Funding for the community hospital projects will be a combination of 2022 and 2023 bond proceeds (Note 8) and existing cash and investments. The two community health centers will be primarily funded from Bexar County through a grant.

Lease assets activity was as follows for the years ended December 31, 2024 and 2023:

	Beginning Balance	Additions	Disposals	Ending Balance
2024				
Land	\$ 6,227	\$ -	\$ -	\$ 6,227
Buildings	35,953	3,315	(3,157)	36,111
Equipment	3,309	-	(3,074)	235
	<u>45,489</u>	<u>3,315</u>	<u>(6,231)</u>	<u>42,573</u>
Less accumulated amortization				
Land	259	113	-	372
Buildings	12,893	4,885	(3,157)	14,621
Equipment	2,223	1,082	(3,074)	231
	<u>15,375</u>	<u>6,080</u>	<u>(6,231)</u>	<u>15,224</u>
Lease assets, net	<u>\$ 30,114</u>	<u>\$ (2,765)</u>	<u>\$ -</u>	<u>\$ 27,349</u>
	Beginning Balance	Additions	Disposals	Ending Balance
2023				
Land	\$ 6,227	\$ -	\$ -	\$ 6,227
Buildings	35,596	357	-	35,953
Equipment	3,309	-	-	3,309
	<u>45,132</u>	<u>357</u>	<u>-</u>	<u>45,489</u>
Less accumulated amortization				
Land	\$ 146	113	-	259
Buildings	8,123	4,770	-	12,893
Equipment	1,141	1,082	-	2,223
	<u>9,410</u>	<u>5,965</u>	<u>-</u>	<u>15,375</u>
Lease assets, net	<u>\$ 35,722</u>	<u>\$ (5,608)</u>	<u>\$ -</u>	<u>\$ 30,114</u>

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Subscription assets activity was as follows for the years ended December 31, 2024 and 2023:

	Beginning Balance	Additions	Disposals	Ending Balance
2024				
Subscription IT assets	\$ 124,571	\$ 22,604	\$ (30,505)	\$ 116,670
Less accumulated amortization Subscription IT assets	57,037	34,521	(30,505)	61,053
Subscription Assets, Net	<u>\$ 67,534</u>	<u>\$ (11,917)</u>	<u>\$ -</u>	<u>\$ 55,617</u>
	Beginning Balance	Additions	Disposals	Ending Balance
2023				
Subscription IT assets	\$ 98,101	\$ 37,161	\$ (10,691)	\$ 124,571
Less accumulated amortization Subscription IT assets	30,036	37,692	(10,691)	57,037
Subscription Assets, Net	<u>\$ 68,065</u>	<u>\$ (531)</u>	<u>\$ -</u>	<u>\$ 67,534</u>

Note 6. Accounts Payable and Accrued Expenses

University Health's accounts payable and accrued expenses included in current liabilities consisted of the following at December 31:

	2024	2023 (As Restated)
Payable to suppliers and contractors	\$ 192,194	\$ 225,528
Payable to employees (including payroll taxes and benefits)	105,649	85,791
Accrued interest	22,529	23,411
Premium deficiency reserve	2,790	1,300
Estimated self-insurance costs - current	3,904	3,101
Payable to HHSC by Community First	27,176	123,950
Other accrued liabilities	4,518	6,976
	<u>\$ 358,760</u>	<u>\$ 470,057</u>

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

Community First has contracts with HHSC for CHIP, Medicaid STAR, and Medicaid STAR Kids programs. These contracts include a combined premium rebate provision, which allows the State of Texas to share in Community First's profits that exceed a defined threshold. As of December 31, 2024 and 2023, Community First has recorded an experience rebate of \$5,636 and \$99,177, respectively. The experience rebate is included in the payable to HHSC by Community First in the above summary.

Note 7. Risk Management

Employee Health Claims

University Health is self-insured for employee health insurance costs. The self-insured plan is administered by Community First, which determines the cost of claims paid to community health care providers and estimates a reserve for medical claims incurred but not yet reported. University Health also recognizes the incremental cost of services provided by University Health to plan participants. University Health maintains a stop-loss insurance contract to cover 90% of certain medical costs in excess of \$175 per claim, up to a maximum of \$2,000 per contract year and \$5,000 per member lifetime maximum. Changes in and the balances of University Health's employee health claims liability are not material in 2024 and 2023.

Workers' Compensation Claims

University Health participates in a self-insurance program that provides for the payment of workers' compensation claims. The funding for this program is based on third-party recommendations for settlement in accordance with Texas workers' compensation laws. University Health has purchased reinsurance for individual claims exceeding \$850 up to a maximum limit of \$1,000 for any one accident or occurrence. Changes in and the balances of University Health's workers' compensation claims liability are not material in 2024 and 2023.

Professional Liability Claims

University Health funds a revocable self-insurance trust to provide for the payment of medical malpractice liabilities. The funding is based on management's recommendations for settlement of claims to limits of \$100 per claim and \$300 per occurrence, in accordance with the limited liability provisions of the Texas Tort Claims Act. University Health is also self-insured for "tail coverage" for certain employed physicians. This coverage has a limited time exposure and also is subject to claims limits. Amounts are provided for funding, and estimated liabilities for incurred but not yet reported claims are based on management estimates. Changes in and the balances of University Health's professional claims liability are not material in 2024 and 2023.

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

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Medical Claims Payable

Community First's medical claims payable represents the estimate of the ultimate net cost of all reported and unreported medical claims incurred but not paid through the end of the year. This estimate is based on claims reported, actuarial estimates and trends in the health care costs. Subsequent actual claims experience and related settlement costs may differ from the estimated liability due to variances in estimated and actual subscriber utilization of medical services, the amount of charges and other factors. This estimate is subject to a significant degree of inherent variability. The estimates are continually reviewed and any necessary adjustments are included in current operations.

Changes in and the balances of Community First's aggregate medical claims liability are as follows in 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Medical claims payable, beginning of year	\$ 102,591	\$ 116,933	\$ 54,200
Incurred related to			
Current year	687,534	701,072	691,721
Prior years	<u>49,256</u>	<u>(676)</u>	<u>5,586</u>
Total incurred losses and claims payable	<u>736,790</u>	<u>700,396</u>	<u>697,307</u>
Paid related to			
Current year	675,061	696,020	574,659
Prior years	<u>43,770</u>	<u>18,718</u>	<u>59,915</u>
Total paid losses and claims payable	<u>718,831</u>	<u>714,738</u>	<u>634,574</u>
Medical claims payable, end of year	<u><u>\$ 120,550</u></u>	<u><u>\$ 102,591</u></u>	<u><u>\$ 116,933</u></u>

Patient service revenue and medical claims expense for Community First members amounting to \$84,567 and \$77,784 in 2024 and 2023, respectively, are not eliminated in the basic financial statements.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Note 8. Long-term Debt

A summary of long-term debt is as follows:

