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

AS OF AND FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

DURBIN&CO LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Combined Financial Statements

Opinion

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 the "District"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the combined financial statements, which collectively comprise the District's combined financial statements as presented on pages 1-5.

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, 2022 and 2021, and the changes in its combined financial position and its combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts of disclosures in the combined financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the defined benefit plan information on pages A-1 through A-5 and pages 39 through 40, respectively, be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, 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 inquires of management about the methods of preparing the information and comparing 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 an opinion on the combined financial statements as a whole. The accompanying consolidating financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic combined financial statements. The 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 consolidating financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic combined financial statements as a whole.

Other Reporting Required by the *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Durbin & Company, L.L.P.

Durbin & Company, L.L.P.
Lubbock, Texas
December 14, 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, 2022 AND 2021

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021. 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 $2,656,697 or 5.9% increase in 2022, and a $4,689,485 or 11.6% increase in 2021.

- The District reported an operating loss in 2022 and 2021 of $6,574,227 and $4,164,388, respectively. The operating loss in 2022 had an unfavorable increase of $2,409,839 over the operating loss reported in 2021.

- Net Patient Service Revenue increased by $1,154,893 or 2.8%, and increased by $7,240,715 or 21.0% in 2022 and 2021, 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 on the District's net position and changes in them. You can think of the District's net position—the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources—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.

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 deferred outflows of resources, and its liabilities and deferred inflows of resources reported in the Combined Statement of Net Position on pages 1 and 2. The District's net position increased by $2,656,697 or 5.9% in 2022, and increased by $4,689,485 or 11.6% in 2021, as you can see from **Table 1**.

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

	2022	2021	2020
Assets and Deferred Outflows of Resources:			
Current Assets	$ 28,486,994	$ 27,256,338	$ 30,038,188
Capital Assets (net)	50,747,760	50,762,885	47,539,889
Other Non-Current Assets	10,067,570	3,092,714	4,113,133
Deferred Outflows of Resources	2,971,363	3,767,316	1,177,986
Total Assets and Deferred Outflows of Resources	$ 92,273,687	$ 84,879,253	$ 82,869,196
Liabilities and Deferred Inflows of Resources:			
Long-Term Debt Outstanding	$ 27,919,221	$ 29,644,321	$ 35,631,535
Other Current and Non-Current	7,669,717	7,985,433	5,642,573
Deferred Inflows of Resources	9,075,164	2,296,611	1,331,685
Total Liabilities and Deferred Inflows of Resources	44,664,102	39,926,365	42,605,793
Total Net Position	47,609,585	44,952,888	40,263,403
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 92,273,687	$ 84,879,253	$ 82,869,196

OPERATING RESULTS AND CHANGES IN THE DISTRICT'S NET POSITION

In 2022 and 2021, the District's combined net position increased by $2,656,697 and $4,689,485, 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

	2022	2021	2020
Operating Revenues:			
Net Patient Service Revenue	$ 42,910,132	$ 41,755,239	$ 34,514,524
Delivery System Reform Incentive Program	362,934	429,421	260,407
Other Operating Revenue	292,590	278,931	419,543
Total Operating Revenue	43,565,656	42,463,591	35,194,474
Operating Expenses:			
Salaries and Benefits	29,511,683	27,188,936	26,566,268
Other Operating Expenses	16,868,646	16,657,885	15,138,750
Depreciation and Amortization	3,759,554	2,781,158	1,730,282
Total Operating Expenses	50,139,883	46,627,979	43,435,300
Operating Loss	(6,574,227)	(4,164,388)	(8,240,826)
Nonoperating Revenues and Expenses:			
Property Tax Revenue	6,171,342	5,235,085	5,347,210
Tobacco Settlement Revenue	93,770	96,720	89,396
Noncapital Grants and Contributions	40,272	132,392	108,533
Community Benefit Support	502,780	1,757,773	1,601,456
Intergovernmental Transfers	(1,057,651)	(630,094)	(1,281,861)
COVID-19 Federal Financial Assistance	980,988	2,100,000	4,632,933
Investment Income (Loss)	(149,226)	483,688	221,040
Interest Expense	(608,050)	(706,838)	(206,986)
Gain on Loan Forgiveness	3,023,100	-	-
Insurance Proceeds	-	-	228,387
Foundation Revenue	233,268	385,147	531,849
Gain on Disposal of Assets	331	-	-
Total Nonoperating Revenues (Expenses)	9,230,924	8,853,873	11,271,957
Increase in Net Position	2,656,697	4,689,485	3,031,131
Net Position, Beginning of Year	44,952,888	40,263,403	37,232,272
Net Position, End of Year	$ 47,609,585	$ 44,952,888	$ 40,263,403

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 2022 and 2021 of $6,574,227 and $4,164,388, respectively.

The primary components of the increase in operating loss in 2022 are:

- An increase in salaries and benefits expense of $2,322,747 or 8.5%.
- An increase in depreciation and amortization expense of $978,396 or 35.2%.

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%.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of tax district revenue, COVID-19 federal financial assistance revenue, community benefit support revenue, intergovernmental transfer expense, and interest expense.

In 2022 and 2021, the District recognized $502,780 and $1,757,773, respectively, in community benefit support revenue under the Section 1115 Demonstration Waiver Program, and incurred $1,057,651 and $630,094 in intergovernmental transfer expense for the same periods. In 2022 and 2021, the District recognized $980,988 and $2,100,000, respectively, in COVID-19 federal financial assistance revenue.

