

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
DUMAS, TEXAS**

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying combined statements of net position 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 "District"), as of June 30, 2021 and 2020, and the related combined statements of revenues, expenses and changes in net position and combined statements of cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement. The financial statements of Moore County Health Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinions

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Moore County Hospital District, d/b/a Memorial Hospital and Moore County Health Foundation, a component unit of Moore County Hospital District, as of June 30, 2021 and 2020, and the respective changes in its combined financial position and its combined cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages A-1 through A-5 and pages 38 through 39, respectively, be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined 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 combined 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise Moore County Hospital District's, d/b/a Memorial Hospital and Moore County Health Foundation's, a component unit of Moore County Hospital District, basic combined financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic combined financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of Moore County Hospital District, d/b/a Memorial Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Moore County Hospital District, d/b/a Memorial Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moore County Hospital District, d/b/a Memorial Hospital's internal control over financial reporting and compliance.

Durbin & Company, L.L.P.

Durbin & Company, L.L.P.
Lubbock, Texas
March 22, 2022

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
DUMAS, TEXAS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

**UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Our discussion and analysis of Moore County Hospital District, d/b/a Memorial Hospital and Moore County Health Foundation's (the "District") combined financial performance provides an overview of the District's combined financial activities for the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the District's combined financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The District's combined net position reflects a \$4,689,485 or 11.6% increase in 2021, and a \$3,031,131 or 8.1% increase in 2020.
- The District reported an operating loss in 2021 and 2020 of \$4,164,388 and \$8,240,826, respectively. The operating loss in 2021 had a favorable decrease of \$4,076,438 over the operating loss reported in 2020.
- Net Patient Service Revenue increased by \$7,240,715 or 21.0%, and decreased by (\$2,887) or (0.0%) in 2021 and 2020, respectively.

USING THIS ANNUAL REPORT

The District's combined financial statements consist of three statements, a Combined Statement of Net Position; a Combined Statement of Revenues, Expenses and Changes in Net Position; and a Combined Statement of Cash Flows. These combined financial statements and related notes provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation.

The Combined Statement of Net Position and Combined Statement of Revenues, Expenses, and Changes in Net Position

Our analysis of the District's finances begins on page A-2. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Combined Statement of Net Position and the Combined Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the District.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
UNAUDITED MANAGEMENT’S DISCUSSION AND ANALYSIS
AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

The Combined Statement of Cash Flows

The final required statement is the Combined Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as “Where did cash come from?” “What was cash used for?” and “What was the change in cash balance during the reporting period?”

THE DISTRICT’S COMBINED NET POSITION

The District’s combined net position is the difference between its assets and liabilities reported in the Combined Statement of Net Position on pages 1 and 2. The District’s net position increased by \$4,689,485 or 11.6% in 2021, and increased by \$3,031,131 or 8.1% in 2020, as you can see from **Table 1**.

Table 1: Assets, Liabilities, and Net Position

	2021	2020	2019
Assets:			
Current Assets	\$ 27,256,338	\$ 30,038,188	\$ 23,478,313
Capital Assets (net)	50,762,885	47,539,889	42,172,495
Other Non-Current Assets	3,092,714	4,113,133	2,726,852
Deferred Outflows of Resources	3,767,316	1,177,986	3,859,858
Total Assets and Deferred Outflows of Resources	<u>\$ 84,879,253</u>	<u>\$ 82,869,196</u>	<u>\$ 72,237,518</u>
Liabilities:			
Long-Term Debt Outstanding	\$ 29,644,321	\$ 35,631,535	\$ 26,880,265
Other Current and Non-Current	7,985,433	5,642,573	8,124,981
Deferred Inflows of Resources	2,296,611	1,331,685	-
Total Liabilities and Deferred Inflows of Resources	39,926,365	42,605,793	35,005,246
Total Net Position	<u>44,952,888</u>	<u>40,263,403</u>	<u>37,232,272</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 84,879,253</u>	<u>\$ 82,869,196</u>	<u>\$ 72,237,518</u>

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

OPERATING RESULTS AND CHANGES IN THE DISTRICT'S NET POSITION

In 2021 and 2020, the District's combined net position increased by \$4,689,485 and \$3,031,131, respectively. This change is made up of different components, as you can see from **Table 2**.

Table 2: Operating Results and Changes in Net Position

	2021	2020	2019
Operating Revenues:			
Net Patient Service Revenue	\$ 41,755,239	\$ 34,514,524	\$ 34,517,411
Delivery System Reform Incentive Program	429,421	260,407	196,721
Other Operating Revenue	278,931	419,543	509,381
Total Operating Revenue	<u>42,463,591</u>	<u>35,194,474</u>	<u>35,223,513</u>
Operating Expenses:			
Salaries and Benefits	27,188,936	26,566,268	25,131,443
Other Operating Expenses	16,657,885	15,138,750	14,977,840
Depreciation and Amortization	2,781,158	1,730,282	1,841,164
Total Operating Expenses	<u>46,627,979</u>	<u>43,435,300</u>	<u>41,950,447</u>
Operating Loss	(4,164,388)	(8,240,826)	(6,726,934)
Nonoperating Revenues and Expenses:			
Property Tax Revenue	5,235,085	5,347,210	5,232,381
Tobacco Settlement Revenue	96,720	89,396	104,933
Noncapital Grants and Contributions	132,392	108,533	54,508
Community Benefit Support	1,757,773	1,601,456	1,387,160
Intergovernmental Transfers	(630,094)	(1,281,861)	(1,201,671)
COVID-19 Federal Financial Assistance	2,100,000	4,632,933	-
Investment Income	483,688	221,040	272,632
Interest Expense	(706,838)	(206,986)	(130,998)
Insurance Proceeds	-	228,387	-
Other Nonoperating	385,147	531,849	1,311,013
Gain on Disposal of Assets	-	-	773
Total Nonoperating Revenues (Expenses)	<u>8,853,873</u>	<u>11,271,957</u>	<u>7,030,731</u>
Excess of Revenues over Expenses and Increase in Net Position	4,689,485	3,031,131	303,797
Net Position, Beginning of Year	<u>40,263,403</u>	<u>37,232,272</u>	<u>36,928,475</u>
Net Position, End of Year	<u>\$ 44,952,888</u>	<u>\$ 40,263,403</u>	<u>\$ 37,232,272</u>

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

Operating Loss

The first component of the overall change in the District's net position is its operating loss, generally, the difference between net patient service revenues and the expenses incurred to perform those services. The District has reported an operating loss in 2021 and 2020 of \$4,164,388 and \$8,240,826, respectively.

The primary components of the decrease in operating loss in 2021 are:

- An increase in net patient service revenue of \$7,240,715 or 21.0%.
- An increase in delivery system reform incentive revenue of \$169,014 or 64.9%.

The primary components of the increase in operating loss in 2020 are:

- An increase in salaries and benefits of \$1,434,825 or 5.7%.
- An increase in other operating expenses of \$160,910 or 1.1%.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of tax district revenue, community benefit support, intergovernmental transfers, and interest expense.

In 2021 and 2020, the District recognized \$1,757,773 and \$1,601,456, respectively, in community benefit support revenue under the Section 1115 Demonstration Waiver Program, and incurred \$630,094 and \$1,281,861 in intergovernmental transfer expense for the same periods. There is prepaid IGT in the amount of \$-0- and \$255,527 as of June 30, 2021 and 2020, respectively.

Grants, Contributions, and Endowments

Noncapital grants and contributions recognized in 2021 and 2020 were \$132,392 and \$108,533, respectively.

THE DISTRICT'S CASH FLOWS

Changes in the District's cash flows are consistent with changes in operating income (loss) and nonoperating revenues and expenses as discussed earlier.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021 and 2020, the District had \$50,762,885 and \$47,539,889, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 9 of the combined financial statements. In 2021, the District acquired \$5,960,956 in capital assets compared to \$7,068,472 in 2020. Depreciation and amortization expense totaled \$2,781,158 and \$1,730,282 in 2021 and 2020, respectively.

Debt

As of June 30, 2021 and 2020, the District had \$29,644,321 and \$35,631,535, respectively, in notes payable and long-term debt outstanding, as detailed in Note 10 of the combined financial statements. During fiscal years 2021 and 2020, the District made principal payments of \$29,911,214 and \$455,819, respectively, on outstanding debt. During 2021, the District issued Revenue Refunding Bonds, Series 2020A, 2020B, and 2020C, in an aggregate principal amount of \$21,220,000, for the purpose of refunding the Revenue Bonds, Series 2018 and 2018A.

Other Economic Factors

The District maintains good relations with businesses in Moore County. Also, maintaining relationship with these companies has brought many workers into District out-patient departments and the District emergency room.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This combined financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact, Jeff Turner, CEO at Moore County Hospital District, 224 E 2nd St., Dumas, TX 79029.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
DUMAS, TEXAS**

COMBINED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINED STATEMENTS OF NET POSITION

AS OF JUNE 30, 2021 AND 2020

ASSETS:	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,680,531	\$ 12,739,725
Short-Term Investments	5,675,509	7,747,944
Assets Whose Use is Limited	2,128,492	1,847,567
Patient Accounts Receivable, Net of Allowance	6,073,157	4,222,143
Estimated Third-Party Payor Settlements	-	237,782
Other Receivables	706,477	897,694
Inventory of Supplies	1,171,375	1,116,639
Prepaid and Other Current Assets	740,972	1,137,091
Property Taxes Receivable	<u>79,825</u>	<u>91,603</u>
Total Current Assets	27,256,338	30,038,188
ASSETS WHOSE USE IS LIMITED - LONG TERM	1,026,548	1,024,723
RESTRICTED ASSETS - LONG-TERM	315,409	310,785
LONG-TERM INVESTMENTS	1,750,757	1,379,793
CAPITAL ASSETS, NET	50,762,885	47,539,889
NET PENSION ASSET	<u>-</u>	<u>1,397,832</u>
Total Assets	81,111,937	81,691,210
DEFERRED OUTFLOWS OF RESOURCES	<u>3,767,316</u>	<u>1,177,986</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 84,879,253</u>	<u>\$ 82,869,196</u>

The accompanying notes are an integral part of these combined financial statements.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINED STATEMENTS OF NET POSITION