	2024	2023
Limited Tax Refunding Bonds, Series 2016	\$ 151,185	\$ 159,470
Certificates of Obligation, Series 2018	233,430	247,720
Limited Tax Refunding Bonds, Series 2019	166,145	175,070
Limited Tax Refunding Bonds, Series 2020	122,045	127,060
Certificates of Obligation, Series 2020	133,550	136,055
Certificates of Obligation, Series 2022	286,345	287,090
Certificates of Obligation, Series 2023	188,120	188,120
	<u>1,280,820</u>	<u>1,320,585</u>
Bond premium	79,699	92,396
	<u><u>\$ 1,360,519</u></u>	<u><u>\$ 1,412,981</u></u>

Limited Tax Refunding Bonds – Series 2016

University Health issued the Limited Tax Refunding Bonds, Series 2016 (the 2016 Bonds) in the amount of \$215,485, dated September 8, 2016. The 2016 Bonds were used to refund \$215,485 of Series 2008 Certificates. The 2016 Bonds mature in various amounts annually on February 15, from 2017 through 2037, with stated coupon rates ranging from 1.5% to 5.0% and are collateralized by a levy of ad valorem tax revenue and lien on and pledge of surplus revenues.

All of the 2016 Bonds still outstanding and maturing on or after February 15, 2027 may be redeemed at University Health's option on or after February 15, 2026 at a price of par plus accrued interest to the date of redemption. The 2016 Bonds were issued at a premium and the outstanding balance of the premium is \$7,331 and \$9,235 at December 31, 2024 and 2023, respectively.

As a result of the refunding, University Health decreased its total debt service requirements by \$69,350 and incurred an accounting loss of approximately \$15,155. The accounting loss on the refunding is being amortized into interest expense using a straight-line method over the term of the 2016 Bonds. The balance of the deferred loss on the refunding is \$8,984 and \$9,754 at December 31, 2024 and 2023, respectively, and is included as a deferred outflow of resources in the accompanying balance sheets.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

Certificates of Obligation – Series 2018

The tax Certificates of Obligation, Series 2018 (the 2018 Certificates) were issued in 2018 for \$308,000, and mature in various amounts annually through February 15, 2048, with stated coupon rates ranging from 2.50% to 5.00% and are collateralized by a levy of ad valorem tax revenue. The proceeds from the issuance were used to fund the construction and equipping of a women's and children's tower at the main hospital campus as well as a heart and vascular institute and advanced endoscopy services facility, among other facilities. The 2018 Certificates maturing on February 15, 2029 and 2030 are subject to redemption prior to the stated maturity date on or after February 15, 2023. The 2018 Certificates maturing on February 15, 2031 and 2032 are subject to redemption prior to the stated maturity date on or after February 15, 2025. The 2018 Certificates maturing on February 15, 2028 and 2033, and in each of the years thereafter, are subject to redemption prior to the stated maturity date on or after February 15, 2027. These optional redemptions are at the option of University Health and are at a redemption price of par plus accrued interest to the date of redemption. The 2018 Bonds were issued at a premium and the outstanding balance of the premium is \$13,603 and \$15,460 at December 31, 2024 and 2023, respectively.

Limited Tax Refunding Bonds – Series 2019

University Health issued the Limited Tax Refunding Bonds, Series 2019 (2019 Bonds) in the amount of \$204,065, dated February 1, 2019. The 2019 Bonds were used to refund \$232,140 of Series 2009B Bonds, resulting in a net present value savings of \$26,010. The 2019 Bonds mature in various amounts annually on February 15 through 2039, with stated coupon rates ranging from 2.5% to 5.0%. The 2019 Bonds are collateralized by a levy of ad valorem tax revenue. All of the 2019 Bonds still outstanding and maturing on or after February 15, 2029 may be redeemed at University Health's option on or after February 15, 2028 at a par plus accrued interest to the date of redemption.

As a result of the refunding, University Health decreased its total debt service requirements by \$42,081 and incurred an accounting loss of approximately \$1,235. The accounting loss on the refunding will be amortized into interest expense using a straight-line method over the term of the 2019 Bonds, which mature in 2039. The balance of the deferred loss on the refunding is \$875 and \$937 at December 31, 2024 and 2023, respectively, and is included as a deferred outflow of resources in the accompanying balance sheets. The 2019 Bonds were issued at a premium and the outstanding balance of the premium is \$12,270 and \$14,651 at December 31, 2024 and 2023, respectively.

Limited Tax Refunding Bonds – Series 2020

During 2020, University Health issued the 2020 Bonds in the amount of \$140,680, dated January 14, 2020. The 2020 Bonds were used to refund \$162,310 of Series 2010B Certificates, resulting in a net present value savings of \$14,750. The 2020 Bonds mature in various amounts annually starting February 15, 2021 through 2040, with stated coupon rates ranging from 3.0% to 5.0%. The 2020 Bonds are collateralized by a levy of ad valorem tax revenue. As a result of the refunding, University Health decreased its total debt service requirements by \$18,884 and incurred an accounting loss of approximately \$701. The accounting loss on the refunding is being amortized into interest expense using a straight-line method over the term of the 2020 Bonds, which mature in 2040. The balance of the deferred loss on the refunding is \$536 and \$571 at December 31, 2024 and 2023, respectively, and is included as a deferred outflow of resources in the accompanying balance sheets. The 2020 Bonds were issued at a premium and the outstanding balance of the premium is \$11,581 and \$13,700 at December 31, 2024 and 2023, respectively.

All of the 2020 Bonds maturing on or after February 15, 2030 still outstanding may be redeemed at University Health's option on or after February 15, 2029 at a price of par plus accrued interest at the date of redemption.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

Certificates of Obligation – Series 2020

During 2020, University Health also issued the Certificates of Obligation, Series 2020 (the 2020 Certificates) in the amount of \$144,685. The proceeds from the issuance were used to fund the construction and equipping of a women's and children's tower at the main hospital campus as well as a heart and vascular institute and advanced endoscopy services facility, among other facilities. The 2020 Certificates mature in various amounts annually on February 15, from 2021 through 2050, with stated coupon rates ranging from 2.00% to 5.00% and are collateralized by a levy of ad valorem tax revenue and lien on and pledge of surplus revenues. All of the 2020 Certificates maturing on or after February 15, 2030 still outstanding may be redeemed at University Health's option on or after February 15, 2029 at a price of par plus accrued interest at the date of redemption. The 2020 Certificates were issued at a premium and the outstanding balance of the premium is \$17,393 and \$19,129 at December 31, 2024 and 2023, respectively.