Grants, Contributions, and Endowments

Noncapital grants and contributions recognized in 2022 and 2021 were $40,272 and $132,392, 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022 and 2021, the District had $50,747,760 and $50,762,885, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 9 of the combined financial statements. In 2022, the District acquired $3,701,233 in capital assets compared to $5,960,956 in 2021. Depreciation and amortization expense totaled $3,759,554 and $2,781,158 in 2022 and 2021, respectively.

Debt

As of June 30, 2022 and 2021, the District had $27,919,221 and $29,644,321, respectively, in notes payable and long-term debt outstanding, as detailed in Note 10 of the combined financial statements. During fiscal years 2022 and 2021, the District made principal payments of $530,000 and $29,911,214, respectively, on outstanding debt. During 2020, the District issued a Paycheck Protection Program ("PPP") loan in the amount of $3,023,100. During 2022, the District received full forgiveness of the PPP loan from the Small Business Administration. For the year ended June 30, 2022, the District recognized a gain on loan forgiveness in the amount of $3,023,100. 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 relationships with these companies has brought many workers into the District's outpatient departments and the District's 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, Administration 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, 2022 AND 2021

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

COMBINED STATEMENTS OF NET POSITION

AS OF JUNE 30, 2022 AND 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	$ 12,907,066	$ 10,680,531
Short-Term Investments	3,478,415	5,675,509
Assets Whose Use is Limited	2,212,141	2,128,492
Patient Accounts Receivable, Net of Allowance	6,572,490	6,073,157
Estimated Third-Party Payor Settlements	924,596	-
Other Receivables	338,550	706,477
Inventory of Supplies	1,177,853	1,171,375
Prepaid and Other Current Assets	798,412	740,972
Property Taxes Receivable	77,471	79,825
Total Current Assets	28,486,994	27,256,338
ASSETS WHOSE USE IS LIMITED - LONG-TERM	1,029,765	1,026,548
RESTRICTED ASSETS - LONG-TERM	316,716	315,409
LONG-TERM INVESTMENTS	1,575,929	1,750,757
CAPITAL ASSETS, NET	50,747,760	50,762,885
NET PENSION ASSET	7,145,160	-
Total Assets	89,302,324	81,111,937
DEFERRED OUTFLOWS OF RESOURCES	2,971,363	3,767,316
Total Assets and Deferred Outflows of Resources	$ 92,273,687	$ 84,879,253

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, 2022 AND 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:	2022	2021
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 542,000	$ 3,553,100
Accounts Payable	2,063,974	2,602,820
Accrued Payroll, Benefits, and Related Liabilities	3,031,695	2,189,548
Self-Funded Health Insurance	233,956	287,000
Estimated Third-Party Payor Settlements	-	557,828
Other Accrued Liabilities	2,070,783	862,228
Total Current Liabilities	7,942,408	10,052,524
LONG-TERM DEBT, NET OF CURRENT PORTION	27,377,221	26,091,221
NET PENSION LIABILITY	-	1,216,700
ESTIMATED SELF-FUNDED MALPRACTICE	269,309	269,309
Total Liabilities	35,588,938	37,629,754
DEFERRED INFLOWS OF RESOURCES	9,075,164	2,296,611
NET POSITION		
Net Investment in Capital Assets	23,049,305	24,405,630
Restricted - Expendable for:		
Educational Scholarships	316,716	315,409
Unrestricted	24,243,564	20,231,849
Total Net Position	47,609,585	44,952,888
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 92,273,687	$ 84,879,253

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

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

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

AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES:		
Net Patient Service Revenue	$ 42,910,132	$ 41,755,239
Delivery System Reform Incentive Program	362,934	429,421
Other Revenue	292,590	278,931
Total Operating Revenues	43,565,656	42,463,591
OPERATING EXPENSES:		
Salaries and Wages	26,285,969	22,075,294
Employee Benefits	3,225,714	5,113,642
Professional Fees and Purchased Services	7,857,355	7,370,659
Supplies and Other	9,011,291	9,287,226
Depreciation and Amortization	3,759,554	2,781,158
Total Operating Expenses	50,139,883	46,627,979
Operating Loss	(6,574,227)	(4,164,388)
NONOPERATING REVENUES (EXPENSES):		
Property Tax Revenue	6,171,342	5,235,085
Tobacco Settlement Revenue	93,770	96,720
Noncapital Grants and Contributions	40,272	132,392
Community Benefit Support	502,780	1,757,773
Intergovernmental Transfers	(1,057,651)	(630,094)
COVID-19 Federal Financial Assistance	980,988	2,100,000
Investment Income (Loss)	(149,226)	483,688
Interest Expense	(608,050)	(706,838)
Gain on Loan Forgiveness	3,023,100	-
Foundation Revenue	233,268	385,147
Gain on Disposal of Assets	331	-
Total Nonoperating Revenues (Expenses)	9,230,924	8,853,873
Excess of Revenues over Expenses and Increase in Net Position	2,656,697	4,689,485
Net Position, Beginning of Year	44,952,888	40,263,403
Net Position, End of Year	$ 47,609,585	$ 44,952,888

