Memorial Medical Center

A Component Unit of Calhoun County, Texas

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021

Memorial Medical Center
A Component Unit of Calhoun County, Texas
December 31, 2022 and 2021

Contents

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Independent Auditor's Report

Board of Managers
Memorial Medical Center
Port Lavaca, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Memorial Medical Center, a component unit of Calhoun County, Texas, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Memorial Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Memorial Medical Center, as of December 31, 2022 and 2021, and the changes in its financial position and its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Memorial Medical Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2022, Memorial Medical Center adopted Governmental Accounting Standards Board No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Memorial Medical Center's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Memorial Medical Center'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 pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

FORVIS, LLP

Houston, Texas
July 28, 2023

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Management's Discussion and Analysis
December 31, 2022 and 2021

Introduction

This management's discussion and analysis of the financial performance of Memorial Medical Center (the Medical Center) provides an overview of the Medical Center's financial activities for the years ended December 31, 2022 and 2021. It should be read in conjunction with the accompanying financial statements of the Medical Center. Unless otherwise indicated, amounts are rounded to the nearest thousand. During 2022, the Medical Center adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, retroactively restating the amounts reported in the 2021 financial statements. The summarized financial information for the year ended December 31, 2020, included in management's discussion and analysis, was not restated for this adoption because the 2020 financial statements are not included in the basic financial statements.

Financial Highlights

- Cash decreased in 2022 by $357,000, or 6 percent, and increased in 2021 by $758,000, or 14 percent.
- The Medical Center's net position increased in 2022 by $2,634,000 or 16 percent, and increased in 2021 by $1,585,000, or 11 percent.
- The Medical Center reported an operating loss in 2022 of $962,000 and an operating loss in 2021 of $4,089,000. The operating loss in 2022 decreased by $3,127,000, or 76 percent, from the operating loss reported in 2021. The operating loss in 2021 decreased by $1,853,000, or 31 percent, from the operating loss reported in 2020.
- Net nonoperating revenues decreased by $2,544,000 in 2022 compared to 2021 and decreased by $2,568,000 in 2021 compared to 2020.

Using This Annual Report

The Medical Center's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Medical Center is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any medical center's finances is "Is the medical center as a whole better or worse off as a result of the year's activities?". The balance sheet and the statement of revenues, expenses and changes in net position report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net position and changes in it. The Medical Center's total net position—the difference between assets and liabilities and deferred inflows and outflows of resources—is one measure of the Medical Center's financial health or financial position. Over time, increases or decreases in the Medical Center's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Medical Center's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Medical Center.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash resulting from four defined types of 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 during the reporting period.

The Medical Center's Net Position

The Medical Center's net position is the difference between its assets, liabilities and deferred inflows and outflows of resources reported in the balance sheets. The Medical Center's net position increased by $2,634,000, or 16 percent, in 2022 and increased by $1,604,000, or 11 percent, in 2021, as shown in Table 1.

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

	2022	2021 (As Restated)	2020
Assets and Deferred Outflows of Resources			
Assets			
Patient accounts receivable, net	$ 2,920,203	$ 2,743,944	$ 3,236,224
Nursing home resident receivable, net	17,274,082	17,494,507	13,676,716
Other current assets	17,147,834	24,865,032	21,473,781
Capital assets, net	7,011,955	6,563,398	6,775,294
Lease assets, net	98,146	143,444	-
Net pension asset	4,082,805	-	-
Total assets	48,535,025	51,810,325	45,162,015
Deferred Outflows of Resources	2,524,049	3,146,653	1,066,532
Total assets and deferred outflows of resources	$ 51,059,074	$ 54,956,978	$ 46,228,547

	2022	2021 (As Restated)	2020
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current liabilities	$ 25,205,498	$ 33,687,663	$ 28,630,387
Long-term portion of lease liabilities	58,419	104,665	-
Finance purchase agreements and long-term debt	98,820	167,023	597,564
Net pension liability	-	3,060,158	1,385,737
Total liabilities	25,362,737	37,019,509	30,613,688
Deferred Inflows of Resources	6,990,595	1,866,065	1,147,355
Net Position			
Restricted - expended for pension	4,082,805	-	-
Net investment in capital assets	6,907,287	6,099,107	5,831,315
Unrestricted	7,715,650	9,972,297	8,636,189
Total net position	18,705,742	16,071,404	14,467,504
Total liabilities, deferred inflows of resources and net position	$ 51,059,074	$ 54,956,978	$ 46,228,547

The most significant changes in the Medical Center's financial position during 2022 was a decrease in the net pension liability of approximately $3,060,000 as of December 31, 2021 to a net pension asset of approximately $4,083,000 as of December 31, 2022. In addition, the estimated amounts due from third-party payers decreased by approximately $3,279,000 due to the timing of payments received from certain Medicaid supplemental payment programs during 2022.