Certificates of Obligation – Series 2022

During 2022, University Health issued the Certificates of Obligation, Series 2022 (the 2022 Certificates) in the amount of \$293,710. The proceeds from the issuance are to be used to fund the acquisition, construction, improvement and equipping of University Health hospitals and other health care facilities, including medical office buildings and public health facilities throughout Bexar County as well as technology equipment, related hardware, software, and parking facilities. The 2022 Certificates mature in various amounts annually on February 15, from 2022 through 2052, with stated coupon rates ranging from 4.00% to 5.00% and are collateralized by a levy of ad valorem tax revenue and lien on and pledge of surplus revenues. All of the 2022 Certificates maturing on or after February 15, 2033 still outstanding may be redeemed at University Health's option on or after February 15, 2032 at a price of par plus accrued interest at the date of redemption. The 2022 Certificates maturing on or after February 15, 2047 still outstanding may be redeemed at University Health's option on or after February 15, 2028 at a price of par plus accrued interest at the date of redemption. The 2022 Certificates were issued at a premium and the outstanding balance of the premium is \$5,797 and \$7,103 at December 31, 2024 and 2023, respectively.

Certificates of Obligation – Series 2023

During 2023, University Health issued the Certificates of Obligation, Series 2023 (the 2023 Certificates) in the amount of \$188,120. The proceeds from the issuance are to be used to fund the acquisition, construction, improvement and equipping of University Health hospitals and other health care facilities, including medical office buildings and public health facilities throughout Bexar County as well as technology equipment, related hardware, software, and parking facilities. The 2023 Certificates mature in various amounts annually on February 15, from 2025 through 2053, with a stated coupon rate of 5.00% and are collateralized by a levy of ad valorem tax revenue and lien on and pledge of surplus revenues. All of the 2023 Certificates maturing on or after February 15, 2033 still outstanding may be redeemed at University Health's option on or after February 15, 2032 at a price of par plus accrued interest at the date of redemption. The 2023 Certificates were issued at a premium and the outstanding balance of the premium is \$11,724 and \$13,118 at December 31, 2024 and 2023, respectively.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The following is a summary of long-term debt transactions for University Health for the years ended December 31:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2024					
Long-term debt					
Limited Tax Refunding Bonds, Series 2016	\$ 159,470	\$ -	\$ (8,285)	\$ 151,185	\$ 8,715
Certificates of Obligation, Series 2018	247,720	-	(14,290)	233,430	5,855
Limited Tax Refunding Bonds, Series 2019	175,070	-	(8,925)	166,145	9,225
Limited Tax Refunding Bonds, Series 2020	127,060	-	(5,015)	122,045	5,275
Certificates of Obligation, Series 2020	136,055	-	(2,505)	133,550	2,630
Certificates of Obligation, Series 2022	287,090	-	(745)	286,345	4,970
Certificates of Obligation, Series 2023	188,120	-	-	188,120	5,285
Total long-term debt	<u>\$ 1,320,585</u>	<u>\$ -</u>	<u>\$ (39,765)</u>	<u>\$ 1,280,820</u>	<u>\$ 41,955</u>
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2023					
Long-term debt					
Limited Tax Refunding Bonds, Series 2016	\$ 167,355	\$ -	\$ (7,885)	\$ 159,470	\$ 8,285
Certificates of Obligation, Series 2018	253,015	-	(5,295)	247,720	5,570
Limited Tax Refunding Bonds, Series 2019	183,855	-	(8,785)	175,070	8,925
Limited Tax Refunding Bonds, Series 2020	131,830	-	(4,770)	127,060	5,015
Certificates of Obligation, Series 2020	138,435	-	(2,380)	136,055	2,505
Certificates of Obligation, Series 2022	293,710	-	(6,620)	287,090	745
Certificates of Obligation, Series 2023	-	188,120	-	188,120	-
Total long-term debt	<u>\$ 1,168,200</u>	<u>\$ 188,120</u>	<u>\$ (35,735)</u>	<u>\$ 1,320,585</u>	<u>\$ 31,045</u>

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The debt service requirements are as follows as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 41,955	\$ 58,329	\$ 100,284
2026	44,140	56,176	100,316
2027	40,370	54,064	94,434
2028	42,415	51,994	94,409
2029	45,145	49,699	94,844
2030 - 2034	259,690	211,479	471,169
2035 - 2039	298,130	147,520	445,650
2040 - 2044	193,845	94,376	288,221
2045 - 2049	214,975	45,169	260,144
2050 - 2053	100,155	7,030	107,185
	<u>\$ 1,280,820</u>	<u>\$ 775,836</u>	<u>\$ 2,056,656</u>

Note 9. Lease Liabilities

University Health leases medical office space, office space and equipment, the terms of which expire in various years through 2039, and also leases land, the terms of which expire in 2079. University Health recognized approximately \$12,395 and \$12,420 in 2024 and 2023, respectively, of rental expense for variable payments, short-term and cancelable leases that are not include in the measurement of the lease liability.

The following is a summary of lease liability transactions for University Health for the years ended December 31:

	Beginning Balance	Additions	Deductions	Ending Balance
2024 - Lease liabilities	\$ 31,308	\$ 3,315	\$ (5,766)	\$ 28,857
2023 - Lease liabilities	\$ 36,591	\$ 357	\$ (5,640)	\$ 31,308

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The following is a schedule by year of payments under the leases as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 4,074	\$ 458	\$ 4,532
2026	3,622	400	4,022
2027	3,418	344	3,762
2028	3,279	296	3,575
2029	2,172	253	2,425
2030 - 2034	5,689	853	6,542
2035 - 2039	1,116	534	1,650
2040 - 2044	370	467	837
2045 - 2049	464	430	894
2050 - 2054	570	385	955
2055 - 2059	691	330	1,021
2060 - 2064	827	264	1,091
2065 - 2069	981	184	1,165
2070 - 2074	1,155	91	1,246
2075 - 2079	429	7	436
	<u>\$ 28,857</u>	<u>\$ 5,296</u>	<u>\$ 34,153</u>

Note 10. Subscription Liabilities

University Health has various SBITAs, the terms of which expire in various years through 2027. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the Index at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

During the years ended December 31, 2024 and 2023, University Health recognized approximately \$12,991 and \$19,511, respectively, of subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a summary of subscription liability transactions for University Health for the years ended December 31:

	Beginning Balance	Additions	Deductions	Ending Balance
2024 - Subscription liabilities	\$ 58,034	\$ 18,004	\$ (35,530)	\$ 40,508
2023 - Subscription liabilities	\$ 60,966	\$ 37,161	\$ (40,093)	\$ 58,034

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The following is a schedule by year of payments under the SBITAs as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 23,734	\$ 550	\$ 24,284
2026	13,783	192	13,975
2027	2,991	46	3,037
	<u>\$ 40,508</u>	<u>\$ 788</u>	<u>\$ 41,296</u>

Note 11. Pension Plan

Plan Description and Benefits Provided

University Health sponsors a single-employer defined benefit pension plan which covers substantially all of University Health's employees who work at least 20 hours per week or at least 1,000 hours annually and were hired before July 1, 2012 under a traditional final average pay formula based on years of service and average earnings at termination. Employees are eligible for participation in the plan after attaining the age of 21 and completing one year of service. All employees with hire dates through June 30, 2012 must participate in the plan as a condition of employment. Employees hired after June 30, 2012 must participate in the Cash Balance Plan and are eligible for participation in the plan after attaining the age of 21 and completing one year of service.