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from and on Behalf of Patients	$42,141,437	$40,815,774
Payments to Suppliers and Contractors	(16,746,012)	(14,595,315)
Payments to Employees	(29,924,427)	(26,317,492)
Other Receipts and Payments, net	1,023,451	899,569
Net Cash Provided (Used) by Operating Activities	(3,505,551)	802,536
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Earnings	169,546	201,516
Purchase of Investments	(161,453)	(586,013)
Proceeds From Sale of Investments	2,208,953	2,262,066
Net Cash Provided by Investing Activities	2,217,046	1,877,569
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Issuance of Long-Term Debt	1,828,000	23,924,000
Principal Payments on Long-Term Debt	(530,000)	(29,911,214)
Interest Payments on Long-Term Debt	(612,557)	(763,743)
Purchase of Capital Assets	(3,947,499)	(5,853,543)
Net Cash Used by Capital and Related Financing Activities	(3,262,056)	(12,604,500)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property Taxes	6,173,696	5,246,863
Noncapital Grants and Contributions	40,272	132,392
Proceeds from Tobacco Settlement	93,770	96,720
Payments for Intergovernmental Transfers	(1,057,651)	(374,567)
COVID-19 Federal Financial Assistance	1,376,264	2,358,430
Other Noncapital Financing Receipts	233,268	385,147
Net Cash Provided by Noncapital Financing Activities	6,859,619	7,844,985
Net Increase (Decrease) in Cash and Cash Equivalents	2,309,058	(2,079,410)
Cash and Cash Equivalents, Beginning of Year	12,810,149	14,889,559
Cash and Cash Equivalents, End of Year	$15,119,207	$12,810,149

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, 2022 AND 2021

	2022	2021
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	$12,907,066	$10,680,531
Assets Whose Use is Limited - Current	2,212,141	2,128,492
Assets Whose Use is Limited - Long-Term	-	1,126
	$15,119,207	$12,810,149
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	$ (6,574,227)	$ (4,164,388)
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided (Used) by Operating Activities:		
Depreciation and Amortization	3,759,554	2,781,158
Provision for Bad Debts	1,232,189	9,194,041
Community Benefit Support	502,780	1,757,773
(Increase) Decrease in:		
Accounts Receivable	(1,731,522)	(11,045,055)
Prepaid Expenses and Other Current Assets	304,009	277,073
Estimated Third-Party Payor Settlements	(1,482,424)	795,610
Net Pension Asset	(7,145,160)	1,397,832
Deferred Outflows of Resources	752,753	(2,632,530)
Increase (Decrease) in:		
Accounts Payable	(292,245)	242,941
Accrued Salaries and Benefits Payable	842,147	18,946
Other Accrued Liabilities	1,160,018	255,939
Net Pension Liability	(1,216,700)	1,216,700
Deferred Inflows of Resources	6,383,277	706,496
Net Cash Provided (Used) By Operating Activities	$ (3,505,551)	$ 802,536

Supplemental Disclosure of Noncash Investing and Financing Activities

	2022	2021
Gain on Loan Forgiveness	$ 3,023,100	$ -
Accrued Interest	$ 341,261	$ 341,261
Capital Asset Acquisitions Included in Accounts Payable	$ 1,646,860	$ 1,893,461
Net Change in Fair Value of Investments	$ (318,772)	$ 282,172

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

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 Pronouncement.* 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. 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 June 15, 2021. Implementation of the Statement had no effect on the District's net position.

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. Implementation of the Statement had no effect on the District's net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted 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;

Implementation of the Statement had no effect on the District's net position.

GASB Statement No. 95 – In May 2020, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stake holders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for the periods beginning after June 15, 2018, or later.

- The effective date for GASB Statement No. 87 has been postponed from reporting periods beginning after December 15, 2019 to reporting periods beginning after June 15, 2021.
- The effective date for GASB Statement No. 89 has been postponed from reporting periods beginning after December 15, 2019 to reporting periods beginning after December 15, 2020.
- The effective date for GASB Statement No. 91 has been postponed from reporting periods beginning after December 15, 2020 to reporting periods beginning after December 15, 2021.
- The effective date for GASB Statement No. 92 has been postponed from reporting periods beginning after June 15, 2020 to reporting periods beginning after June 15, 2021.

Implementation of the Statement had no effect on the District's net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Adoption of Recent Accounting Pronouncements:

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.

- 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 combined financial statements and related disclosures.

GASB Statement No. 96 – In May 2020, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This statement is effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the combined financial statements and related disclosures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Adoption of Recent Accounting Pronouncements (Continued):

GASB Statement No. 99 – In April 2022, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement 53 to refer to resource flows statements.

This statement is effective upon issuance for requirements related to disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions of Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases and SBITAs are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect this statement will have on the combined financial statements and related disclosures.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 contractuals are generally determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expense and contractual adjustments, and reduced by write-offs, net of recoveries.

Inventory of Supplies – Inventory is stated at historical 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 are 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 expense in the combined 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:

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 TCDRS fiduciary net position have been determined on the same basis as they are reported by TCDRS. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 combined 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Loss) – 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 (loss) 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.

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 includes 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 2021 combined financial statements to conform to the 2022 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 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 $11,914,735 in 2022 and $5,612,233 in 2021. 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 $5,950,000 and $2,500,000 for the years ended June 30, 2022 and 2021, respectively.

Net patient service revenue is comprised as follows:

	2022	2021
Routine Patient Services	$ 1,795,808	$ 1,564,019
Ancillary Patient Services		
Inpatient	15,189,923	14,456,081
Outpatient	80,646,829	77,207,853
Gross Patient Service Revenue	97,632,560	93,227,953
Charity	(11,914,735)	(5,612,233)
Third-Party Contractual Adjustments	(43,167,278)	(37,553,622)
Provision for Bad Debts	(1,232,189)	(9,194,041)
Medicaid Disproportionate Share and Other Credits	1,591,774	887,182
Net Patient Service Revenue	$ 42,910,132	$ 41,755,239

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 combined financial statements as they are determined by the District. Estimated third-party payor settlements recorded in current assets (liabilities) at June 30, 2022 and 2021 are $924,596 and ($557,828), 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, 2022 and 2021.

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.