AS OF JUNE 30, 2021 AND 2020

LIABILITIES AND NET POSITION:	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 3,553,100	\$ 3,071,232
Accounts Payable	2,602,820	2,252,468
Accrued Payroll, Benefits, and Related Liabilities	2,189,548	2,170,602
Self-Funded Health Insurance	287,000	147,000
Estimated Third-Party Payor Settlements	557,828	-
Other Accrued Liabilities	<u>862,228</u>	<u>803,194</u>
Total Current Liabilities	10,052,524	8,444,496
LONG-TERM DEBT, NET OF CURRENT PORTION	26,091,221	32,560,303
NET PENSION LIABILITY	1,216,700	-
ESTIMATED SELF-FUNDED MALPRACTICE	<u>269,309</u>	<u>269,309</u>
Total Liabilities	37,629,754	41,274,108
DEFERRED INFLOWS OF RESOURCES	2,296,611	1,331,685
NET POSITION		
Net Investment in Capital Assets	24,405,630	15,238,620
Restricted - Expendable for:		
Educational Scholarships	315,409	310,785
Unrestricted	<u>20,231,849</u>	<u>24,713,998</u>
Total Net Position	<u>44,952,888</u>	<u>40,263,403</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 84,879,253</u>	<u>\$ 82,869,196</u>

The accompanying notes are an integral part of these combined financial statements.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

**COMBINED STATEMENTS REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Net Patient Service Revenue	\$ 41,755,239	\$ 34,514,524
Delivery System Reform Incentive Program	429,421	260,407
Other Revenue	278,931	419,543
Total Operating Revenues	42,463,591	35,194,474
 OPERATING EXPENSES:		
Salaries and Wages	22,075,294	21,913,199
Employee Benefits	5,113,642	4,653,069
Professional Fees and Purchased Services	7,370,659	7,310,169
Supplies and Other	9,287,226	7,828,581
Depreciation and Amortization	2,781,158	1,730,282
Total Operating Expenses	46,627,979	43,435,300
Operating Loss	(4,164,388)	(8,240,826)
 NONOPERATING REVENUES (EXPENSES):		
Property Tax Revenue	5,235,085	5,347,210
Tobacco Settlement Revenue	96,720	89,396
Noncapital Grants and Contributions	132,392	108,533
Community Benefit Support	1,757,773	1,601,456
Intergovernmental Transfers	(630,094)	(1,281,861)
COVID-19 Federal Financial Assistance	2,100,000	4,632,933
Investment Income	483,688	221,040
Interest Expense	(706,838)	(206,986)
Insurance Proceeds	-	228,387
Other Nonoperating Revenue	385,147	531,849
Total Nonoperating Revenues (Expenses)	8,853,873	11,271,957
Excess of Revenues Over Expenses and Increase in Net Position	4,689,485	3,031,131
Net Position, Beginning of Year	40,263,403	37,232,272
Net Position, End of Year	\$ 44,952,888	\$ 40,263,403

The accompanying notes are an integral part of these combined financial statements.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINED STATEMENTS OF CASH FLOWS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from and on Behalf of Patients	\$40,815,774	\$36,265,647
Payments to Suppliers and Contractors	(14,595,315)	(13,380,198)
Payments to Employees	(26,317,492)	(25,390,429)
Other Receipts and Payments, net	899,569	1,190,238
Net Cash Provided (Used) by Operating Activities	802,536	(1,314,742)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Earnings	483,688	221,040
Purchase of Investments	(868,185)	(191,148)
Proceeds From Sale of Investments	2,262,066	371,677
Net Cash Provided by Investing Activities	1,877,569	401,569
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Insurance	-	228,387
Excess Consideration Paid for Purchase of Physician Practice	-	(280,000)
Proceeds from Issuance of Long-Term Debt	23,924,000	6,183,989
Principal Payments on Long-Term Debt	(29,911,214)	(455,819)
Interest Payments on Long-Term Debt	(763,743)	(1,016,905)
Purchase of Capital Assets	(5,853,543)	(7,161,904)
Net Cash Used by Capital and Related Financing Activities	(12,604,500)	(2,502,252)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property Taxes	5,246,863	5,326,242
Noncapital Grants and Contributions	132,392	108,533
Proceeds from Tobacco Settlement	96,720	89,396
Proceeds From Issuance of Notes Payable	-	3,023,100
Payments for Intergovernmental Transfers	(374,567)	(982,694)
COVID-19 Federal Financial Assistance	2,358,430	4,741,027
Other Noncapital Financing Receipts	385,147	531,849
Net Cash Provided by Noncapital Financing Activities	7,844,985	12,837,453
 Net Increase (Decrease) in Cash and Cash Equivalents	(2,079,410)	9,422,028
 Cash and Cash Equivalents, Beginning of Year	14,889,559	5,467,531
Cash and Cash Equivalents, End of Year	\$12,810,149	\$14,889,559

The accompanying notes are an integral part of these combined financial statements.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENTS OF NET POSITION:		
Cash and Cash Equivalents Presented Under the Following Titles:		
Cash and Cash Equivalents	\$10,680,531	\$12,739,725
Assets Whose Use is Limited - Current	2,128,492	1,847,567
Assets Whose Use is Limited - Long Term	1,126	302,267
	\$12,810,149	\$14,889,559
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	\$ (4,164,388)	\$ (8,240,826)
Adjustments to Reconcile Operating Loss to Net Cash		
Flows Provided (Used) by Operating Activities:		
Depreciation and Amortization	2,781,158	1,730,282
Provision for Bad Debts	9,194,041	5,195,522
Community Benefit Support	1,757,773	1,601,456
(Increase) Decrease in:		
Accounts Receivable	(11,045,055)	(3,460,579)
Prepaid Expenses and Other Current Assets	277,073	599,257
Estimated Third-Party Payor Settlements	795,610	80,776
Net Pension Asset	1,397,832	(1,397,832)
Deferred Outflows of Resources	(2,632,530)	2,932,672
Increase (Decrease) in:		
Accounts Payable	242,941	141,904
Accrued Salaries and Benefits Payable	18,946	412,246
Other Accrued Liabilities	255,939	(45,596)
Net Pension Liability	1,216,700	(2,087,615)
Deferred Inflows of Resources	706,496	1,223,591
Net Cash Provided (Used) By Operating Activities	\$ 802,536	\$ (1,314,742)
Supplemental Disclosure of Noncash Investing and Financing Activities		
Accrued Interest	\$ 341,261	\$ 341,261
Capital Asset Acquisitions Included in Accounts Payable	\$ 1,893,461	\$ 1,786,050

The accompanying notes are an integral part of these combined financial statements.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Moore County Hospital District, d/b/a Memorial Hospital, (the “District”) is organized under the laws of the State of Texas and is exempt from federal income taxes. It is operated by an appointed seven-member board of directors. The District’s jurisdiction coincides with the geographic boundaries of Moore County and parts of Hartley, Sherman, and Dallam Counties.

Moore County Health Foundation (the “Foundation”) is a component unit of the District. The Foundation is a not-for-profit corporation organized to provide financial support to the District by raising charitable contributions on behalf of, and holding the proceeds there from, for the District. The Foundation is a separate legal entity but is financially integrated with the District and is reported as a blended component unit of the District and does not issue separate financial statements.

The accompanying combined financial statements include the accounts of Moore County Hospital District and Moore County Health Foundation. All material intercompany transfers have been eliminated in the combination.

Enterprise Fund Accounting – The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The District has elected to apply the provisions based on Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District has also elected to apply the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Newly Adopted Accounting Pronouncements:

GASB Statement No. 88 – In April 2018, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement is effective for reporting periods beginning after June 15, 2019. The implementation of this statement had no effect on the change in net position.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Accounting Pronouncements (Continued):

GASB Statement No. 90 – In June 2018, GASB issued GASB Statement No. 90 – *Majority Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The Statement is effective for periods beginning after December 15, 2019. The implementation of this statement had no effect on the change in net position.

Pending Adoption of Recent Accounting Pronouncements:

GASB Statement No. 87 – In June 2017, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 87 – *Leases*. The objective of this Statement is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement is effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

GASB Statement No. 89 – In June 2018, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the end of a Construction Period*. The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for reporting periods beginning after December 15, 2020. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

GASB Statement No. 91 – Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2021.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Adoption of Recent Accounting Pronouncements (Continued):

GASB Statement No. 92 – In January 2020, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, to be effective for *fiscal years* beginning after December 15, 2019 and is effective for all reporting periods thereafter;
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB);
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits;
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements;
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition;
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers;
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature;
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance;
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020;
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020;
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The District considers highly liquid investments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payers.

Patient Accounts Receivable – The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management’s judgment, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management’s evaluation of the collectability of patient accounts receivable, including the nature of the accounts, credit concentrations, trends in historical write-off experience, specific impaired accounts, and economic conditions. Allowances for uncollectibles and contractals are generally determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

Inventory of Supplies – Inventory is stated at historic cost on the First-In, First-Out (FIFO) method.

Assets Whose Use is Limited – Assets whose use is limited include assets set aside by the Board of Directors for future capital acquisitions and debt service payments. The Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the District are classified as current assets.

Capital Assets – Capital assets are carried at cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. The District provides for depreciation of capital assets by the straight-line method and at rates promulgated by the American Hospital Association, which are designed to amortize the cost of such equipment over its useful life. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The District’s capitalization policy states that assets with a value greater than \$1,000 and a useful life described below will be capitalized. The following are a range of useful lives used by asset class:

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land Improvements	5 to 25 years
Building (Components)	5 to 40 years
Fixed Equipment	7 to 25 years
Major Movable Equipment	3 to 20 years

Defined Benefit Pension Plan – For purposes of measuring the net pension asset, deferred outflows of resources, deferred inflows of resources, and pension income/expense related to the defined benefit pension plan, information about the fiduciary net position of the Texas County and District Retirement System (“TCDRS”) defined benefit pension plan and additions to/deductions from the TCERS fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources – Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources, respectively.

Net Position - Net position of the District is classified in three components: net investment in capital assets; restricted; and unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Operating Revenues and Expenses - For purposes of display, the District’s statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the District’s principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes – The District is a governmental entity; therefore, no expense has been provided for income taxes in the accompanying combined financial statements. The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation evaluates and accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes (formerly FASB Interpretation 48 (FIN 48) Accounting for uncertainty in Income Taxes). This standard requires certain disclosures about uncertain income tax positions. The Foundation evaluates any uncertain tax positions using the provisions of ASC 450, Contingencies. As a result, management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. The Foundation has filed all applicable tax returns. The Foundation’s Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the IRS; however, there are currently no examinations for any tax periods in progress.