Plan participants have a 100% vested right in the accrued benefits derived from their accumulated contributions. With regard to participants' accrued benefits derived from employer contributions, the participants become fully vested at the completion of five years of vesting service.

University Health makes contributions which are actuarially determined to pay the plan's total cost less the projected employee contributions.

Final Average Pay Formula

Participants are eligible for normal retirement benefits after attaining age 65 and completing five years of vesting service; or, after age 55 and the number of years of service needed for the sum of the participant's age and years of service to equal 85 years (Rule of 85). Annual normal retirement benefits (accrued benefits) are equal to 1.5% of the participant's average 5 highest years' pay in the last 10 years, times the number of years of credited service.

An early retirement provision is available to participants who attain age 55 and five years of vesting service, but do not satisfy the Rule of 85. The early retirement benefit equals the normal retirement benefit at actual retirement reduced at the rate of 1/15th for each of the first five years before age 65 and 1/30th for each of the next five years before age 65 and the participants actual retirement age.

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

Pre-retirement death benefits before vesting or attainment of age 55 are equal to the amount of the participant's contributions plus 4.5% interest per annum and may be distributed in a lump sum or in installments up to 60 months. Pre-retirement death benefits on or after eligibility for normal retirement are a monthly benefit payable to named beneficiary equal to 50% of the present actuarial value of the participant's accrued benefit otherwise payable on the participant's date of death.

University Health has agreed (but does not guarantee) to voluntarily contribute such amounts as are necessary to maintain the plan on a sound actuarial basis. University Health has the right to discontinue such contributions and terminate the plan at any time. However, under no conditions may University Health withdraw its contributions, or use them for any purpose other than the exclusive benefit of the plan participants and their beneficiaries; and, to pay for administrative expenses. Participants in the plan contribute 2% of gross pay upon achievement of eligibility and thereafter until the time of retirement or separation from employment with University Health.

Match Savings Plan

University Health also deposits amounts to the plan to fund a Match Savings Plan, a defined contribution plan, to encourage eligible employees to participate in a 457 Deferred Compensation Retirement Savings Plan (457 Plan). Under the Match Savings Plan, University Health will match 25% of an employee's contribution to the 457 Plan, up to 4% of compensation. Benefits will be distributed upon retirement or separation from service after satisfying the vesting requirements.

Cash Balance Formula

On June 11, 2012, the plan was amended to stipulate that employees hired by University Health after June 30, 2012 shall not be eligible to participate in the plan, except for the Match Savings Plan and the Cash Balance Plan, which is deemed to be part of the defined benefit pension plan. Other employees rehired after June 30, 2012, shall be treated as subject to this amendment unless they were vested in their accrued benefits prior to the date of being rehired.

Under the terms of the Cash Balance Plan, eligible employees are required to contribute 3% of eligible compensation and University Health also contributes 3% of each participating employee's eligible compensation. Plan participants have a 100% vested right in the accrued benefits derived from their accumulated contributions. With regard to participants' accrued benefits derived from employer contributions, the participants become fully vested at the completion of five years of vesting service. Employee and University Health contributions made on the employees' behalf are credited to a hypothetical cash balance account maintained in the Plan's recordkeeping system. As contributions are credited to the employee's account, interest credits are also made to the account, based on the balance of the account on the first day of each Plan quarter. Interest is measured by the actual rate of return of the entire Pension Trust. Upon the employee's retirement or termination of employment, their cash balance account will be credited with at least the total of all of the contributions that have been credited to their account.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The employees covered by the Plan are as follows at January 1:

	2024	2023
Inactive participants:		
Retirees and beneficiaries currently receiving benefits	1,513	1,477
Terminated employees with deferred benefits	1,833	1,841
Total inactive participants	3,346	3,318
Active participants:		
Fully vested	4,460	4,189
Nonvested	2,627	2,725
Total active participants	7,087	6,914
Total participants	10,433	10,232

Contributions

The Board has the authority to establish and amend the contribution requirements of University Health and active employees. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board has agreed to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the years ended December 31, 2024 and 2023, employees contributed \$12,468 and \$11,133 (or 2.5% and 2.4% of covered payroll), and University Health contributed \$21,806 and \$21,503 (or 4.4% and 4.6% of covered payroll), respectively, to the Plan.

Net Pension Liability

University Health's net pension liability was measured as of December 31, 2023 and 2022 for the years ended December 31, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2023 and 2022, respectively. Update procedures were used to roll forward the total pension liability to the respective measurement dates.

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

	2023	2022
Wage inflation	3.25%	3.25%
Salary increases	4.30%	4.30%
Ad hoc cost of living adjustments	N/A	N/A
Investment rate of return	7.00%	7.00%

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The salary increases and investment rate of return assumptions are inclusive of inflation. The investment rate of return is net of administrative expenses.

Mortality rates were based on the PubG-2010 Sex Distinct Employee and Sex Distinct Healthy Retiree, projected with generational mortality (Scale MP-2020) in both the 2023 and 2022 actuarial valuations.

University Health generally performs an experience study every three to five years. The assumptions used to generate the numbers in these statements were based on an experience study performed in August 2019.

The long-term expected rate of return on pension plan investments was based primarily on a reasonable projection of what assets can be expected to earn given existing capital market conditions, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	31%	4.9%
International equity	26%	5.0%
Fixed income	21%	2.3%
Real estate	10%	3.8%
Private equity	7%	6.0%
Absolute return/Hedge fund	5%	3.2%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0% for both the years ended December 31, 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 University Health 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.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the years ended December 31, 2024 and 2023:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
2024			
Balance, beginning of year	\$ 736,736	\$ 527,336	\$ 209,400
Service cost	24,200	-	24,200
Interest on total pension liability	52,123	-	52,123
Effect of economic/demographic gains or losses	565	-	565
Employer contributions	-	21,868	(21,868)
Member contributions	-	12,468	(12,468)
Benefit payments	(33,197)	(33,197)	-
Net investment income	-	67,112	(67,112)
Net changes	43,691	68,251	(24,560)
Balance, end of year	\$ 780,427	\$ 595,587	\$ 184,840
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
2023			
Balance, beginning of year	\$ 669,256	\$ 605,037	\$ 64,219
Service cost	24,158	-	24,158
Interest on total pension liability	47,414	-	47,414
Effect of economic/demographic gains or losses	28,606	-	28,606
Employer contributions	-	21,503	(21,503)
Member contributions	-	11,133	(11,133)
Benefit payments	(32,698)	(32,698)	-
Net investment income	-	(77,639)	77,639
Net changes	67,480	(77,701)	145,181
Balance, end of year	\$ 736,736	\$ 527,336	\$ 209,400

All amounts shown in the above tables are exclusive of the value of the participant Match-Savings accounts and UMA accounts.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The net pension liability of University Health has been calculated using a discount rate of 7.0%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
University Health's net pension liability	<u>\$ 266,855</u>	<u>\$ 184,840</u>	<u>\$ 115,892</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the years ended December 31, 2024 and 2023, University Health recognized pension expense of \$28,460 and \$35,186, respectively. At December 31, 2024 and 2023, University Health reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Differences between expected and actual experience	\$ 21,606	\$ 140
Net difference between projected and actual earnings on pension plan investments	21,989	-
Changes in assumptions	2,467	1,528
Contributions subsequent to the measurement date	23,382	-
	<u>\$ 69,444</u>	<u>\$ 1,668</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023		
Differences between expected and actual experience	\$ 28,159	\$ 835
Net difference between projected and actual earnings on pension plan investments	44,191	-
Changes in assumptions	6,150	2,118
Contributions subsequent to the measurement date	21,868	-
	<u>\$ 100,368</u>	<u>\$ 2,953</u>

**Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)**

At December 31, 2024 and 2023, University Health reported \$23,382 and \$21,868, respectively, as deferred outflows of resources related to pensions resulting from University Health contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the years ended December 31, 2025 and 2024, respectively.