	June 30, 2022				
		Maturity (in years)			
		Less than 1	1-5	6-10	More than 10
Investment Type	Fair Value	Prior to 6/30/2023	7/1/2023 - 6/30/2028	7/1/2028 - 6/30/2033	After 7/1/2033
Corporate Bonds	$ 138,527	$ 79,160	$ 59,367	$ -	$ -
Mutual Funds	1,284,839	1,284,839	-	-	-
Cole Credit Trust	151,697	151,697	-	-	-
Cash & Cash Equivalents	52,583	52,583	-	-	-
Total Cash & Investments	$ 1,627,646	$ 1,568,279	$ 59,367	$ -	$ -

	June 30, 2021				
		Maturity (in years)			
		Less than 1	1-5	6-10	More than 10
Investment Type	Fair Value	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	$ -	$ -

NOTE 3 – INVESTMENTS (CONTINUED)

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, 2022 and 2021:

	2022		2021	
	Fair Value	% of Total	Fair Value	% of Total
Cole Credit Trust	$151,697	9.32%	$144,222	7.91%

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2022 and 2021, the carrying amount of the District's and Foundation's combined deposits with financial institutions was $19,887,275 and $19,748,300, and the bank balance was $20,430,965 and $22,137,368, respectively. The bank balance is categorized as follows:

	2022	2021
Amount Insured by the FDIC	$ 1,250,000	$ 1,500,000
Amount Collateralized with Securities Held by the Pledging Financial Institution's Trust Department in the District's Name	17,475,871	19,423,580
Uncollateralized	1,705,094	1,213,788
Total Bank Balance	$ 20,430,965	$ 22,137,368

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable consist of the following at June 30:

	2022	2021
Gross Accounts Receivable	$ 18,567,760	$ 17,013,157
Less Allowance for Bad Debts	(7,987,000)	(7,801,000)
Allowance for Contractuals	(4,008,270)	(3,139,000)
Accounts Receivable, Net of Allowance	$ 6,572,490	$ 6,073,157

Concentration of Credit Risk - The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2022 and 2021 is as follows:

	2022	2021
Medicare	16%	19%
Medicaid	13%	8%
Other Third-Party Payors	34%	37%
Patients	37%	36%
Total	100%	100%

NOTE 6 – ASSETS WHOSE USE IS LIMITED AND RESTRICTED ASSETS

The composition of assets whose use is limited and restricted assets at June 30, 2022 and 2021 is set forth in the following table. Investments are stated at fair market value.

	2022	2021
Internally Designated for Capital Acquisitions:		
Cash and Cash Equivalents	$1,922,154	$1,969,144
Certificates of Deposit	213,071	212,703
Internally Designated for Debt Service:		
Cash and Cash Equivalents	739,488	669,883
Internally Designated for Health Insurance Claims:		
Cash and Cash Equivalents	67,282	2,130
Internally Designated for Medical Malpractice Claims:		
Cash and Cash Equivalents	-	1,126
Certificates of Deposit	299,911	300,054
Restricted for Educational Scholarships:		
Certificates of Deposit	316,716	315,409
Total Assets Whose Use is Limited and Restricted Assets	3,558,622	3,470,449
Less: Current Portion	(2,212,141)	(2,128,492)
Noncurrent Portion	$1,346,481	$1,341,957

NOTE 7 – RESTRICTED NET POSITION

At June 30, 2022 and 2021, restricted expendable net position was available for the following purposes:

	2022	2021
Restricted for Educational Scholarships:		
Certificates of Deposit	$ 316,716	$ 315,409
Total Restricted Expendable Net Position	$ 316,716	$ 315,409

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 2022 and 2021, the District recognized property tax revenue of $6,171,342 and $5,235,085, respectively. As of June 30, 2022 and 2021, the balance of property taxes receivable was $77,471 and $79,825, respectively.

NOTE 9 – CAPITAL ASSETS

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

	Balance 06/30/21	Additions	Reclass/ Retirements	Balance 06/30/22
Land	$ 1,036,082	$ -	$ -	$ 1,036,082
Land Improvements	3,555,587	-	-	3,555,587
Building and Improvements	49,176,344	4,703	-	49,181,047
Equipment	37,852,039	918,438	-	38,770,477
Construction in Progress	6,739,415	2,778,092	-	9,517,507
Totals at Historical Cost	98,359,467	3,701,233	-	102,060,700
Less Accumulated Depreciation for:				
Land Improvements	(395,910)	(214,717)	-	(610,627)
Building and Improvements	(14,620,911)	(1,998,820)	-	(16,619,731)
Equipment	(32,579,761)	(1,502,821)	-	(34,082,582)
Total Accumulated Depreciation	(47,596,582)	(3,716,358)	-	(51,312,940)
Capital Assets, Net	$ 50,762,885	$ (15,125)	$ -	$ 50,747,760

	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	92,398,511	5,960,956	-	98,359,467
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	(44,858,622)	(2,737,960)	-	(47,596,582)
Capital Assets, Net	$ 47,539,889	$ 3,222,996	$ -	$ 50,762,885

NOTE 9 – CAPITAL ASSETS (CONTINUED)

Construction in progress as of June 30, 2022 and 2021 was $9,517,507 and $6,739,415, respectively. The balance in construction in progress at June 30, 2022 and 2021 includes costs incurred related to the hospital facility renovation project. The project has an estimated date of completion in March 2023.