Property Taxes – The District levies taxes as provided under state law on properties within the District. These taxes are collected by the Moore County Appraisal District and are remitted to the District when received. The District’s taxes are levied and become collectible from October 1 to January 31 of the succeeding year. The taxes are based on the assessed values listed as of the prior January 1, which is the due date a lien attaches to the taxable property. Property tax revenues are recognized when they become available. Allowances are provided for delinquent taxes.

Investments and Investment Income – The district’s investments include certificates of deposit, corporate bonds, and securities carried at fair value. Fair value is determined using quoted market prices. Investment income includes dividend and interest income, realized gains and losses on investments, and the net change for the year in the fair value of investments.

Charity Care - The District provides financial assistance to all patients who present themselves for care at Memorial Hospital without regard to race, creed, color or national origin and who are classified as financially and/or medically indigent according to the District’s eligibility system. A financially indigent patient is a person who is uninsured or underinsured and is accepted for care with no obligation or a discounted obligation to pay for the services rendered based on the District’s eligibility criteria. To qualify for the District’s charity care program, a person’s income shall be at or below 300% of the current Federal Poverty Guidelines. A medically indigent patient is a person whose medical bills, including payment after third-party payors, exceed 15% of the patient’s annual gross income. This remaining balance must exceed the patient’s ability to pay the remaining bill.

Grants and Contributions – From time to time, the District receives grants from the state agencies and contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management - The District is exposed to various risks of loss from torts: theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice and employee health claims.

The District is self-insured for a portion of its exposure to risk of loss from medical malpractice and employee health claims. An annual estimated provision is accrued for the self-insured portion of medical malpractice and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Reclassifications – Certain reclassifications have been made to the 2020 combined financial statements to conform to the 2021 combined financial statement presentation. These reclassifications had no effect on the change in net position.

NOTE 2 - NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Effective October 1, 2016, the District received approval from Centers for Medicare & Medicaid Services for participation in the Medicare program as a critical access hospital. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid – Inpatient acute care services, certain inpatient non-acute care services, and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary.

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

Charity Care - The value of charity care provided by the District based upon its established rates was \$5,612,233 in 2021 and \$5,821,920 in 2020. ASU 2010-23 requires charity care to be disclosed on a cost basis. The District utilizes the cost to charge ratios, as calculated based on its most recent cost reports, to determine the total cost. The District's cost of providing charity care was approximately \$2,500,000 and \$3,090,000 for the years ended June 30, 2021 and 2020, respectively.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 2 - NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenue is comprised as follows:

	<u>2021</u>	<u>2020</u>
Routine Patient Services	\$ 1,564,019	\$ 1,062,307
Ancillary Patient Services		
Inpatient	14,456,081	10,461,240
Outpatient	<u>77,207,853</u>	<u>66,223,884</u>
Gross Patient Service Revenue	93,227,953	77,747,431
Charity	(5,612,233)	(5,821,920)
Third-Party Contractual Adjustments	(37,553,622)	(34,308,944)
Provision for Bad Debts	(9,194,041)	(5,195,522)
Medicaid Disproportionate Share and Other Credits	<u>887,182</u>	<u>2,093,479</u>
Net Patient Service Revenue	<u>\$ 41,755,239</u>	<u>\$ 34,514,524</u>

Estimated Third-Party Payor Settlements - Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statements as they are determined by the District. Estimated third-party payor settlements recorded in current assets (liabilities) at June 30, 2021 and 2020 are (\$557,828) and \$237,782, respectively.

NOTE 3 – INVESTMENTS

The District's investments consist of bonds and securities held by Moore County Health Foundation, reported at fair market value. Fair market value is determined using the quoted market price as of June 30, 2021 and 2020.

Interest Rate Risk – Interest rate risk is the risk that market values of investments will change based on changes in market interest rates. 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. It is the Foundation's policy to limit the maximum average maturity for fixed income asset classes to twenty years.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District's policy to prohibit certain types of more risky investments. It is also the District's policy to require investments in corporate bonds to have an average rating of A or better by S&P, unless otherwise authorized.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 3 – INVESTMENTS (CONTINUED)

		June 30, 2021			
		Maturity (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
		Prior to 6/30/2022	7/1/2022 - 6/30/2027	7/1/2027 - 6/30/2032	After 7/1/2032
Corporate Bonds	\$ 167,720	20,148	147,572	-	-
Mutual Funds	1,397,890	1,397,890	-	-	-
Cole Credit Trust	144,222	144,222	-	-	-
CD's	40,059	40,059	-	-	-
Cash & Cash Equivalents	73,964	73,964	-	-	-
Total Cash & Investments	\$ 1,823,855	\$ 1,676,283	\$ 147,572	\$ -	\$ -

		June 30, 2020			
		Maturity (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
		Prior to 6/30/2021	7/1/2021 - 6/30/2026	7/1/2026 - 6/30/2031	After 7/1/2031
Corporate Bonds	\$ 200,345	30,654	147,752	21,939	-
Government Bonds	41,718	41,718	-	-	-
Mutual Funds	993,567	993,567	-	-	-
Cole Credit Trust	143,297	143,297	-	-	-
CD's	40,829	-	40,829	-	-
Cash & Cash Equivalents	48,300	48,300	-	-	-
Total Cash & Investments	\$ 1,468,056	\$ 1,257,536	\$ 188,581	\$ 21,939	\$ -

Concentration of Credit Risk – It is the policy of the Foundation to have no more than 60% of investments allocated to fixed income investments and no more than 60% of investments allocated to equity investments. The Foundation places limits on the amount that may be invested in any one issuer. It is the Foundation’s policy to limit fixed income holdings, with the exception of U.S. Government and its agencies, to no more than 10% of the market value of the fixed income portfolio. The Foundation limits equity holdings in one issuer to no more than 5% of the market value of the investment portfolio. The Foundation had the following concentrations in excess of 5% at June 30, 2021 and 2020:

	2021		2020	
	Fair Value	% of Total	Fair Value	% of Total
Cole Credit Trust	\$144,222	7.91%	\$143,297	9.76%

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2021 and 2020, the carrying amount of the District's and Foundation's combined deposits with financial institutions was \$19,748,300 and \$23,579,212, and the bank balance was \$22,137,368 and \$24,665,973, respectively. The bank balance is categorized as follows:

	<u>2021</u>	<u>2020</u>
Amount Insured by the FDIC	\$ 1,500,000	\$ 1,750,085
Amount Collateralized with Securities Held by the Pledging Financial Institution's Trust Department in the District's Name	19,423,580	22,049,719
Uncollateralized	<u>1,213,788</u>	<u>866,169</u>
Total Bank Balance	<u>\$ 22,137,368</u>	<u>\$ 24,665,973</u>

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Gross Accounts Receivable	\$ 17,013,157	\$ 12,578,143
Less Allowance for Bad Debts	(7,801,000)	(6,031,000)
Allowance for Contractuals	<u>(3,139,000)</u>	<u>(2,325,000)</u>
Accounts Receivable, Net of Allowance	<u>\$ 6,073,157</u>	<u>\$ 4,222,143</u>

Concentration of Credit Risk - The District grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Medicare	19%	11%
Medicaid	8%	6%
Other Third-Party Payors	37%	42%
Patients	<u>36%</u>	<u>41%</u>
Total	<u>100%</u>	<u>100%</u>

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 6 – ASSETS WHOSE USE IS LIMITED AND RESTRICTED ASSETS

The composition of assets whose use is limited and restricted assets at June 30, 2021 and 2020 is set forth in the following table. Investments are stated at fair market value.

	<u>2021</u>	<u>2020</u>
Internally Designated for Capital Acquisitions:		
Cash and Cash Equivalents	\$ 2,126,362	\$ 1,824,205
Certificates of Deposit	725,368	722,456
Internally Designated for Health Insurance Claims:		
Cash and Cash Equivalents	2,130	23,362
Internally Designated for Medical Malpractice Claims:		
Cash and Cash Equivalents	1,126	302,267
Certificates of Deposit	300,054	-
Restricted for Educational Scholarships:		
Certificates of Deposit	<u>315,409</u>	<u>310,785</u>
Total Assets Whose Use is Limited and Restricted Assets	<u>3,470,449</u>	<u>3,183,075</u>
Less: Current Portion	<u>(2,128,492)</u>	<u>(1,847,567)</u>
Noncurrent Portion	<u>\$ 1,341,957</u>	<u>\$ 1,335,508</u>

NOTE 7 – RESTRICTED NET POSITION

At June 30, 2021 and 2020, restricted expendable net position was available for the following purposes:

	<u>2021</u>	<u>2020</u>
Restricted for Educational Scholarships:		
Certificates of Deposit	<u>\$ 315,409</u>	<u>\$ 310,785</u>
Total Restricted Expendable Net Position	<u>\$ 315,409</u>	<u>\$ 310,785</u>

NOTE 8 – PROPERTY TAXES RECEIVABLE

Property taxes are levied on October 1 of each year and become delinquent as of February 1 of the following year. Property taxes are recognized as revenues in the year for which taxes have been levied. During 2021 and 2020, the District recognized property tax revenue of \$5,235,085 and \$5,347,210, respectively. As of June 30, 2021 and 2020, the balance of property taxes receivable was \$79,825 and \$91,603, respectively.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 9 – CAPITAL ASSETS

The following is a summary of capital assets at cost less accumulated depreciation at June 30:

	Balance 06/30/20	Additions	Reclass/ Retirements	Balance 06/30/21
Land	\$ 911,221	\$ 124,861	\$ -	\$ 1,036,082
Land Improvements	290,647	-	3,264,940	3,555,587
Building and Improvements	21,809,699	83,820	27,282,825	49,176,344
Equipment	34,184,071	1,139,128	2,528,840	37,852,039
Construction in Progress	35,202,873	4,613,147	(33,076,605)	6,739,415
Totals at Historical Cost	<u>92,398,511</u>	<u>5,960,956</u>	-	<u>98,359,467</u>
Less Accumulated Depreciation for:				
Land Improvements	(288,218)	(107,692)	-	(395,910)
Building and Improvements	(13,424,261)	(1,196,650)	-	(14,620,911)
Equipment	(31,146,143)	(1,433,618)	-	(32,579,761)
Total Accumulated Depreciation	<u>(44,858,622)</u>	<u>(2,737,960)</u>	-	<u>(47,596,582)</u>
Capital Assets, Net	<u>\$ 47,539,889</u>	<u>\$ 3,222,996</u>	\$ -	<u>\$ 50,762,885</u>