Other amounts reported as deferred outflows of resources at December 31, 2024, related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2025	\$ 9,797
2026	14,951
2027	24,038
2028	(4,403)
2029	11
	<u>\$ 44,394</u>

Deferred Compensation Plan

The Match Savings Plan is a 457 deferred compensation plan that covers substantially all employees meeting age and service requirements. Employee contributions to the plan are discretionary. University Health's expense was approximately \$2,747 and \$2,616 for the years ended December 31, 2024 and 2023, respectively.

Defined Contribution Plan

UMA has a defined contribution plan covering substantially all UMA employees. Participation in the plan is a condition of employment. Employees are fully vested after five years. Annually, UMA makes a contribution equal to 6.75% of the participant's compensation. Pension expense was approximately \$2,693 and \$2,206 for 2024 and 2023, respectively.

Note 12. Other Postemployment Benefits

Plan Description

University Health contributes to the University Health System Other Postemployment Benefits Plan (OPEB Plan), a single-employer defined benefit OPEB plan covering substantially all employees. The OPEB Plan is administered by University Health. Benefit provisions and contribution requirements of plan members and University Health are established and may be amended by the Board.

Benefits Provided

The OPEB Plan provides postretirement health care and vision benefits to eligible retirees and their dependents. Benefits are provided through University Health's self-insured employee health plan. The cost of the benefits is covered by contributions from University Health and OPEB Plan members.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The employees covered by the OPEB Plan are as follows at December 31, 2024 and 2023:

	2024	2023
Inactive plan members or beneficiaries currently receiving payments	1,165	1,061
Active plan members	1,991	2,102
	<u>3,156</u>	<u>3,163</u>

Contributions

The Board has the authority to establish and amend the contribution requirements of University Health and active employees. The required contribution is based on projected pay-as-you-go financing requirements. OPEB Plan members receiving benefits contributed approximately \$2,143 and \$2,159 in 2024 and 2023, respectively, through the following required monthly contributions which were in effect for 2024 and 2023.

	2024	2023
Retiree-only coverage	\$ 174.44	\$ 174.44
Retiree-only coverage - Medicare	\$ 136.06	\$ 148.28
Retiree and spouse coverage	\$ 331.44	\$ 331.44
Retiree and spouse coverage - Medicare	\$ 258.52	\$ 281.74
Retiree and children coverage	\$ 326.21	\$ 411.72
Retiree and family coverage	\$ 612.30	\$ 753.95

Retiree and children and retiree and family options were closed to new members in January 2013.

The cost of benefits not covered by OPEB Plan member contributions are covered by University Health. For the years ended December 31, 2024 and 2023, University Health contributed \$6,432 and \$7,611, respectively, to the OPEB Plan.

Net OPEB Liability

University Health's net OPEB liability at December 31, 2024 and 2023 was \$138,298 and \$121,109, respectively, and was measured as of December 31, 2023 and 2022. The total OPEB Plan liability used to calculate the net OPEB Plan liability was determined by actuarial valuations as of January 1, 2023 and 2022, and rolled forward to the measurement dates.

The total OPEB liability in the January 1, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement period, unless otherwise specified:

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

	2024	2023
Health care cost trend rates - initial	7.0%	7.0%
Health care cost trend rates - ultimate	5.0%	5.0%
Investment rate of return	7.0%	7.0%
Retirees' share of benefit-related costs	75.0%	75.0%
Payroll growth rate (compounded annually)	3.3%	3.3%
Health care inflation - medical/prescription drug expenses	5.0 - 7.0%	5.0 - 7.0%
Health care inflation - administrative expenses	3.0%	3.0%

Mortality rates for both active and retired lives were based on the PubG-2010 Sex Distinct Employee Headcount weighted; projected with Generational Mortality (Scale MP-2020) for active lives and PubG-2010 Sex Distinct Healthy Retiree Headcount weighted; projected with generational mortality (Scale MP-2020) for retired lives in the 2023 and 2022 actuarial valuations.

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return presented as geometric means for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	42%	5.2%
International equity	28%	5.2%
Fixed income	30%	2.8%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB Plan liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that University Health contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB Plan payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB Plan liability.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Changes in the Net OPEB Liability

Changes in the total OPEB liability, OPEB Plan fiduciary net position and the net OPEB liability are:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
2024			
Balance, beginning of year	\$ 181,059	\$ 59,950	\$ 121,109
Service cost	4,308	-	4,308
Interest on total OPEB liability	12,588	-	12,588
Effect of economic/demographic gains or losses	13,587	-	13,587
Effects of assumption changes	3,794	-	3,794
Employer contributions	-	8,113	(8,113)
Benefit payments	(7,611)	(7,611)	-
Net investment income	-	8,975	(8,975)
Net changes	26,666	9,477	17,189
Balance, end of year	<u>\$ 207,725</u>	<u>\$ 69,427</u>	<u>\$ 138,298</u>
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
2023			
Balance, beginning of year	\$ 148,080	\$ 70,020	\$ 78,060
Service cost	4,136	-	4,136
Interest on total OPEB liability	10,400	-	10,400
Effect of economic/demographic gains or losses	21,900	-	21,900
Effects of assumption changes	2,405	-	2,405
Employer contributions	-	7,418	(7,418)
Benefit payments	(5,862)	(5,862)	-
Net investment income	-	(11,626)	11,626
Net changes	32,979	(10,070)	43,049
Balance, end of year	<u>\$ 181,059</u>	<u>\$ 59,950</u>	<u>\$ 121,109</u>

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The net OPEB liability of University Health has been calculated using a discount rate of 7.0%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
University Health's net OPEB liability	<u>\$ 164,241</u>	<u>\$ 138,298</u>	<u>\$ 116,678</u>

The net OPEB liability of University Health has been calculated using the initial health care cost trend rate of 7.0%, decreasing to an ultimate rate of 5.0%. The following presents the net OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
University Health's net OPEB liability	<u>\$ 112,769</u>	<u>\$ 138,298</u>	<u>\$ 169,380</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2024 and 2023, University Health recognized OPEB expense of \$28,256 and \$24,214, respectively. At December 31, 2024 and 2023, University Health reported deferred outflows or resources and deferred inflows of resources related to the OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024		
Differences between expected and actual experience	\$ 47,310	\$ 351
Changes of assumptions	9,418	-
Net difference between projected and actual earnings on OPEB plan investments	3,499	-
Contributions subsequent to the measurement date	6,432	-
	<u>\$ 66,659</u>	<u>\$ 351</u>