NOTE 10 – LONG-TERM DEBT

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

	Balance 06/30/21	Additions	Reductions	Balance 06/30/22	Due Within One Year
Bonds and Notes Payable:					
Series 2020A	$ 9,424,000	$ -	$ (155,000)	$ 9,269,000	$ 157,000
Series 2020B	8,432,000	-	(138,000)	8,294,000	141,000
Series 2020C	3,194,000	-	(52,000)	3,142,000	54,000
Series 2018B	5,571,221	1,828,000	(185,000)	7,214,221	190,000
PPP HSB Loan	3,023,100	-	(3,023,100)	-	-
Total Long-Term Debt	$ 29,644,321	$ 1,828,000	$ (3,553,100)	$ 27,919,221	$ 542,000

	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 Rennovation 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

NOTE 10 – LONG-TERM DEBT (CONTINUED)

The terms and due dates of the District's long-term debt at June 30, 2022 and 2021 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, 2022 and 2021, the Reserve Fund should have total deposits of $125,115 and $46,095, respectively. As of June 30, 2022 and 2021 the District's Reserve Fund had total deposits of $125,115 and $46,095, respectively.

  Cash on Hand: The District is required to maintain a minimum of 60 days cash on hand. As of June 30, 2022 and 2021, the District had 145 and 153 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, 2022 and 2021, the District had a DSCR of 5.53 -to- 1.00 and 3.21 -to- 1.00, respectively.

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, the District had a DSCR of 3.21 -to- 1.00.

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

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

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, the District had 153 days cash on hand.

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

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, 2022 and 2021, the Reserve Fund should have total deposits of $222,666 and $170,274, respectively. As of June 30, 2022 and 2021 the District's Reserve Fund had total deposits of $222,666 and $170,274, respectively.

  Cash on Hand: The District is required to maintain a minimum of 60 days cash on hand. As of June 30, 2022 and 2021, the District had 145 and 153 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, with 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.

NOTE 10 – LONG-TERM DEBT (CONTINUED)

- First National Bank Note dated September 15, 2015, for $1,200,000, with interest at 2.45%, 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, with interest at 3.2%, 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, with interest at 2.95%, 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, with interest at 1.00%, payable in 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. This loan was forgiven in full during 2022.

NOTE 10 – LONG-TERM DEBT (CONTINUED)

Scheduled principal and interest payments on long-term debt are as follows:

	Bonds Payable		
For the Year Ending	Principal	Interest	Total
June 30,			
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	595,000	722,087	1,317,087
2028-2032	3,204,000	3,388,679	6,592,679
2033-2037	3,608,000	2,983,989	6,591,989
2038-2042	4,064,000	2,527,401	6,591,401
2043-2047	4,582,000	2,011,336	6,593,336
2048-2052	3,503,221	976,167	4,479,388
2053-2057	3,464,000	487,103	3,951,103
2058-2062	2,649,000	113,688	2,762,688
Total	$ 27,919,221	$ 16,235,293	$ 44,154,514

The amount of interest cost incurred in 2022 and 2021 was $608,050 and $706,838, all of which 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 $754,448 and $205,036, and received $2,331,322 and $593,667, for the years ended June 30, 2022 and 2021, respectively. The District recognized net revenue of $1,576,874 and $388,631 for the years ended June 30, 2022 and 2021, 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 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 contain 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 $209,338 and $202,749, and received $637,284 and $631,039, for the years ended June 30, 2022 and 2021, respectively. Additionally, the District recorded a net receivable in the amount of $-0- and $65,012, at June 30, 2022 and 2021, respectively. The District recognized net revenue of $362,934 and $429,421 for the years ended June 30, 2022 and 2021, 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 $502,780 and $1,757,773 for the years ended June 30, 2022 and 2021, respectively. As part of this affiliation agreement, the District provided $1,057,651 and $363,587 in funding to the program for the years ended June 30, 2022 and 2021, respectively.

NOTE 12 – MEDICAID DISPROPORTIONATE SHARE FUNDS

The Indigent Health Care and Treatment Act, passed by the 69^{th} 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 $399,818 and $159,925, and received $1,228,937 and $499,921, for the years ended June 30, 2022 and 2021, respectively. The District recognized net revenue of $829,119 and $339,996 for the years ended June 30, 2022 and 2021, 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 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 General and Targeted Distribution stimulus payments, Rural Health Clinic Testing payments, and Allocation for Nursing Home Infection Control 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.

- **Targeted Distribution –** 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. For the years ended June 30, 2022 and 2021, the District received Targeted Distribution funds in the amount of $941,971 and $2,167,500, respectively.

- **General 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. For the years ended June 30, 2022 and 2021, the District received General Distribution funds in the amount of $109,293 and $12,780, respectively.

- **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 $-0- and $100,000 in Rural Testing Relief Funds for the years ended June 30, 2022 and 2021, 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).

- **Nursing Home Infection Control -** The Department of Health and Human Services distributed funds received from the Public Health and Social Services Emergency Fund, as appropriated in P.L. 116-136 and P.L. 116-139 ("Relief Funds"). Each facility will receive a fixed distribution of $10,000, plus a distribution of $1,400 per bed to all certified facilities with six or more certified beds. The Nursing Home is to use the funding to reimburse COVID-19 testing and reporting, hiring staff to provide patient care or administrative support, expenses incurred to improve infection control, and providing additional services to residents. For the years ended June 30, 2022 and 2021, the District received Nursing Home Infection Control funds in the amount of $-0- and $78,150, respectively.

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

In accordance with the Department of Health and Human Services Post-Payment Notice of Reporting Requirements released June 11, 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. The period of availability of funds is based on the date the payment is received as follows:

Payment Received Period	Period of Availability
April 10, 2020 through June 30, 2020	January 1, 2020 through June 30, 2021
July 1, 2020 through December 31, 2020	January 1, 2020 through December 31, 2021
January 1, 2021 through June 30, 2021	January 1, 2020 through June 30, 2022
July 1, 2021 through December 31, 2021	January 1, 2020 through December 31, 2022
January 1, 2022 through June 30, 2022	January 1, 2020 through June 30, 2023

If recipients do not expend PRF funds in full by these deadlines toward expenses attributable to coronavirus but not reimbursed by other sources, and/or lost revenues, the funds may become subject to recoupment.