	Balance 06/30/19	Additions	Reclass/ Retirements	Balance 06/30/20
Land	\$ 906,221	\$ 5,000	\$ -	\$ 911,221
Land Improvements	290,647	-	-	290,647
Building and Improvements	21,757,137	52,562	-	21,809,699
Equipment	33,809,073	374,998	-	34,184,071
Construction in progress	28,566,961	6,635,912	-	35,202,873
Totals at Historical Cost	<u>85,330,039</u>	<u>7,068,472</u>	-	<u>92,398,511</u>
Less Accumulated Depreciation for:				
Land Improvements	(287,234)	(984)	-	(288,218)
Building and Improvements	(13,009,462)	(414,799)	-	(13,424,261)
Equipment	(29,860,848)	(1,285,295)	-	(31,146,143)
Total Accumulated Depreciation	<u>(43,157,544)</u>	<u>(1,701,078)</u>	-	<u>(44,858,622)</u>
Capital Assets, Net	<u>\$ 42,172,495</u>	<u>\$ 5,367,394</u>	\$ -	<u>\$ 47,539,889</u>

Construction in progress as of June 30, 2021 and 2020 was \$6,739,415 and \$35,202,873, respectively. The balance in construction in progress at June 30, 2021 and 2020 includes costs incurred related to the hospital facility renovation project. The project has an estimated date of completion in June 2022.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT

Following is a summary of long-term debt at June 30:

	Balance 06/30/20	Additions	Reductions	Balance 06/30/21	Due Within One Year
Bonds and Notes Payable:					
Series 2020A	\$ -	\$ 9,500,000	\$ (76,000)	\$ 9,424,000	\$ 155,000
Series 2020B	-	8,500,000	(68,000)	8,432,000	138,000
Series 2020C	-	3,220,000	(26,000)	3,194,000	52,000
Series 2018	22,000,000	-	(22,000,000)	-	-
Series 2018A	3,975,614	-	(3,975,614)	-	-
Series 2018B	3,048,000	2,704,000	(180,779)	5,571,221	185,000
HSB MOB1 Loan	561,636	-	(561,636)	-	-
FNB MOB 2 Loan	965,154	-	(965,154)	-	-
Rural Health Clinic HSB Loan	500,431	-	(500,431)	-	-
MNRC Renovation FSB Loan	1,557,600	-	(1,557,600)	-	-
PPP HSB Loan	3,023,100	-	-	3,023,100	3,023,100
Total Long-Term Debt	\$ 35,631,535	\$ 23,924,000	\$ (29,911,214)	\$ 29,644,321	\$ 3,553,100
	Balance 06/30/19	Additions	Reductions	Balance 06/30/20	Due Within One Year
Bonds and Notes Payable:					
Series 2018	\$ 19,342,953	\$ 2,657,047	\$ -	\$ 22,000,000	\$ 1,048,354
Series 2018A	3,521,058	478,942	(24,386)	3,975,614	73,661
Series 2018B	175,000	3,048,000	(175,000)	3,048,000	180,000
HSB MOB1 Loan	617,066	-	(55,430)	561,636	58,673
FNB MOB 2 Loan	1,017,295	-	(52,141)	965,154	52,899
Rural Health Clinic HSB Loan	534,138	-	(33,707)	500,431	39,266
MNRC Renovation FSB Loan	1,672,755	-	(115,155)	1,557,600	118,827
PPP HSB Loan	-	3,023,100	-	3,023,100	1,499,552
Total Long-Term Debt	\$ 26,880,265	\$ 9,207,089	\$ (455,819)	\$ 35,631,535	\$ 3,071,232

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT (CONTINUED)

The terms and due dates of the District’s long-term debt at June 30, 2021 and 2020 follow:

- **Series 2020A, 2020B, 2020C** - \$21,220,000 Hospital Revenue Refunding Bonds, Series 2020A, 2020B, and 2020C (the "Revenue Refunding Bonds") dated November 1, 2020 were issued to refund the Hospital Revenue Bonds, Series 2018 and 2018A and to pay the cost of issuance. The Revenue Refunding Bonds bear a 2.125% interest rate per annum. Principal and interest is payable semiannually on each May 15 and November 15, commencing May 15, 2021, until final maturity on November 15, 2060. The Revenue Refunding Bonds are issued in the aggregate principal amount of \$21,220,000 to be designated and bear the title of the following three series of Bonds:
 - \$9,500,000 Moore County Hospital District Revenue Refunding Bonds, Series 2020A
 - \$8,500,000 Moore County Hospital District Revenue Refunding Bonds, Series 2020B
 - \$3,220,000 Moore County Hospital District Revenue Refunding Bonds, Series 2020C

The District reserves the option to redeem the Revenue Refunding Bonds on any date, in whole or in part, at a redemption price equal to (i) the principal amount thereof plus (ii) accrued interest to the redemption date. The Revenue Refunding Bonds are secured by a pledge of (i) the revenues derived from the District (which such revenues may also be used to pay operating expenses of the District), (ii) certain real and personal property assets of the District (including a lien on the certain land and buildings known as the “Moore County Hospital”), (iii) the Revenue Fund, Interest and Sinking Fund, and Reserve Fund established for the Revenue Refunding Bonds.

Revenue Fund: All funds in this account shall be used to pay operating expenses and to transfer funds into the interest and sinking fund established by this bond agreement.

Interest and Sinking Fund: Deposits from the revenue fund are required to equal the amount required for paying the principal and interest on the next maturity date.

Reserve Fund: On the first day of each month, beginning on the first month after the date the Bonds are delivered, and ending 120 months later, the District shall deposit into the Reserve Fund an amount equal to \$6,585 per month, until the total sum of \$790,234 is on deposit therein. As of June 30, 2021 and 2020, the Reserve Fund should have total deposits of \$46,095 and \$-0-, respectively. As of June 30, 2021 and 2020 the District’s Reserve Fund had total deposits of \$46,095 and \$-0-, respectively.

Cash on Hand: The District is required to maintain a minimum of 60 days cash on hand. As of June 30, 2021 and 2020, the District had 153 and 195 days cash on hand, respectively.

Debt Service Coverage Ratio: The District shall maintain a Debt Service Coverage Ratio (DSCR) of not less than 1.15 -to- 1.00. As of June 30, 2021 and 2020, the District had a DSCR of 3.21 -to- 1.00 and 1.74 -to- 1.00, respectively.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT (CONTINUED)

- **Series 2018** - \$22,000,000 Hospital Revenue Bonds, Series 2018 (the "Revenue Bonds") dated March 15, 2018 were issued to finance general renovation and expansion of the current hospital. The Revenue Bonds bear a variable interest rate per annum not to exceed 7.00%. Interest is payable quarterly every February 15, May 15, August 15, and November 15 commencing August 15, 2018 and ending May 15, 2033. The Revenue Bonds are funded in a series of draws and shall mature as to principal quarterly on each February 15, May 15, August 15, and November 15 commencing May 15, 2020 and ending May 15, 2033. The District reserves the option to redeem the Revenue Bonds, in whole or in part, at a redemption price equal to the principal amount plus accrued interest to the redemption date, plus 0.5% if the redemption is prior to March 15, 2020. The Revenue Bonds are secured by the District's hospital buildings and land to include the related nursing home and living center, revenues derived from the hospital System, and the Revenue Fund and Construction Fund as required in the covenants. During 2021, the Revenue Bonds, Series 2018 were refunded by the Revenue Refunding Bonds, Series 2020A, 2020B, and 2020C. In accordance with the bond indenture, the following are required:

Revenue Fund: All funds in this account shall be used to pay operating expenses and to transfer funds into the interest and sinking fund established by this bond agreement.

Interest and Sinking Fund: Deposits from the revenue fund are required to equal the amount required for paying the principal and interest on the next maturity date.

Construction Fund: Funds are used for the construction and acquisition of the project, and to pay the costs of issuance of the Bonds.

Rebate Fund: Funds are used to pay a required rebate payments of amounts in excess of what would have been earned if the investments had a yield equal to the yield on the bonds.

Debt Service Coverage Ratio: The District shall maintain a Debt Service Coverage Ratio (DSCR) of not less than 1.30 -to- 1.00. As of June 30, 2021 and 2020, the District had a DSCR of 3.21 -to- 1.00 and 1.74 -to- 1.00, respectively.

Cash on Hand: The District is required to maintain a minimum of 75 days cash on hand. As of June 30, 2021 and 2020, the District had 153 and 195 days cash on hand, respectively.

Insurance: The District is required to maintain professional liability, general liability, property damage, and worker's compensation insurance.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT (CONTINUED)

- **Series 2018A** - \$4,000,000 Hospital Revenue Bonds, Series 2018A (the "Revenue Bonds") dated March 15, 2018 bearing an interest rate of 5.00% per annum until March 15, 2021 and shall adjust to a ceiling rate of 7.00% per annum thereafter. The Revenue Bonds are funded in a series of draws and shall mature as to principal monthly commencing April 15, 2020 and ending March 15, 2035. The District reserves the option to redeem the Revenue Bonds, in whole or in part, at a redemption price equal to the principal amount plus accrued interest to the redemption date. The Revenue Bonds were issued to finance general renovation and expansion of the current hospital and are secured by the District's hospital buildings and land to include the related nursing home and living center, revenues derived from the hospital System, and the Revenue Fund as required in the covenants. During 2021, the Revenue Bonds, Series 2018A were refunded by the Revenue Refunding Bonds, Series 2020A, 2020B, and 2020C. In accordance with the bond indenture, the following are required:

Revenue Fund: All funds in this account shall be used to pay operating expenses and to transfer funds into the interest and sinking fund established by this bond agreement.

Interest and Sinking Fund: Deposits from the revenue fund are required to equal the amount required for paying the principal and interest on the next maturity date.

Construction Fund: Funds are used for the construction and acquisition of the project, and to pay the costs of issuance of the Bonds.

Cash on Hand: The District is required to maintain a minimum of 75 days cash on hand. As of June 30, 2021 and 2020, the District had 153 and 195 days cash on hand, respectively.