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023		
Differences between expected and actual experience	\$ 47,131	\$ 440
Changes of assumptions	8,381	-
Net difference between projected and actual earnings on OPEB plan investments	7,659	-
Contributions subsequent to the measurement date	7,611	-
	<u>\$ 70,782</u>	<u>\$ 440</u>

At December 31, 2024 and 2023, University Health reported \$6,432 and \$7,611, respectively, as deferred outflows of resources related to OPEB resulting from University Health contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net OPEB liability during December 31, 2025 and 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024, related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2025	\$ 16,973
2026	17,269
2027	14,821
2028	8,209
2029	2,091
Thereafter	513
	<u>\$ 59,876</u>

Note 13. Affiliation Agreement

University Health has entered into a long-standing affiliation agreement with UT Health. Under the agreement, University Health's facilities serve as the major teaching facilities for many of UT Health's health care programs, including the graduate medical education program. University Health incurred expenses of approximately \$18,048 and \$17,450 in 2024 and 2023, respectively, under the terms of the agreement. Under a separate master health care services agreement entered into in September 2019, University Health also incurred expenses of approximately \$155,790 and \$167,902 during 2024 and 2023, respectively, related to qualified health care professional services.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Note 14. Disclosures About Fair Value of Investments

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

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

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

Type	Fair Value	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)
December 31, 2024				
Investments by fair value level				
U.S. Treasury obligations	\$ 689,916	\$ -	\$ 689,916	\$ -
U.S. agencies obligations	738,800	-	738,800	-
Municipal bonds	2,319	-	2,319	-
Commercial paper	192,736	-	192,736	-
Money market mutual funds	584,410	584,410	-	-
Total investments by fair value level	2,208,181	\$ 584,410	\$ 1,623,771	\$ -
Investment pool carried at amortized cost	267,432			
Total investments	\$ 2,475,613			

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Type	Fair Value	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)
December 31, 2023				
Investments by fair value level				
U.S. Treasury obligations	\$ 354,161	\$ -	\$ 354,161	\$ -
U.S. agencies obligations	964,505	-	964,505	-
Municipal bonds	21,745	-	21,745	-
Commercial paper	276,412	-	276,412	-
Money market mutual funds	562,427	562,427	-	-
Total investments by fair value level	\$ 2,179,250	\$ 562,427	\$ 1,616,823	\$ -
Investment pool carried at amortized cost	361,861			
Total investments	\$ 2,541,111			

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. University Health held no Level 3 investments at December 31, 2024 and 2023.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

Note 15. Condensed Combining Information

The following tables include condensed combining balance sheet information for University Health and its material blended component unit as of December 31, 2024 and 2023:

	December 31, 2024			
	University Health	Community First	Eliminations	Total
ASSETS				
Current assets	\$ 1,290,329	\$ 275,477	\$ (4,753)	\$ 1,561,053
Capital assets, net	2,141,146	2,779	-	2,143,925
Lease assets, net	16,728	10,621	-	27,349
Subscription assets, net	53,355	2,262	-	55,617
Other assets	1,668,507	119,855	-	1,788,362
Total Assets	5,170,065	410,994	(4,753)	5,576,306
Deferred Outflows of Resources	156,253	-	-	156,253
Total Assets and Deferred Outflows of Resources	\$ 5,326,318	\$ 410,994	\$ (4,753)	\$ 5,732,559
LIABILITIES				
Current liabilities	\$ 413,748	\$ 161,382	\$ (4,753)	\$ 570,377
Noncurrent liabilities	1,679,011	10,744	-	1,689,755
Total Liabilities	2,092,759	172,126	(4,753)	2,260,132
Deferred Inflows of Resources	662,414	-	-	662,414
Net Position				
Net investments in capital assets	771,601	2,039	-	773,640
Restricted expendable	70,242	-	-	70,242
Restricted - non-expendable	1,000	-	-	1,000
Unrestricted	1,728,302	236,829	-	1,965,131
Total Net Position	2,571,145	238,868	-	2,810,013
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,326,318	\$ 410,994	\$ (4,753)	\$ 5,732,559

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

	December 31, 2023 (Restated)			
	University Health	Community First	Eliminations	Total
ASSETS				
Current assets	\$ 1,187,226	\$ 375,516	\$ (3,497)	\$ 1,559,245
Capital assets, net	1,878,541	3,276	-	1,881,817
Lease assets, net	18,046	12,068	-	30,114
Subscription assets, net	63,923	3,611	-	67,534
Other assets	1,716,845	86,497	-	1,803,342
Total Assets	4,864,581	480,968	(3,497)	5,342,052
Deferred Outflows of Resources	193,561	-	-	193,561
Total Assets and Deferred Outflows of Resources	\$ 5,058,142	\$ 480,968	\$ (3,497)	\$ 5,535,613
LIABILITIES				
Current liabilities	\$ 418,329	\$ 232,605	\$ (3,497)	\$ 647,437
Noncurrent liabilities	1,759,865	15,056	-	1,774,921
Total Liabilities	2,178,194	247,661	(3,497)	2,422,358
Deferred Inflows of Resources	676,792	-	-	676,792
Net Position				
Net investments in capital assets	864,506	2,632	-	867,138
Restricted expendable	76,411	-	-	76,411
Restricted - non-expendable	750	-	-	750
Unrestricted	1,261,489	230,675	-	1,492,164
Total Net Position	2,203,156	233,307	-	2,436,463
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,058,142	\$ 480,968	\$ (3,497)	\$ 5,535,613

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The following tables include condensed combining statements of revenues, expenses and changes in net position information for University Health and its material blended component unit for the years ended December 31, 2024 and 2023:

	Year Ended December 31, 2024			
	University Health	Community First	Eliminations	Total
Operating Revenues				
Net patient service revenue	\$ 1,817,137	\$ -	\$ -	\$ 1,817,137
Premium revenue	-	852,162	-	852,162
Other	130,194	32,139	(8,792)	153,541
Total Operating Revenues	1,947,331	884,301	(8,792)	2,822,840
Operating Expenses				
Salaries and employee benefits	1,056,630	55,029	(3,400)	1,108,259
Purchased services, supplies and other	1,145,889	69,279	(5,392)	1,209,776
Medical claims expense	-	736,160	-	736,160
Depreciation and amortization	151,897	2,841	-	154,738
Total Operating Expenses	2,354,416	863,309	(8,792)	3,208,933
Operating Income (Loss)	(407,085)	20,992	-	(386,093)
Nonoperating Revenues				
Property tax revenue, net	678,467	-	-	678,467
Interest expense	(44,084)	-	-	(44,084)
Other, net	110,691	14,569	-	125,260
Total Nonoperating Revenues, Net	745,074	14,569	-	759,643
Distribution to (from) Affiliate	30,000	(30,000)	-	-
Increase in Net Position	367,989	5,561	-	373,550
Net Position, Beginning of Year	2,203,156	233,307	-	2,436,463
Net Position, End of Year	\$ 2,571,145	\$ 238,868	\$ -	\$ 2,810,013

