



**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL**

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March 22, 2022

Board of Directors and Management
Moore County Hospital District
d/b/a Memorial Hospital
Dumas, Texas

We have audited the combined financial statements of Moore County Hospital District, d/b/a Memorial Hospital, and Moore County Health Foundation, a component unit of Moore County Hospital District, (collectively referred to as the “District”) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the combined financial statements. As described in Note 1 to the combined financial statements, the District changed accounting policies related to debt and major equity interests by adopting Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* and Statement No. 90 *Major Equity Interests*. Accordingly, the implementation of these statements had no effect on the change in net position. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the combined financial statements in the proper period.

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District’s combined financial statements was:

Management’s estimate of the allowance for contractual adjustments and doubtful accounts is based on historical loss levels and an analysis of the estimated collections of individual accounts. Management’s estimate of the amounts either owed to or receivable from third-party payors is based on both final and tentatively settled cost reports. We evaluated the key factors and assumptions used to develop those estimates in determining that they are reasonable in relation to the combined financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the combined financial statements was:

The disclosure of the Moore County Hospital District Revenue Refunding Bonds, Series 2020 in Note 10 to the combined financial statements requires that the District maintain a Debt Service Coverage Ratio (DSCR) of no less than 1.15 -to- 1.00. As of June 30, 2021, the District is in compliance with this requirement and maintained a ratio of 3.21 -to- 1.00.

The combined financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the combined financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the combined financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the combined financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's combined financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We noted during our audit procedures that the District has a significant amount of funds held at a financial institution which are in excess of Federal Deposit Insurance Corporation (FDIC) insurance limitations. We recommend that the District consult with a bank representative to consider other potential options in which funds would be more fully insured.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the defined benefit plan information, which are required supplementary information (RSI) that supplements the basic combined financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the combined basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards and the combining statements, which accompany the combined financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the combined financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the combined financial statements or to the combined financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Moore County Hospital District d/b/a Memorial Hospital and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Durbin & Company, L.L.P.

Durbin & Company, L.L.P.

**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SUMMARY SCHEDULE OF UNCORRECTED AUDIT DIFFERENCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

Combined Statement of Revenues, Expenses, and Changes in Net Position Misstatements:	<u>Over (Under) Statement</u>
2021 Unknown	\$ (126,962)
2020 N/A	<u> -</u>
Cumulative Effect of Uncorrected Audit Differences - Change in Net Position	<u><u>\$ (126,962)</u></u>
Combined Statement of Net Position Misstatements:	<u>Over (Under) Statement</u>
Total Assets:	
2021 Cash	\$ (126,962)
2020 N/A	<u> -</u>
Cumulative Effect of Uncorrected Audit Differences - Total Assets	<u><u>\$ (126,962)</u></u>
Total Liabilities:	
2021 N/A	\$ -
2020 N/A	<u> -</u>
Cumulative Effect of Uncorrected Audit Differences - Total Liabilities	<u><u>\$ -</u></u>
Net Position:	
2021 Cummulative Effect of Uncorrected Audit Differences - Net Position	<u><u>\$ (126,962)</u></u>