Insurance: The District is required to maintain professional liability, general liability, property damage, and worker's compensation insurance.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT (CONTINUED)

- **Series 2018B** - Hospital Revenue Bonds, Series 2018B - \$12,293,000 Hospital Revenue Bonds, Series 2018B (the "Revenue Bonds") dated March 15, 2018 bearing a fixed interest rate of 2.875% payable semiannually each February 15 and August 15, commencing August 15, 2018 and ending February 15, 2059. The Revenue Bonds are funded in a series of draws and shall mature as to principal annually commencing February 15, 2020 and ending February 15, 2059. The District reserves the option to redeem the Revenue Bonds, in whole or in part, at a redemption price equal to the principal amount plus accrued interest to the redemption date. The Revenue Bonds were issued to finance general renovation and expansion of the current hospital and are secured by the District's hospital buildings and land to include the related nursing home and living center, revenues derived from the hospital System, and the Revenue Fund as required in the covenants.

Revenue Fund: All funds in this account shall be used to pay operating expenses and to transfer funds into the interest and sinking fund established by this bond agreement.

Interest and Sinking Fund: Deposits from the revenue fund are required to equal the amount required for paying the principal and interest on the next maturity date.

Construction Fund: Funds are used for the construction and acquisition of the project, and to pay the costs of issuance of the Bonds.

Reserve Fund: On the first day of each month, beginning on the first month after the date the Bonds are delivered, and ending 120 months later, the District shall deposit into the Reserve Fund an amount equal to \$4,366 per month, until the total sum of \$524,003 is on deposit therein. As of June 30, 2021 and 2020, the Reserve Fund should have total deposits of \$170,274 and \$117,882, respectively. As of June 30, 2021 and 2020 the District's Reserve Fund had total deposits of \$170,274 and \$117,882, respectively.

Cash on Hand: The District is required to maintain a minimum of 60 days cash on hand. As of June 30, 2021 and 2020, the District had 153 and 195 days cash on hand, respectively.

Insurance: The District is required to maintain professional liability, general liability, property damage, and worker's compensation insurance.

- Happy State Bank note dated May 15, 2013, for \$929,000 at an interest rate of 3.75%, payable in monthly installments of \$6,782 through May 15, 2028 for the construction of a medical office building. The loan is secured by deed of trust to real property at the building location. This loan was paid in full during 2021.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT (CONTINUED)

- First National Bank Note dated September 15, 2015, for \$1,200,000 at a 2.45% interest rate, payable in monthly installments of \$6,331 through September 15, 2035 for the construction of a medical office building. The loan is secured by deed of trust to real property at the building location. This loan was paid in full during 2021.
- Happy State Bank Note dated March 9, 2016, for \$648,824 at a 3.2% interest rate, payable in monthly installments of \$4,545 through March 15, 2031 for the remodeling of a medical office building. The loan is secured by deed of trust to real property at the building location. This loan was paid in full during 2021.
- First State Bank Note dated August 15, 2016, for \$1,975,721 at a 2.95% interest rate for renovations to the Memorial Nursing and Rehabilitation Center, with monthly payments of \$13,598 through September 15, 2021, with remaining principal due at that time. The note is secured by the gross revenues of Moore County Hospital District. This loan was paid in full during 2021.
- Happy State Bank Note dated April 8, 2020, for \$3,023,100 at a 1.00% interest rate with monthly payments of \$169,989 through March 8, 2022. Under Division A, Title 1, Section 1106 the loan will be fully forgiven as long as:
 - The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made.
 - Employee and compensation levels are maintained.
 - Payroll costs are capped at \$100,000 on an annualized basis for each employee.
 - At least 75% of the forgiven amount must be used for payroll.

In the event the District does not comply with the Paycheck Protection Program (PPP) forgiveness requirements, they are responsible for repaying the note per the terms in the promissory note. Subsequent to year-end, this loan was forgiven in full.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 10 – LONG-TERM DEBT (CONTINUED)

For the Year Ending	<u>Bonds Payable</u>			<u>Other Long-Term Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30,						
2022	\$ 530,000	\$ 788,703	\$ 1,318,703	\$ 3,023,100	\$ -	\$ 3,023,100
2023	542,000	776,021	1,318,021	-	-	-
2024	555,000	763,035	1,318,035	-	-	-
2025	570,000	749,729	1,319,729	-	-	-
2026	583,000	736,060	1,319,060	-	-	-
2027-2031	3,127,000	4,736,198	7,863,198	-	-	-
2032-2036	3,524,000	4,497,086	8,021,086	-	-	-
2037-2041	4,629,221	4,897,901	9,527,122	-	-	-
2042-2046	2,746,000	2,228,689	4,974,689	-	-	-
2047-2051	3,052,000	1,663,025	4,715,025	-	-	-
2052-2056	3,391,000	1,034,376	4,425,376	-	-	-
2057-2061	3,372,000	335,708	3,707,708	-	-	-
Total	<u>\$26,621,221</u>	<u>\$23,206,531</u>	<u>\$49,827,752</u>	<u>\$ 3,023,100</u>	<u>\$ -</u>	<u>\$ 3,023,100</u>

The amount of interest cost incurred in 2021 was \$1,743,815, of which \$980,072 was capitalized and \$706,838 was charged to operations. The amount of interest cost incurred in 2020 was \$1,016,905, of which \$809,919 was capitalized and \$206,986 was charged to operations.

NOTE 11 – SECTION 1115 DEMONSTRATION WAIVER PROGRAM

Uncompensated Care - The District participated in the Section 1115 Demonstration Waiver Program; a program designed to benefit rural community hospitals. This program is facilitated through the District providing an intergovernmental transfer whereby federal matching funds are provided to supplement the District for the shortfall in Medicaid funding. In connection with this program, the District provided intergovernmental transfers \$205,036 and \$1,744,052, and received \$593,667 and \$3,025,450, for the years ended June 30, 2021 and 2020, respectively. The District recognized net revenue of \$388,631 and \$1,249,398 for the years ended June 30, 2021 and 2020, respectively. The respective net revenue is included within net patient service revenue in the accompanying combined statements of revenues, expenses, and changes in net position.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 11 – SECTION 1115 DEMONSTRATION WAIVER PROGRAM (CONTINUED)

Delivery System Reform Incentive Program – As part of the Section 1115 Demonstration Waiver Program, the District is eligible to receive incentive payments through the Delivery System Reform Incentive Payment Program (DSRIP). This incentive program is designed to improve the experience of care, improve the health of populations, and containing costs. By participating in the DSRIP Program, the District provides an intergovernmental transfer to finance the non-federal share of the incentive payments. In connection with this program, the District provided intergovernmental transfers of \$202,749 and \$197,069, and received \$631,039 and \$492,161, for the years ended June 30, 2021 and 2020, respectively. Additionally, the District recorded a net receivable in the amount of \$65,012 and \$64,133, at June 30, 2021 and 2020, respectively. The District recognized net revenue of \$429,421 and \$260,407 for the years ended June 30, 2021 and 2020, respectively.

Indigent Care Affiliation - Under the Section 1115 Demonstration Waiver Program, the District is part of an indigent care affiliation agreement with the Service Organization of West Texas, a non-profit corporation, and affiliated hospitals. This agreement is intended to increase funding for the Medicaid population and to access federal funding for the indigent population. Under this program, the District transfers certain government funds to the State of Texas. The Service Organization of West Texas then provides care to the Medicaid and non-Medicaid indigent in the region and surrounding communities. These services were valued at \$1,757,773 and \$1,601,456 as of June 30, 2021 and 2020, respectively. As part of this affiliation agreement, the District provided \$630,094 and \$979,216 in funding to the program for the years ended June 30, 2021 and 2020, respectively. Additionally, the District has funded \$-0- and \$255,527, which has been recorded as prepaid services at June 30, 2021 and 2020, respectively.

NOTE 12 – MEDICAID DISPROPORTIONATE SHARE FUNDS

The Indigent Health Care and Treatment Act, passed by the 69th Texas Legislature in 1985, first apportioned funds to the Texas Department of Human Services (DHS) to provide assistance to hospitals providing a disproportionate share (DSH) of inpatient indigent health care. The State of Texas created a mechanism whereby intergovernmental transfers were made between selected district and county hospitals to generate additional federal matching funds. Hospitals participating in the Medicaid program that meet the conditions of participation and that serve a disproportionate share of low-income patients as defined by state law are eligible for additional reimbursement from the disproportionate share hospital fund. There are direct and indirect implied expectations regarding the purposes of this funding. The focus of the funds is to benefit the health care needs of the medically indigent, including recipients of Medicaid benefits, those eligible for Medicaid benefits, the uninsured, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal law offer considerable flexibility to recipient hospitals regarding specific use of the funds.

In connection with this program, the District provided intergovernmental transfers of \$159,925 and \$402,101, and received \$499,921 and \$1,143,894, for the years ended June 30, 2021 and 2020, respectively. The District recognized net revenue of \$339,996 and \$741,793 for the years ended June 30, 2021 and 2020, respectively. The respective net revenue is included within net patient service revenue in the accompanying combined statements of revenues, expenses, and changes in net position.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 13 – COVID-19 FEDERAL FINANCIAL ASSISTANCE

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (P.L. 116-123) appropriated funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to coronavirus. These funds were distributed by the Health Resources and Services Administration (HRSA) through the Provider Relief Fund (PRF) program. The District received relief funds through Phase 1-3 Stimulus payments and targeted distributions, such as the Rural Distribution and High-Impact Payments. Recipients of these funds agreed to Terms and Conditions, which require compliance with reporting requirements as specified by the Secretary of Health and Human Services in program instructions.

- **Provider Relief Funds** – By accepting the Relief Funds, the District must maintain compliance with the Secretary's terms and conditions, including but not limited to, using the Relief Funds to prevent, prepare for, and respond to coronavirus, and shall reimburse the District only for health care related expenses or lost revenues that are attributable to coronavirus. The District's commitment to full compliance with all terms and conditions is material to the Secretary's decision to disburse these funds. Non-compliance with any terms and conditions is grounds for the secretary to recoup some or all of the payment made from the Relief Fund. The District received provider relief funds in the amount of \$2,000,000 and \$656,858 for the years ended June 30, 2021 and 2020, respectively .
- **Rural Distribution** – The provider Relief Funds designated to rural hospitals is for those hospitals that are located in a geography that is a non-Metro county, is an independent rural health clinic, critical access hospital, or has a Rural-Urban Commuting Area (RUCA) code of 2, 3, or 4-10. The funds received by the District shall reimburse the expenses used to prevent, prepare for, and respond to coronavirus or lost revenues attributable to coronavirus. The District received rural distribution funds in the amount of \$-0- and \$3,950,391 for the years ended June 30, 2021 and 2020, respectively.