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

	Year Ended December 31, 2023 (Restated)			
	University Health	Community First	Eliminations	Total
Operating Revenues				
Net patient service revenue	\$ 1,613,889	\$ -	\$ -	\$ 1,613,889
Premium revenue	-	798,600	-	798,600
Other	104,791	36,568	(8,262)	133,097
Total Operating Revenues	1,718,680	835,168	(8,262)	2,545,586
Operating Expenses				
Salaries and employee benefits	937,440	55,160	(3,400)	989,200
Purchased services, supplies and other	1,022,219	65,504	(4,862)	1,082,861
Medical claims expense	-	700,396	-	700,396
Depreciation and amortization	130,010	2,744	-	132,754
Total Operating Expenses	2,089,669	823,804	(8,262)	2,905,211
Operating Income (Loss)	(370,989)	11,364	-	(359,625)
Nonoperating Revenues				
Property tax revenue, net	619,750	-	-	619,750
Interest expense	(41,631)	-	-	(41,631)
Other, net	97,802	21,390	-	119,192
Total Nonoperating Revenues, Net	675,921	21,390	-	697,311
Increase in Net Position	304,932	32,754	-	337,686
Net Position, Beginning of Year, Restated	1,898,224	200,553	-	2,098,777
Net Position, End of Year	\$ 2,203,156	\$ 233,307	\$ -	\$ 2,436,463

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Notes to Financial Statements
December 31, 2024 and 2023
(In Thousands)

The following tables include condensed combining statements of cash flows information for University Health and its material blended component unit for the years ended December 31, 2024 and 2023:

	Year Ended December 31, 2024		
	University Health	Community First	Total
Net cash provided by (used in)			
Operating activities	\$ (265,858)	\$ (72,570)	\$ (338,428)
Noncapital financing activities	611,546	(30,000)	581,546
Capital and related financing activities	(427,194)	(2,993)	(430,187)
Investing activities	131,731	55,159	186,890
Increase (decrease) in cash and cash equivalents	50,225	(50,404)	(179)
Cash and cash equivalents, beginning of year	<u>237,678</u>	<u>192,644</u>	<u>430,322</u>
Cash and cash equivalents, end of year	<u>\$ 287,903</u>	<u>\$ 142,240</u>	<u>\$ 430,143</u>
	Year Ended December 31, 2023		
	University Health	Community First	Total
Net cash provided by (used in)			
Operating activities	\$ (219,620)	\$ (34,395)	\$ (254,015)
Noncapital financing activities	684,984	-	684,984
Capital and related financing activities	(98,206)	(4,110)	(102,316)
Investing activities	(242,087)	(12,930)	(255,017)
Increase (decrease) in cash and cash equivalents	125,071	(51,435)	73,636
Cash and cash equivalents, beginning of year	<u>112,607</u>	<u>244,079</u>	<u>356,686</u>
Cash and cash equivalents, end of year	<u>\$ 237,678</u>	<u>\$ 192,644</u>	<u>\$ 430,322</u>

Note 16. Contingencies

Litigation

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

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 7.

Pension and Other Postretirement Benefit Obligations

University Health has a defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the entry age normal cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

University Health invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheets.

Required Supplementary Information

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Schedule of Changes in University Health's Net Pension Liability and Related Ratios
December 31
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 24,200	\$ 24,158	\$ 23,183	\$ 21,569	\$ 21,645	\$ 20,698	\$ 19,603	\$ 19,175	\$ 17,036	\$ 16,627
Interest	52,123	47,414	44,541	41,534	37,600	35,195	33,128	29,286	28,862	26,615
Effect of economic/demographic gains or losses	565	28,606	5,232	3,506	(659)	(1,304)	(6,090)	(4,243)	749	-
Changes of assumptions	-	-	(3,297)	-	20,879	-	-	26,891	-	-
Benefit payments, including refunds of employee contributions	(33,197)	(32,698)	(26,586)	(23,996)	(22,399)	(20,009)	(16,451)	(16,865)	(13,639)	(13,749)
Net Change in Total Pension Liability	43,691	67,480	43,073	42,613	57,066	34,580	30,190	54,244	33,008	29,493
Total Pension Liability - Beginning	736,736	669,256	626,183	583,570	526,504	491,924	461,734	407,490	374,482	344,989
Total Pension Liability - Ending (a)	<u>\$ 780,427</u>	<u>\$ 736,736</u>	<u>\$ 669,256</u>	<u>\$ 626,183</u>	<u>\$ 583,570</u>	<u>\$ 526,504</u>	<u>\$ 491,924</u>	<u>\$ 461,734</u>	<u>\$ 407,490</u>	<u>\$ 374,482</u>
Plan Fiduciary Net Position										
Contributions - employer	\$ 21,868	\$ 21,503	\$ 21,734	\$ 21,502	\$ 23,431	\$ 24,110	\$ 24,296	\$ 17,891	\$ 16,903	\$ 16,297
Contributions - employee	12,468	11,133	10,877	9,751	8,796	8,045	7,325	6,589	6,724	5,742
Net investment income	67,111	(77,639)	85,091	70,100	66,962	(16,152)	53,559	19,944	1,370	12,564
Benefit payments, including refunds of employee contributions	(33,196)	(32,698)	(26,586)	(23,996)	(22,399)	(20,009)	(16,451)	(16,865)	(13,639)	(13,749)
Net Change in Plan Fiduciary Net Position	68,251	(77,701)	91,116	77,357	76,790	(4,006)	68,729	27,559	11,358	20,854
Plan Fiduciary Net Position - Beginning	527,336	605,037	513,921	436,564	359,774	363,780	295,051	267,492	256,134	235,280
Plan Fiduciary Net Position - Ending (b)	<u>\$ 595,587</u>	<u>\$ 527,336</u>	<u>\$ 605,037</u>	<u>\$ 513,921</u>	<u>\$ 436,564</u>	<u>\$ 359,774</u>	<u>\$ 363,780</u>	<u>\$ 295,051</u>	<u>\$ 267,492</u>	<u>\$ 256,134</u>
University Health's Net Pension Liability - Ending (a) - (b)	<u>\$ 184,840</u>	<u>\$ 209,400</u>	<u>\$ 64,219</u>	<u>\$ 112,262</u>	<u>\$ 147,006</u>	<u>\$ 166,730</u>	<u>\$ 128,144</u>	<u>\$ 166,683</u>	<u>\$ 139,998</u>	<u>\$ 118,348</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.32%	71.58%	90.40%	82.07%	74.81%	68.33%	73.95%	63.90%	65.64%	68.40%
Covered Payroll	\$ 494,889	\$ 471,478	\$ 443,686	\$ 410,769	\$ 380,745	\$ 354,487	\$ 331,014	\$ 307,617	\$ 280,165	\$ 254,100
University Health's Net Pension Liability as a Percentage of Covered Payroll	37.35%	44.41%	14.47%	27.33%	38.61%	47.03%	38.71%	54.19%	49.97%	46.58%

Notes to Schedule:

Changes of assumptions:

1. Rate of salary increase changed from 4.9% (2017) to 5.4% (2018) to 5.5% (2019) to 4.3% (2020, 2021, 2022, 2023)
2. In 2020, salary increase, mortality, termination retirement and optional form assumptions were changed based on a recent experience study.