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) – The Texas Department of Health and Human Services Commission ("HHSC") received funding from the United States Department of Treasury to distribute to facilities in the state of Texas for the purpose of supporting their response to and recovery from the COVID-19 public health emergency. Eligible facilities received $250,000 from HHSC. For the years ended June 30, 2022 and 2021, the District received $250,000 and $-0-, respectively, in SLFRF funds.

For the years ended June 30, 2022 and 2021, the District incurred allowable expenditures and recognized COVID-19 federal financial assistance revenue in the amount of $980,988 and $2,100,000, respectively. The respective revenue is included in nonoperating revenues (expenses) in the accompanying combined statements of revenues, expenses, and changes in net position. As of June 30, 2022 and 2021, the District had remaining COVID-19 federal financial assistance funds in the amount of $761,800 and $366,524, respectively, which are included within deferred inflows of resources in the accompanying combined statements of 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.

NOTE 14 – NURSING HOME OPERATIONS (CONTINUED)

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, 2022 and 2021, the District transferred $165,053 and $165,053, respectively, to HHSC via an IGT for use as the state share of payments. As of June 30, 2022 and 2021, the District recorded a receivable of $55,018 and $221,837, respectively. The District recognized net revenue of $346,949 and $158,555 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021. At June 30, 2022 and 2021, management recorded an estimated recoupment liability of $1,059,141 and $245,000, respectively. The recoupment liability is included within other accrued liabilities in the accompanying combined statements of net position.

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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Activity in the District's accrued employee health claims liability as of June 30, 2022 and 2021, is summarized as follows:

	2022	2021
Balance, Beginning of Year	$ 287,000	$ 147,000
Current Year Claims Incurred and Changes in Estimates for Claims Incurred in Prior Years	2,009,842	2,606,234
Claims and Expenses Paid	(2,062,886)	(2,466,234)
Balance, End of Year	$ 233,956	$ 287,000

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, 2022 and 2021. It is reasonably possible that this estimate could change materially in the near term.

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.

NOTE 16 – PENSION PLAN (CONTINUED)

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:

	2021	2020
Inactive Employees or Beneficiaries Currently Receiving Benefits	87	82
Inactive Employees Entitled to but not Yet Receiving Benefits	671	647
Active Employees	371	365
Total	1,129	1,094

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, 2021 and 2020, employees contributed approximately $1,580,284 and $1,478,643, or 7.0% and 7.0%, of covered payroll, respectively, and the District contributed approximately $1,311,635 and $1,225,216, or 5.8% and 5.8% of covered payroll, respectively, to the Plan.

NOTE 16 – PENSION PLAN (CONTINUED)

Net Pension (Asset) Liability

At June 30, 2022 and 2021, the District's net pension (asset) liability was measured as of December 31, 2021 and 2020, 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, 2021 and 2020 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. 4.7% average over career including inflation
Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation

Mortality rates were based as follows:

Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Non-depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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.

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%	3.80%
Global Equities	2.50%	4.10%
International Equities-Developed	5.00%	3.80%
International Equities-Emerging	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships (MLP's)	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Private Equity	25.00%	6.80%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.60% and 7.60% at December 31, 2021 and 2020, 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.

NOTE 16 – PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The following table summarizes the changes in the net pension asset as of December 31, 2021, the valuation date:

	(Increase) Decrease		
Changes in Net Pension (Asset) Liability	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances as of December 31, 2020	$ 61,792,488	$ 60,575,788	$ 1,216,700
Changes for the Year:			
Service Cost	2,699,203	-	2,699,203
Interest on Total Pension Liability	4,825,973	-	4,825,973
Effect of Economic/Demographic Gains or Losses	347,895	-	347,895
Effect of Assumptions Changes or Inputs	63,460	-	63,460
Refund of Contributions	(380,633)	(380,633)	-
Benefit Payments	(1,640,476)	(1,640,476)	-
Administrative Expenses	-	(40,496)	40,496
Member Contributions	-	1,580,284	(1,580,284)
Net Investment Income	-	13,405,614	(13,405,614)
Employer Contributions	-	1,311,635	(1,311,635)
Other	-	41,354	(41,354)
Balances as of December 31, 2021	$ 67,707,910	$ 74,853,070	$ (7,145,160)

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		
Changes in Net Pension (Asset) Liability	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	$ 61,792,488	$ 60,575,788	$ 1,216,700

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:

	2021		
	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	$ 79,489,396	$ 67,707,910	$ 58,173,665
Fiduciary Net Position	74,853,070	74,853,070	74,853,070
Net Pension (Asset)/Liability	$ 4,636,326	$ (7,145,160)	$ (16,679,405)

	2020		
	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	$ 72,043,723	$ 61,792,488	$ 53,477,484
Fiduciary Net Position	60,575,788	60,575,788	60,575,788
Net Pension (Asset)/Liability	$ 11,467,935	$ 1,216,700	$ (7,098,304)

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

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, 2022 and 2021, the District recognized pension expense of $528,194 and $1,943,461, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the TCDRS defined benefit pension plan from the following sources:

	2022	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	$ 77,383	$ 281,048
Changes of Assumptions	-	1,483,419
Net Difference Between Projected and Actual Earnings	8,313,365	-
Contributions Made Subsequent to Measurement Date	N/A	1,063,513

	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

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 the measurement date, will be recognized in pension expense as follows:

Years Ending December 31:	
2022	$ (279,082)
2023	(2,605,407)
2024	(1,987,923)
2025	(1,753,869)
2026	-
Thereafter	-

NOTE 17 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2022, 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 December 14, 2022, which is the date on which the combined financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021