In accordance with the Department of Health and Human Services Post-Payment Notice of Reporting Requirements released January 15, 2021, the recipients must submit their use of PRF payments by reporting healthcare related expenses attributable to coronavirus that another source has not reimbursed then applying actual patient care lost revenues to the remaining funds. If recipients do not expend PRF funds in full by the end of calendar year 2020, they will have an additional six months in which to use remaining amounts toward expenses attributable to coronavirus but not reimbursed by other sources, and/or lost revenues. For the years ended June 30, 2021 and 2020, the District received \$2,000,000 and \$4,607,248 in total COVID-19 provider relief funds, and incurred unreimbursed expenses and/or lost revenues attributable to the coronavirus in the amount of \$2,000,000 and \$4,607,248, respectively. For the years ended June 30, 2021 and 2020, the District recognized COVID-19 federal financial assistance revenue in the amount of \$2,000,000 and \$4,607,248, respectively. The respective revenue is included in nonoperating revenues (expenses) in the accompanying combined statements of revenues, expenses and changes in net position.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 13 – COVID-19 FEDERAL FINANCIAL ASSISTANCE (CONTINUED)

Rural Health Clinic Testing – The Department of Health and Human Services distributed funds received from the Public Health and Social Services Emergency Fund, as appropriated in P.L. 116-139 (“Rural Testing Relief Fund”). In connection with this program, the District received \$100,000 and \$49,461 in Rural Testing Relief Funds for the years ended June 30, 2021 and 2020, respectively. The District is to use the funding reimburse for COVID-19 testing requirements, including purchasing supplies (such as test kits and other testing supplies). For the years ended June 30, 2021 and 2020, the District incurred allowable expenses and recognized COVID-19 federal financial assistance revenue in the amount of \$100,000 and \$49,461, respectively. The respective revenue is included in nonoperating revenues (expenses) in the accompanying combined statements of revenues, expenses and changes in net position.

NOTE 14 – NURSING HOME OPERATIONS

Quality Incentive Payment Program (QIPP) – During its 84th session, the Texas Legislature implemented a new Quality Incentive Payment Program (QIPP) effective September 1, 2016, and HHSC implemented QIPP on September 1, 2017. QIPP will require participating facilities meeting certain qualifying criteria to submit projects to HHSC requesting the additional funding as supported in the individual projects. These projects are expected to improve quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents. A portion of the additional funding will be funded through intergovernmental transfer (IGT) payments from each participating provider. QIPP IGTs for a specific capitation rate period will be due to HHSC approximately six months prior to the beginning of the rate period. During the years ended June 30, 2021 and 2020, the District transferred \$165,053 and \$133,451, respectively, to HHSC via an IGT for use as the state share of payments. As of June 30, 2021 and 2020, the District recorded a receivable of \$221,837 and \$119,553, respectively. The District recognized net revenue of \$158,555 and \$102,288 for the years ended June 30, 2021 and 2020, respectively. The respective net revenue is included within net patient service revenue in the accompanying combined statements of revenues, expenses, and changes in net position.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Texas Medicaid 1115 Healthcare Transformation Waiver Recoupment Liability – During 2017, several hospitals filed a lawsuit against the federal government challenging the rule calculating disproportionate share (DSH) and uncompensated care (UC) payments. The hospitals claimed the rule’s definition of “costs incurred” was contrary to the Medicaid Act. The main issue is whether payments made by Medicare and private insurers should be subtracted from a hospital’s “costs incurred” in the calculation of the Medicaid Hospital Specific Limit (HSL). In August 2019, the D.C. Circuit reinstated the 2017 Final Rule as adopted by the Centers for Medicare and Medicaid Services. As a result, the HSL was subsequently recalculated, resulting in numerous hospitals receiving DSH and UC funds in excess of the calculated limit during demonstration years 7 and 8. Consequently, management has recorded an estimate for the anticipated recoupment of DSH and UC funds at June 30, 2021 and 2020. At June 30, 2021 and 2020, management recorded an estimated recoupment liability of \$245,000 and \$245,000, respectively. The recoupment liability is included within other accrued liabilities in the accompanying combined statements of net position.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation – The District is from time-to-time subject to claims and suits for damages, including damages for personal injuries to patients and others, most of which are covered as to risk and amount. In the opinion of management, the ultimate resolution of pending legal proceedings, if any, will not have a material effect on the District’s net position or results of operations.

Insurance Arrangements - Substantially all of the District’s employees and their dependents are eligible to participate in the District’s employee health insurance plan. The District is partially self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$90,000 per participant. Commercial stop-loss insurance coverage is purchased for individual participant claims in excess of the aggregate annual amount. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred, but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors.

Activity in the District’s accrued employee health claims liability as of June 30, 2021 and 2020, is summarized as follows:

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 147,000	\$ 128,000
Current Year Claims Incurred and Changes in Estimates		
for Claims Incurred in Prior Years	2,606,234	2,298,779
Claims and Expenses Paid	<u>(2,466,234)</u>	<u>(2,279,779)</u>
Balance, End of Year	<u>\$ 287,000</u>	<u>\$ 147,000</u>

The District is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person / \$300,000 per occurrence. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. The District is self-insured for malpractice insurance claims. As such, the District sets aside funds into a trust account for potential malpractice claims. The District’s exposure to losses arising from claims and the recognition of those losses is performed through an annual actuarial valuation. Based upon the most recent actuarial valuation, an estimated liability of \$269,309 has been recorded as of June 30, 2021 and 2020. It is reasonably possible that this estimate could change materially in the near term.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 16 – PENSION PLAN

Plan Description

The District contributes to the Texas County and District Retirement System (TCDRS), an agent multiple employer defined benefit pension plan covering all full-time and part-time non-temporary employees, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the plan document and were established and can be amended by action of the District’s governing body within the options available in the state statutes governing TCDRS. The plan does not issue a separate report that includes financial statements and required supplementary information for the plan. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The most recent CAFR for TCDRS can be found at the following link, www.tcdrs.org.

Benefits Provided

The Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TCDRS.

Members can retire at ages 60 and above with 8 or more years of service or with 20 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

The following employees were covered by the benefit terms at December 31:

	2020	2019
Inactive Employees or Beneficiaries Currently Receiving Benefits	82	77
Inactive Employees Entitled to but not Yet Receiving Benefits	647	614
Active Employees	365	374
Total	<u>1,094</u>	<u>1,065</u>

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

NOTE 16 – PENSION PLAN (CONTINUED)

Contributions

The District's governing body has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Plan members are required to contribute 7% of their annually covered salary. Under the TCDRS Act, rates are 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the plan years ended December 31, 2020 and 2019, employees contributed approximately \$1,478,643 and \$1,399,077, or 7.0% and 7.0%, of covered payroll, respectively, and the District contributed approximately \$1,225,162 and \$1,067,000, or 5.8% and 5.3% of covered payroll, respectively, to the Plan.

Net Pension (Asset) Liability

At June 30, 2021 and 2020, the District's net pension (asset) liability was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation
Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

NOTE 16 – PENSION PLAN (CONTINUED)

Mortality rates were based as follows:

Depositing Members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service Retirees, Beneficiaries and Non-depositing Members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled Retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on pension investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 16 – PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
U.S. Equities	11.50%	4.25%
Global Equities	2.50%	4.55%
International Equities-Developed	5.00%	4.25%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLP's)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Private Equity	25.00%	7.25%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.60% and 8.10% at December 31, 2020 and 2019, respectively. 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 District 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.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 16 – PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The following table summarizes the changes in the net pension asset as of December 31, 2020, the valuation date:

	(Increase) Decrease		
	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances as of December 31, 2019	\$ 52,652,187	\$ 54,050,019	\$ (1,397,832)
Changes for the Year:			
Service Cost	2,420,279	-	2,420,279
Interest on Total Pension Liability	4,390,895	-	4,390,895
Effect of Economic/Demographic Gains or Losses	(232,147)	-	(232,147)
Effect of Assumptions Changes or Inputs	4,323,336	-	4,323,336
Refund of Contributions	(295,380)	(295,380)	-
Benefit Payments	(1,466,682)	(1,466,682)	-
Administrative Expenses	-	(44,325)	44,325
Member Contributions	-	1,478,643	(1,478,643)
Net Investment Income	-	5,585,673	(5,585,673)
Employer Contributions	-	1,225,162	(1,225,162)
Other	-	42,678	(42,678)
Balances as of December 31, 2020	<u>\$ 61,792,488</u>	<u>\$ 60,575,788</u>	<u>\$ 1,216,700</u>

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 16 – PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The following table summarizes the changes in the net pension asset as of December 31, 2019, the valuation date:

	(Increase) Decrease		
	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension (Asset) Liability</u>
Balances as of December 31, 2018	\$ 47,820,616	\$ 45,733,001	\$ 2,087,615
Changes for the Year:			
Service Cost	2,294,691	-	2,294,691
Interest on Total Pension Liability	3,993,686	-	3,993,686
Effect of Economic/Demographic Gains or Losses	196,472	-	196,472
Refund of Contributions	(383,366)	(383,366)	-
Benefit Payments	(1,269,912)	(1,269,912)	-
Administrative Expenses	-	(41,188)	41,188
Member Contributions	-	1,399,077	(1,399,077)
Net Investment Income	-	7,509,444	(7,509,444)
Employer Contributions	-	1,067,296	(1,067,296)
Other	-	35,667	(35,667)
Balances as of December 31, 2019	<u>\$ 52,652,187</u>	<u>\$ 54,050,019</u>	<u>\$ (1,397,832)</u>

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 16 – PENSION PLAN (CONTINUED)

Discount Rate (Continued)

Sensitivity to the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension asset of the District, calculated using the discount rate of 7.60%, as well as what the District’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate as of the valuation date December 31:

	2020		
	1%	Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	6.60%	7.60%	8.60%
Total Pension Liability	\$ 72,043,723	\$ 61,792,488	\$ 53,477,484
Fiduciary Net Position	<u>60,575,788</u>	<u>60,575,788</u>	<u>60,575,788</u>
Net Pension (Asset)/Liability	<u>\$ 11,467,935</u>	<u>\$ 1,216,700</u>	<u>\$ (7,098,304)</u>
	2019		
	1%	Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 61,148,026	\$ 52,652,187	\$ 45,728,638
Fiduciary Net Position	<u>54,050,019</u>	<u>54,050,019</u>	<u>54,050,019</u>
Net Pension (Asset)/Liability	<u>\$ 7,098,007</u>	<u>\$ (1,397,832)</u>	<u>\$ (8,321,381)</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE 16 – PENSION PLAN (CONTINUED)

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

For the years ended December 31, 2021 and 2020, the District recognized pension expense of \$1,943,461 and \$1,858,649, respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the TCDRS defined benefit pension plan from the following sources:

	2021	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 56,529	\$ -
Changes of Assumptions	-	2,882,224
Net Difference Between Projected and Actual Earnings	1,873,559	-
Contributions Made Subsequent to Measurement Date	N/A	621,126
	2020	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 252,999
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings	1,223,591	-
Contributions Made Subsequent to Measurement Date	N/A	617,821

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to the TCDRS defined benefit pension plan, excluding contributions made subsequent to measurement date, will be recognized in pension expense as follows:

Years Ending December 31:	
2021	\$ 837,184
2022	1,337,667
2023	(988,659)
2024	(234,056)
2025	-
Thereafter	-

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020**

NOTE 17 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2021, the date of the most recent combined statement of net position, have been evaluated for possible adjustment to the combined financial statements or disclosure is March 22, 2022, which is the date on which the combined financial statements were available to be issued.