Bexar County Hospital District
d/b/a University Health
A Component Unit of Bexar County, Texas
Schedule of University Health Pension Contributions
December 31
(In Thousands)

Year Ending December 31,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2024	\$ 23,382	\$ 23,382	\$ -	\$ 550,781	4.2%
2023	21,868	21,868	-	494,889	4.4%
2022	21,503	21,503	-	471,478	4.6%
2021	21,734	21,734	-	443,686	4.9%
2020	21,502	21,502	-	410,769	5.2%
2019	20,431	23,431	(3,000)	380,745	6.2%
2018	21,110	24,110	(3,000)	354,487	6.8%
2017	21,296	24,296	(3,000)	331,014	7.3%
2016	17,891	17,891	-	307,617	5.8%
2015	17,697	17,697	-	280,165	6.0%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal cost
Amortization method:	Closed
Remaining amortization period:	21
Asset valuation method:	5-year smoothed market
Inflation:	3.25%
Salary increases:	3.50% - 6.75%, based on age and years of service, including inflation
Investment rate of return:	7.0%, net of pension plan investment expense, including inflation
Retirement age:	Annual rates based on age and age at satisfaction of rule of 85 for participants that meet the rule of 85 prior to age 65.
Mortality - Active Lives:	PubG-2010 Sex Distinct Employee; projected with Generational Mortality (Scale MP-2020)
Mortality - Retired Lives:	PubG-2010 Sex Distinct Healthy Retiree; projected with Generational Mortality (Scale MP-2020)
Other information:	Plan is frozen to new participants effective June 30, 2012

**Bexar County Hospital District
d/b/a University Health
Schedule of Changes in University Health's Net OPEB Liability and Related Ratios
December 31
(In Thousands)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 4,310	\$ 4,136	\$ 3,927	\$ 3,977	\$ 3,910	\$ 3,101	\$ 3,191
Interest	13,089	10,400	9,896	7,894	5,331	4,975	3,942
Effect of economic/demographic gains or losses	13,587	21,900	(617)	20,704	24,846	425	11,204
Effect of assumption changes	3,794	2,405	565	-	12,715	-	-
Plan amendments	-	-	-	-	(5,659)	-	-
Benefit payments	(8,114)	(5,862)	(6,168)	(4,720)	(4,182)	(3,541)	(2,437)
Net Change in Total OPEB Liability	26,666	32,979	7,603	27,855	36,961	4,960	15,900
Total OPEB Liability - Beginning	181,059	148,080	140,477	112,622	75,661	70,701	54,801
Total OPEB Liability - Ending (a)	<u>\$ 207,725</u>	<u>\$ 181,059</u>	<u>\$ 148,080</u>	<u>\$ 140,477</u>	<u>\$ 112,622</u>	<u>\$ 75,661</u>	<u>\$ 70,701</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 8,114	\$ 7,418	\$ 6,168	\$ 4,720	\$ 4,182	\$ 3,541	\$ 2,437
Benefit payments	(8,114)	(5,862)	(6,168)	(4,720)	(4,182)	(3,541)	(2,437)
Net investment income (loss)	9,477	(11,626)	8,320	8,273	9,799	(1,664)	6,686
Net Change in Plan Fiduciary Net Position	9,477	(10,070)	8,320	8,273	9,799	(1,664)	6,686
Plan Fiduciary Net Position - Beginning	59,950	70,020	61,700	53,427	43,628	45,292	38,606
Plan Fiduciary Net Position - Ending (b)	<u>\$ 69,427</u>	<u>\$ 59,950</u>	<u>\$ 70,020</u>	<u>\$ 61,700</u>	<u>\$ 53,427</u>	<u>\$ 43,628</u>	<u>\$ 45,292</u>
University Health's Net OPEB Liability - Ending (a) - (b)	<u>\$ 138,298</u>	<u>\$ 121,109</u>	<u>\$ 78,060</u>	<u>\$ 78,777</u>	<u>\$ 59,195</u>	<u>\$ 32,033</u>	<u>\$ 25,409</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33.42%	33.11%	47.29%	43.92%	47.44%	57.66%	64.06%
Covered Employee Payroll	\$ 158,874	\$ 160,319	\$ 161,057	\$ 161,127	\$ 171,472	\$ 180,712	\$ 189,368
University Health's Net OPEB Liability as a Percentage of Covered Employee Payroll	87.05%	75.54%	48.47%	48.89%	34.52%	17.73%	13.42%

Note: The measurement date for GASB 75 is one year prior to the current fiscal year end of University Health. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, University Health will present information for those years for which information is available. Information presented in this schedule has been determined as of University Health's fiscal year end (December 31) in accordance with GASB 75.

Bexar County Hospital District
d/b/a University Health
Schedule of University Health OPEB Contributions
December 31
(In Thousands)

Year Ending December 31,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered Employee Payroll	Contributions as a percentage of covered payroll
2024	\$ 11,356	\$ 4,586	\$ (6,770)	\$ 165,165	2.8%
2023	9,818	4,310	(5,508)	158,874	2.7%
2022	8,351	4,136	(4,215)	160,319	2.6%
2021	7,969	5,872	(2,097)	161,058	3.6%
2020	7,313	4,720	(2,593)	161,127	2.9%
2019	4,452	4,182	(270)	171,472	2.4%
2018	4,585	3,541	(1,044)	180,712	2.0%
2017	2,996	2,437	(559)	189,368	1.3%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal cost
Amortization method:	Level percentage open
Remaining amortization period:	30
Asset valuation method:	5-year smoothed market
Inflation:	N/A
Salary increases:	3.25%
Investment rate of return:	7.0%, net of OPEB plan investment expense, including inflation
Retirement age:	Annual rates based on age and age at satisfaction of rule of 85 for participants that meet the rule of 85 prior to age 65.
Mortality - Active Lives:	PubG-2010 Sex Distinct Employee Headcount weighted; projected with Generational Mortality (Scale MP-2020)
Mortality - Retired Lives:	PubG-2010 Sex Distinct Healthy Retiree Headcount weighted; projected with Generational Mortality (Scale MP-2020)
Healthcare Trend Rate	7.0% initial gradually decreasing to 5.0% ultimate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, University Health will present information for those years for which information is available. Information presented in this schedule has been determined as of University Health's fiscal year end (December 31) in accordance with GASB 75.