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

	Years Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 2,699,203	$ 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	4,825,973	4,390,895	3,993,686	3,611,748	3,244,805	2,875,807	2,598,784	2,342,355
Effect of Plan Changes	-	-	-	-	-	-	(447,563)	-
Effect of Assumption Changes or Inputs	63,460	4,323,336	-	-	210,614	-	504,266	58,883
Effect of Economic/Demographic (Gains) or Losses	347,895	(232,147)	196,472	316,933	202,920	(368,851)	(169,717)	
Benefit Payments/Refunds of Contributions	(2,021,108)	(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	5,915,423	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	61,792,486	52,652,185	47,820,614	43,119,437	38,531,851	35,002,580	31,612,687	28,635,680
Total Pension Liability, Ending	$ 67,707,909	$ 61,792,486	$ 52,652,185	$ 47,820,614	$ 43,119,437	$ 38,531,851	$ 35,002,580	$ 31,612,687
Fiduciary Net Position								
Employer Contributions	$ 1,311,635	$ 1,225,162	$ 1,067,296	$ 1,023,524	$ 920,500	$ 840,597	$ 817,350	$ 740,526
Member Contributions	1,580,284	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	13,405,614	5,585,673	7,509,444	(837,240)	5,690,457	2,623,069	(435,288)	2,159,226
Benefit Payments/Refunds of Contributions	(2,021,108)	(1,762,062)	(1,653,278)	(1,368,450)	(1,173,590)	(1,164,008)	(1,019,214)	(1,010,874)
Administrative Expenses	(40,496)	(44,324)	(41,188)	(36,733)	(30,294)	(28,501)	(25,322)	(25,825)
Other	41,353	42,678	35,668	34,957	13,177	63,209	(6,825)	(45,690)
Net Changes in Fiduciary Net Position	14,277,283	6,525,769	8,317,018	180,757	6,677,883	3,508,853	481,899	2,799,121
Fiduciary Net Position, Beginning	60,575,786	54,050,017	45,732,999	45,552,243	38,874,359	35,365,507	34,883,608	32,084,487
Fiduciary Net Position, Ending	$ 74,853,069	$ 60,575,786	$ 54,050,017	$ 45,732,999	$ 45,552,243	$ 38,874,359	$ 35,365,507	$ 34,883,608
Net Pension (Asset) Liability, Ending	$ (7,145,160)	$ 1,216,700	$ (1,397,832)	$ 2,087,615	$ (2,432,806)	$ (342,508)	$ (362,927)	$ (3,270,921)
Fiduciary Net Position as a % of Total Pension Liability	110.55%	98.03%	102.65%	95.63%	105.64%	100.89%	101.04%	110.35%
Pensionable Covered Payroll	$ 22,575,479	$ 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	-31.65%	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 on required supplementary information.

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
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%
2021	1,311,635	1,311,635	-	22,575,479	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	18.9 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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. 2021: No changes in plan provisions were reflected in the Schedule.

SUPPLEMENTARY INFORMATION

MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-Through Entity Identifying Number*	*Federal Expenditures*	
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Community Facilities Loans and Grants	10.766	NA	$ 1,828,000	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,828,000	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461	N/A	847,598	*
COVID-19 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution - Period 2 and 3	93.498	N/A	2,258,430	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,106,028	
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,934,028	

* Amounts are reported within net patient service revenue on the accompanying 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, 2022

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, 2022. 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, 2022.

NOTE 5 – PROVIDER RELIEF FUNDS (93.498)

Expenditures under Catalog of Federal Domestic Assistance #94.498, Provider Relief Fund ("PRF") applies the guidance of the U.S. Department of Health and Human Services ("HHS"). For the PRF award program, the amount reported in the accompanying schedule is reported based on the PRF portal submission guidelines. Payments from HHS for the PRF award program are assigned to one of seven payment received periods based upon the date each payment from the PRF award program was received. Each period has a specified period of availability and timing of reporting requirements. The accompanying schedule includes those qualifying expenditures and/or lost revenues that were reported in the PRF award program portal for periods 2 and 3 (payment received periods from July 1, 2020 to December 31, 2020 and January 1, 2021 to June 30, 2021, respectively; and periods of availability from January 1, 2020 to December 31, 2021 and January 1, 2020 to June 30, 2022, respectively). As such, the amount reported in the accompanying schedule will differ from amounts reported in the accompanying statements of revenues, expenses, and changes in net position.

NOTE 6 – PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

For the year ended June 30, 2022, the District received $-0- in federally donated personal protective equipment in response to the COVID-19 pandemic (unaudited).

NOTE 7 – COMMUNITY FACILITIES LOANS AND GRANTS

The District administers a Community Facilities Loans and Grants Program funded by the U.S. Department of Agriculture. Balances and transactions relating to this program are included in the Districts basic financial statements. Loans made during the year are included in the federal expenditures presented in this Schedule. The balance of the loan outstanding at June 30, 2022 is $27,919,221.

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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. During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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Report on Compliance and Other Matters

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

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
December 14, 2022

DURBIN&CO LLP
Certified Public Accountants

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

Opinion on 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 identified as subject to audit 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, 2022. 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.

In our opinion, the District 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, 2022.

Basis for Opinion on Each Major Program

We conducted our audit of compliance 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a legal determination of the District's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

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laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scoped and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 14, 2022

MOORE COUNTY HOSPITAL DISTRICT
D/B/A MEMORIAL HOSPITAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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. No material weaknesses relating to the audit of the financial statements are 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. There are no audit findings related to major programs that are required to be reported in accordance with 2 CFR §200.516(a).

7. The programs tested as major programs were:

Cluster/Program	CFDA Number
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461
COVID-19 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution	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.