In November 2021, the U.S. Department of Health and Human Services, through the Health Resources and Services Administration, provided \$941,971 in funding to the District from funds appropriated under the American Rescue Plan Act of 2021. These funds are to help health care providers keep their doors open, address workforce challenges, and make up for the lost revenues and increased expenses caused by the COVID-19 pandemic. Specifically, these funds can be used for salaries, recruitment, or retention; supplies such as N95 or surgical masks; equipment like ventilators or improved filtration systems; capital investments; information technology; and other expenses related to prevent, prepare for, or respond to COVID-19. The District is committed to full compliance with all terms and conditions regulating the use of these funds.

In July 2021, the District was notified that that its \$3,023,100 PPP loan, which was provided under Division A, Title 1, Section 11022 Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security Act, was forgiven in full by the Small Business Administration.

REQUIRED SUPPLEMENTARY INFORMATION

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021 AND 2020**

Schedule of Changes in the District's Net Pension Asset and Related Ratios

	Years Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 2,420,279	\$ 2,294,691	\$ 2,140,947	\$ 2,102,837	\$ 2,186,323	\$ 1,923,337	\$ 1,586,643
Interest on Total Pension Liability	4,390,895	3,993,686	3,611,748	3,244,805	2,875,807	2,598,784	2,342,355
Effect of Assumption Changes or Inputs	4,323,336	-	-	210,614	-	504,266	-
Effect of Economic/Demographic (Gains) or Losses	(232,147)	196,472	316,933	202,920	(368,851)	(169,717)	58,883
Benefit Payments/Refunds of Contributions	(1,762,062)	(1,653,278)	(1,368,450)	(1,173,590)	(1,164,008)	(1,019,214)	(1,010,874)
Net Change in Total Pension Liability	9,140,301	4,831,571	4,701,177	4,587,586	3,529,271	3,389,894	2,977,007
Total Pension Liability, Beginning	<u>52,652,185</u>	<u>47,820,614</u>	<u>43,119,437</u>	<u>38,531,851</u>	<u>35,002,580</u>	<u>31,612,687</u>	<u>28,635,680</u>
Total Pension Liability, Ending	<u>\$ 61,792,486</u>	<u>\$ 52,652,185</u>	<u>\$ 47,820,614</u>	<u>\$ 43,119,437</u>	<u>\$ 38,531,851</u>	<u>\$ 35,002,580</u>	<u>\$ 31,612,687</u>
Fiduciary Net Position							
Employer Contributions	\$ 1,225,162	\$ 1,067,296	\$ 1,023,524	\$ 920,500	\$ 840,597	\$ 817,350	\$ 740,526
Member Contributions	1,478,643	1,399,077	1,364,698	1,257,632	1,174,487	1,151,198	981,758
Investment Income Net of Investment Expenses	5,585,673	7,509,444	(837,240)	5,690,457	2,623,069	(435,288)	2,159,226
Benefit Payments/Refunds of Contributions	(1,762,062)	(1,653,278)	(1,368,450)	(1,173,590)	(1,164,008)	(1,019,214)	(1,010,874)
Administrative Expenses	(44,324)	(41,188)	(36,733)	(30,294)	(28,501)	(25,322)	(25,825)
Other	42,678	35,668	34,957	13,177	63,209	(6,825)	(45,690)
Net Changes in Fiduciary Net Position	6,525,769	8,317,018	180,757	6,677,883	3,508,853	481,899	2,799,121
Fiduciary Net Position, Beginning	<u>54,050,017</u>	<u>45,732,999</u>	<u>45,552,243</u>	<u>38,874,359</u>	<u>35,365,507</u>	<u>34,883,608</u>	<u>32,084,487</u>
Fiduciary Net Position, Ending	<u>\$ 60,575,786</u>	<u>\$ 54,050,017</u>	<u>\$ 45,732,999</u>	<u>\$ 45,552,243</u>	<u>\$ 38,874,359</u>	<u>\$ 35,365,507</u>	<u>\$ 34,883,608</u>
Net Pension (Asset) Liability, Ending	<u>\$ 1,216,700</u>	<u>\$ (1,397,832)</u>	<u>\$ 2,087,615</u>	<u>\$ (2,432,806)</u>	<u>\$ (342,508)</u>	<u>\$ (362,927)</u>	<u>\$ (3,270,921)</u>
Fiduciary Net Position as a % of Total Pension Liability	98.03%	102.65%	95.63%	105.64%	100.89%	101.04%	110.35%
Pensionable Covered Payroll	\$ 21,123,478	\$ 19,986,812	\$ 19,495,692	\$ 17,908,560	\$ 16,778,381	\$ 16,445,681	\$ 14,025,115
Net Pension (Asset) Liability as a % of Covered Payroll	5.76%	-6.99%	10.71%	-13.58%	-2.04%	-2.21%	-23.32%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Independent Auditor's Report and required supplemental information.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2021 AND 2020**

Schedule of Employer Contributions (1)

Year Ending December 31,	Actuarially Determined Contribution (1)	in Relation to the Actuarially Determined Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2011	\$ 580,711	\$ 580,711	\$ -	\$ 12,225,505	4.7%
2012	615,444	560,311	55,133 (3)	12,162,925	4.6%
2013	629,433	629,433	-	12,198,312	5.2%
2014	740,526	740,526	-	14,025,115	5.3%
2015	817,350	817,350	-	16,445,681	5.0%
2016	840,597	840,597	-	16,778,381	5.0%
2017	920,500	920,500	-	17,908,560	5.1%
2018	1,023,524	1,023,524	-	19,495,692	5.3%
2019	1,067,296	1,067,296	-	19,986,812	5.3%
2020	1,225,162	1,225,162	-	21,123,478	5.8%

Notes to Schedule:

- (1) TCDRS calculates actuarially determined contributions on a calendar year basis.
(2) Payroll is calculated based on contributions as reported to TCDRS.
(3) Deficiency corrected in subsequent years.

Valuation Date:

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment rate of return	7.5%, net of investment expenses, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP -2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New Mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

SUPPLEMENTARY INFORMATION

**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Direct Programs:		
Community Facilities Loans and Grants	10.766	\$ <u>2,704,000</u>
<i>TOTAL U.S. DEPARTMENT OF AGRICULTURE</i>		2,704,000
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Direct Programs:		
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461	297,469 *
COVID-19 - Public Health and Social Services Emergency Fund for Provider Relief	93.498	<u>4,607,248</u>
<i>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>		<u>4,904,717</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 7,608,717</u></u>

* Amounts are reported in net patient service revenue on the accompanying combined statements of revenues, expenses, and changes in net position.

The accompanying notes are an integral part of this schedule.

**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Moore County Hospital District, d/b/a Memorial Hospital (the “District”) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, revenues, expenses and changes in net position, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – SUBRECIPIENTS

The District did not provide any federal awards to subrecipients during the year ended June 30, 2021.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Moore County Hospital District d/b/a Memorial Hospital (“District”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 22, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Moore County Hospital District's Response to Findings

Moore County Hospital District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Moore County Hospital District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Durbin & Company, L.L.P.

Durbin & Company, L.L.P.
Lubbock, Texas
March 22, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Moore County Hospital District d/b/a Memorial Hospital's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Moore County Hospital District d/b/a Memorial Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Durbin & Company, L.L.P.

Durbin & Company, L.L.P.
Lubbock, Texas
March 22, 2022

**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the combined financial statements of Moore County Hospital District, d/b/a Memorial Hospital were prepared in accordance with GAAP.
2. One material weakness relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Moore County Hospital District, d/b/a Memorial Hospital, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs for Moore County Hospital District, d/b/a Memorial Hospital expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR §200.516(a) are reported in this Schedule.
7. The programs tested as major programs were:

Cluster/Program	CFDA Number
Community Facilities Loans and Grants	10.766
Provider Relief Fund	93.498

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Moore County Hospital District, d/b/a Memorial Hospital was determined not to be a low-risk auditee.

**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

FINDINGS – FINANCIAL STATEMENT AUDIT

Reference Number	Finding
2021-001	<p>Condition - The District did not timely reconcile the operating bank account to the general ledger.</p> <p>Criteria - Management is responsible for reconciling all bank accounts to the general ledger in a timely manner.</p> <p>Cause - During the audit, we noted that the District's Operating bank account was not reconciled to the general ledger.</p> <p>Effect - The District's cash has an uncorrected audit difference, causing cash and cash equivalents to be understated by \$126,962.</p> <p>Auditor's Recommendation - We recommend that all of the bank accounts be reconciled monthly to the general ledger and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanations.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Moore County Hospital District has implemented a procedure requiring Cash accounts to be reconciled to the general ledger by the 20th of the following month and reconciliations will be reviewed and signed by the CFO. In addition to this, the District is having conversations with our banking institution to have separate accounts for receivables and payables that will close out into the operating account daily. This action will help to identify any discrepancies quickly so they can be resolved timely.</p>

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- No matters reportable

**MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

PRIOR AUDIT FINDINGS – FINANCIAL STATEMENT AUDIT

- No matters reportable

PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- No matters reportable



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CORRECTIVE ACTION PLAN

Audit Finding Reference Number: 2021-001

Contact Information:

John Sharp
Chief Financial Officer
Moore County Hospital District

Plan of Corrective Action:

Moore County Hospital District has implemented a procedure requiring Cash accounts to be reconciled to the general ledger by the 20th of the following month and reconciliations will be reviewed and signed by the CFO. In addition to this, the District is having conversations with our banking institution to have separate accounts for receivables and payables that will close out into the operating account daily. This action will help to identify any discrepancies quickly so they can be resolved timely.

Anticipated Completion Date:

March 30, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON OTHER FINANCIAL INFORMATION

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 "District") as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated March 22, 2022, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The other financial information on pages 51 through 56 is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Durbin & Company, L.L.P.

Durbin & Company, L.L.P.
Lubbock, Texas
March 22, 2022

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

ASSETS:	Hospital	Foundation	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 10,499,792	\$ 180,739	\$ 10,680,531
Short-Term Investments	5,570,003	105,506	5,675,509
Assets Whose Use is Limited	740,751	1,387,741	2,128,492
Patient Accounts Receivable, Net of Allowance	6,073,157	-	6,073,157
Other Receivables	385,963	320,514	706,477
Inventory of Supplies	1,171,375	-	1,171,375
Prepaid and Other Current Assets	740,972	-	740,972
Property Taxes Receivable	79,825	-	79,825
Total Current Assets	25,261,838	1,994,500	27,256,338
ASSETS WHOSE USE IS LIMITED - LONG TERM	1,026,548	-	1,026,548
RESTRICTED ASSETS - LONG-TERM	-	315,409	315,409
LONG-TERM INVESTMENTS	-	1,750,757	1,750,757
CAPITAL ASSETS, NET	50,762,885	-	50,762,885
Total Assets	77,051,271	4,060,666	81,111,937
DEFERRED OUTFLOWS OF RESOURCES	3,767,316	-	3,767,316
Total Assets and Deferred Outflows of Resources	\$ 80,818,587	\$ 4,060,666	\$ 84,879,253

See Independent Accountant's Report on Other Financial Information.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

LIABILITIES AND NET POSITION:	Hospital	Foundation	Total
CURRENT LIABILITIES			
Current Portion of Long-Term Debt	\$ 3,553,100	\$ -	\$ 3,553,100
Accounts Payable	2,602,820	-	2,602,820
Accrued Payroll, Benefits, and Related Liabilities	2,189,548	-	2,189,548
Self Funded Health Insurance	287,000	-	287,000
Estimated Third-Party Payor Settlements	557,828	-	557,828
Other Accrued Liabilities	862,228	-	862,228
Total Current Liabilities	10,052,524	-	10,052,524
LONG-TERM DEBT, NET OF CURRENT PORTION	26,091,221	-	26,091,221
NET PENSION LIABILITY	1,216,700	-	1,216,700
ESTIMATED SELF-FUNDED MALPRACTICE	269,309	-	269,309
Total Liabilities	37,629,754	-	37,629,754
DEFERRED INFLOWS OF RESOURCES	2,296,611	-	2,296,611
NET POSITION			
Net Investment in Capital Assets	24,405,630	-	24,405,630
Restricted - Expendable for:			
Educational Scholarships	-	315,409	315,409
Unrestricted	16,486,592	3,745,257	20,231,849
Total Net Position	40,892,222	4,060,666	44,952,888
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 80,818,587	\$ 4,060,666	\$ 84,879,253

See Independent Accountant's Report on Other Financial Information.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2020

ASSETS:	<u>Hospital</u>	<u>Foundation</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 12,541,865	\$ 197,860	\$ 12,739,725
Short-Term Investments	7,643,535	104,409	7,747,944
Assets Whose Use is Limited	792,173	1,055,394	1,847,567
Patient Accounts Receivable, Net of Allowance	4,222,143	-	4,222,143
Estimated Third-Party Payor Settlements	237,782	-	237,782
Other Receivables	433,263	464,431	897,694
Inventory of Supplies	1,116,639	-	1,116,639
Prepaid and Other Current Assets	1,137,091	-	1,137,091
Property Taxes Receivable	91,603	-	91,603
Total Current Assets	28,216,094	1,822,094	30,038,188
ASSETS WHOSE USE IS LIMITED - LONG TERM	1,024,723	-	1,024,723
RESTRICTED ASSETS - LONG-TERM	-	310,785	310,785
LONG-TERM INVESTMENTS	-	1,379,793	1,379,793
CAPITAL ASSETS, NET	47,539,889	-	47,539,889
NET PENSION ASSET	1,397,832	-	1,397,832
Total Assets	78,178,538	3,512,672	81,691,210
DEFERRED OUTFLOWS OF RESOURCES	1,177,986	-	1,177,986
Total Assets and Deferred Outflows of Resources	\$ 79,356,524	\$ 3,512,672	\$ 82,869,196

See Independent Accountant's Report on Other Financial Information.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2020

LIABILITIES AND NET POSITION:	Hospital	Foundation	Total
CURRENT LIABILITIES			
Current Portion of Long-Term Debt	\$ 3,071,232	\$ -	\$ 3,071,232
Accounts Payable	2,252,468	-	2,252,468
Accrued Payroll, Benefits, and Related Liabilities	2,170,602	-	2,170,602
Self Funded Health Insurance	147,000	-	147,000
Other Accrued Liabilities	803,194	-	803,194
Total Current Liabilities	8,444,496	-	8,444,496
LONG-TERM DEBT, NET OF CURRENT PORTION	32,560,303	-	32,560,303
ESTIMATED SELF-FUNDED MALPRACTICE	269,309	-	269,309
Total Liabilities	41,274,108	-	41,274,108
DEFERRED INFLOWS OF RESOURCES	1,331,685	-	1,331,685
NET POSITION			
Net Investment in Capital Assets	15,238,620	-	15,238,620
Restricted - Expendable for:			
Educational Scholarships	-	310,785	310,785
Unrestricted	21,512,111	3,201,887	24,713,998
Total Net Position	36,750,731	3,512,672	40,263,403
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 79,356,524	\$ 3,512,672	\$ 82,869,196

See Independent Accountant's Report on Other Financial Information.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUES:				
Net Patient Service Revenue	\$ 41,755,239	\$ -	\$ -	\$ 41,755,239
Delivery System Reform Incentive Program	429,421	-	-	429,421
Other Revenue	278,931	-	-	278,931
Total Operating Revenues	<u>42,463,591</u>	-	-	<u>42,463,591</u>
OPERATING EXPENSES:				
Salaries and Wages	22,075,294	-	-	22,075,294
Employee Benefits	5,113,642	-	-	5,113,642
Professional Fees and Purchased Services	7,368,799	1,860	-	7,370,659
Supplies and Other	9,251,944	200,585	(165,303)	9,287,226
Depreciation and Amortization	2,781,158	-	-	2,781,158
Total Operating Expenses	<u>46,590,837</u>	<u>202,445</u>	<u>(165,303)</u>	<u>46,627,979</u>
Operating Loss	(4,127,246)	(202,445)	165,303	(4,164,388)
NONOPERATING REVENUES (EXPENSES):				
Property Tax Revenue	5,235,085	-	-	5,235,085
Tobacco Settlement Revenue	96,720	-	-	96,720
Noncapital Grants and Contributions	295,368	2,327	(165,303)	132,392
Community Benefit Support	1,757,773	-	-	1,757,773
Intergovernmental Transfer	(630,094)	-	-	(630,094)
COVID-19 Federal Financial Assistance	2,100,000	-	-	2,100,000
Investment Income	120,723	362,965	-	483,688
Interest Expense	(706,838)	-	-	(706,838)
Other Nonoperating Revenue	-	385,147	-	385,147
Total Nonoperating Revenues (Expenses)	<u>8,268,737</u>	<u>750,439</u>	<u>(165,303)</u>	<u>8,853,873</u>
Excess of Revenues over Expenses and Increase in Net Position	4,141,491	547,994	-	4,689,485
Net Position, Beginning of Year	<u>36,750,731</u>	<u>3,512,672</u>	-	<u>40,263,403</u>
Net Position, End of Year	<u>\$ 40,892,222</u>	<u>\$ 4,060,666</u>	<u>\$ -</u>	<u>\$ 44,952,888</u>

See Independent Accountant's Report on Other Financial Information.

**MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL**

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUES:				
Net Patient Service Revenue	\$ 34,514,524	\$ -	\$ -	\$ 34,514,524
Delivery System Reform Incentive Program	260,407	-	-	260,407
Other Revenue	419,543	-	-	419,543
Total Operating Revenues	<u>35,194,474</u>	<u>-</u>	<u>-</u>	<u>35,194,474</u>
OPERATING EXPENSES:				
Salaries and Wages	21,913,199	-	-	21,913,199
Employee Benefits	4,653,069	-	-	4,653,069
Professional Fees and Purchased Services	7,276,101	34,068	-	7,310,169
Supplies and Other	7,735,194	93,387	-	7,828,581
Depreciation and Amortization	1,730,282	-	-	1,730,282
Total Operating Expenses	<u>43,307,845</u>	<u>127,455</u>	<u>-</u>	<u>43,435,300</u>
Operating Loss	(8,113,371)	(127,455)	-	(8,240,826)
NONOPERATING REVENUES (EXPENSES):				
Property Tax Revenue	5,347,210	-	-	5,347,210
Tobacco Settlement Revenue	89,396	-	-	89,396
Noncapital Grants and Contributions	73,290	35,243	-	108,533
Community Benefit Support	1,601,456	-	-	1,601,456
Intergovernmental Transfer	(1,281,861)	-	-	(1,281,861)
COVID-19 Federal Financial Assistance	4,632,933	-	-	4,632,933
Investment Income	201,624	19,416	-	221,040
Interest Expense	(206,986)	-	-	(206,986)
Insurance Proceeds Net of Impairment	228,387	-	-	228,387
Other Nonoperating Revenue	-	531,849	-	531,849
Total Nonoperating Revenues (Expenses)	<u>10,685,449</u>	<u>586,508</u>	<u>-</u>	<u>11,271,957</u>
Excess of Revenues over Expenses and Increase in Net Position	2,572,078	459,053	-	3,031,131
Net Position, Beginning of Year	<u>34,178,653</u>	<u>3,053,619</u>	<u>-</u>	<u>37,232,272</u>
Net Position, End of Year	<u>\$ 36,750,731</u>	<u>\$ 3,512,672</u>	<u>\$ -</u>	<u>\$ 40,263,403</u>

See Independent Accountant's Report on Other Financial Information.