FINDINGS – FINANCIAL STATEMENT AUDIT

- No matters reportable

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- No matters reportable

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	Hospital	Foundation	Total
CURRENT ASSETS			
Cash and Cash Equivalents	$ 12,726,757	$ 180,309	$ 12,907,066
Short-Term Investments	3,372,434	105,981	3,478,415
Assets Whose Use is Limited	695,261	1,516,880	2,212,141
Patient Accounts Receivable, Net of Allowance	6,572,490	-	6,572,490
Estimated Third-Party Payor Settlements	924,596	-	924,596
Other Receivables	118,299	220,251	338,550
Inventory of Supplies	1,177,853	-	1,177,853
Prepaid and Other Current Assets	798,412	-	798,412
Property Taxes Receivable	77,471	-	77,471
Total Current Assets	26,463,573	2,023,421	28,486,994
ASSETS WHOSE USE IS LIMITED - LONG TERM	1,029,765	-	1,029,765
RESTRICTED ASSETS - LONG-TERM	-	316,716	316,716
LONG-TERM INVESTMENTS	-	1,575,929	1,575,929
CAPITAL ASSETS, NET	50,747,570	190	50,747,760
NET PENSION ASSET	7,145,160	-	7,145,160
Total Assets	85,386,068	3,916,256	89,302,324
DEFERRED OUTFLOWS OF RESOURCES	2,971,363	-	2,971,363
Total Assets and Deferred Outflows of Resources	$ 88,357,431	$ 3,916,256	$ 92,273,687

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:	Hospital	Foundation	Total
CURRENT LIABILITIES			
Current Portion of Long-Term Debt	$ 542,000	$ -	$ 542,000
Accounts Payable	2,063,974	-	2,063,974
Accrued Payroll, Benefits, and Related Liabilities	3,031,695	-	3,031,695
Self Funded Health Insurance	233,956	-	233,956
Other Accrued Liabilities	2,070,783	-	2,070,783
Total Current Liabilities	7,942,408	-	7,942,408
LONG-TERM DEBT, NET OF CURRENT PORTION	27,377,221	-	27,377,221
ESTIMATED SELF-FUNDED MALPRACTICE	269,309	-	269,309
Total Liabilities	35,588,938	-	35,588,938
DEFERRED INFLOWS OF RESOURCES	9,075,164	-	9,075,164
NET POSITION			
Net Investment in Capital Assets	23,049,115	190	23,049,305
Restricted - Expendable for:			
Educational Scholarships	-	316,716	316,716
Unrestricted	20,644,214	3,599,350	24,243,564
Total Net Position	43,693,329	3,916,256	47,609,585
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 88,357,431	$ 3,916,256	$ 92,273,687

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	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 Auditor's Report on Supplementary Information.

MOORE COUNTY HOSPITAL DISTRICT
d/b/a MEMORIAL HOSPITAL

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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
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 Auditor's Report on Supplementary 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, 2022

	Hospital	Foundation	Eliminations	Total
OPERATING REVENUES:				
Net Patient Service Revenue	$ 42,910,132	$ -	$ -	$ 42,910,132
Delivery System Reform Incentive Program	362,934	-	-	362,934
Other Revenue	292,590	-	-	292,590
Total Operating Revenues	43,565,656	-	-	43,565,656
OPERATING EXPENSES:				
Salaries and Wages	26,285,969	-	-	26,285,969
Employee Benefits	3,225,714	-	-	3,225,714
Professional Fees and Purchased Services	7,855,955	1,400	-	7,857,355
Supplies and Other	8,869,865	187,116	(45,690)	9,011,291
Depreciation and Amortization	3,759,554	-	-	3,759,554
Total Operating Expenses	49,997,057	188,516	(45,690)	50,139,883
Operating Loss	(6,431,401)	(188,516)	45,690	(6,574,227)
NONOPERATING REVENUES (EXPENSES):				
Property Tax Revenue	6,171,342	-	-	6,171,342
Tobacco Settlement Revenue	93,770	-	-	93,770
Noncapital Grants and Contributions	80,749	5,213	(45,690)	40,272
Community Benefit Support	502,780	-	-	502,780
Intergovernmental Transfer	(1,057,651)	-	-	(1,057,651)
COVID-19 Federal Financial Assistance	980,988	-	-	980,988
Investment Income (Loss)	45,149	(194,375)	-	(149,226)
Interest Expense	(608,050)	-	-	(608,050)
Gain on Loan Forgiveness	3,023,100	-	-	3,023,100
Foundation Revenue	-	233,268	-	233,268
Gain on Disposal of Assets	331	-	-	331
Total Nonoperating Revenues (Expenses)	9,232,508	44,106	(45,690)	9,230,924
Increase (Decrease) in Net Position	2,801,107	(144,410)	-	2,656,697
Net Position, Beginning of Year	40,892,222	4,060,666	-	44,952,888
Net Position, End of Year	$ 43,693,329	$ 3,916,256	$ -	$ 47,609,585

See Independent Auditor’s Report on Supplementary 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

	Hospital	Foundation	Eliminations	Total
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	42,463,591	-	-	42,463,591
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	46,590,837	202,445	(165,303)	46,627,979
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)
Foundation Revenue	-	385,147	-	385,147
Total Nonoperating Revenues (Expenses)	8,268,737	750,439	(165,303)	8,853,873
Increase in Net Position	4,141,491	547,994	-	4,689,485
Net Position, Beginning of Year	36,750,731	3,512,672	-	40,263,403
Net Position, End of Year	$ 40,892,222	$4,060,666	$ -	$ 44,952,888

See Independent Auditor’s Report on Supplementary Information.