The most significant changes in the Medical Center's financial position during 2021 was an increase in nursing home resident accounts receivable of approximately $3,818,000 due to an increase in resident days; an increase in estimated amounts due from third-party payers of approximately $2,485,000 due to an increase in payments from certain Medicaid supplemental payment programs; and increase in payroll tax refund receivable of approximately $3,637,000 due to the Medical Center qualifying for an employee retention payroll tax credit. Current liabilities increased by approximately $5,057,000, primarily associated with the amounts due to the Medical Center's nursing home operators. In addition, the Medical Center's net pension liability increased by approximately $1,674,000 in 2021.

Operating Results and Changes in the Medical Center's Net Position

In 2022, the Medical Center's net position increased by $2,634,000, or 16 percent, as shown in Table 2. The Medical Center's net position increased by $1,604,000, or 11 percent, in 2021 and increased by $2,313,000 in 2020, or 19 percent.

Table 2: Operating Results and Changes in Net Position

	2022	2021 (As Restated)	2020
Operating Revenues			
Net patient service revenue	$ 30,827,665	$ 27,667,084	$ 25,490,312
Nursing home resident revenue	72,779,583	75,130,488	66,406,849
Other	2,750,064	2,373,154	2,116,763
Total operating revenues	106,357,312	105,170,726	94,013,924
Operating Expenses			
Salaries, wages and employee benefits	17,175,254	16,644,381	16,112,035
Purchased services and professional fees	9,796,039	10,135,880	8,346,984
Nursing home expenses	72,427,192	74,406,908	68,404,000
Depreciation and amortization	1,143,167	1,053,742	1,099,087
Other	6,777,814	7,019,030	5,993,976
Total operating expenses	107,319,466	109,259,941	99,956,082
Operating Loss	(962,154)	(4,089,215)	(5,942,158)
Nonoperating Revenues (Expenses)			
Investment income	23,448	24,660	39,880
Interest expense	(14,191)	(26,430)	(35,752)
Employee retention credit	-	3,636,687	-
Provider relief funds and other CARES Act – hospital and nursing homes	3,133,653	2,052,160	8,250,809
Total nonoperating revenues (expenses)	3,142,910	5,687,077	8,254,937
Capital Grants and Gifts	453,582	-	-
Increase in Net Position	$ 2,634,338	$ 1,597,862	$ 2,312,779

Operating Income or Losses

The first component of the overall change in the Medical Center's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The Medical Center reported operating income in 2022 and an operating loss in 2021 and 2020. The Medical Center was formed and is operated primarily to serve residents of Calhoun County (the County) and the surrounding area, accepting all patients regardless of their ability to pay.

The operating loss decreased by approximately $3,127,000 or 76 percent, as compared to the operating loss in 2021. The primary components of the increase in the operating income are an increase in the Medical Center's net patient service revenue of approximately $3,161,000; a decrease in employee benefits of approximately $1,365,000 in 2022 related to the Medical Center's participation in the state-wide TCDRS retirement plan; decreases in purchased services, professional fees, supplies and other expenses of approximately $618,000 in 2022.

The operating loss for 2021 decreased by approximately $1,840,000 or 31 percent, as compared to the operating loss in 2020. The primary component of the decrease in the operating loss is an increase in the net revenues recognized from the Quality Improvement Payment Program related to the nursing home operations of approximately $2,073,000.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, interest expense and revenues related to the Provider Relief Funds and other grant programs provided under the CARES Act. Revenue of approximately $3,637,000 from an employee retention credit was also a component of the 2021 nonoperating revenues. Investment income and interest expense were generally consistent between 2022 and 2021. During 2022 and 2021, the Medical Center recognized revenues of $849,250 and $0 related to Provider Relief Funds and other CARES Act funding for the hospital operations and $2,284,000 and $2,052,000, respectively, related to Provider Relief Funds and other CARES Act funding for the nursing homes' operations, respectively.

The Medical Center's Cash Flows

During 2022, cash provided by operating activities decreased by approximately $4,979,000 over 2021, primarily due to an increase in the amounts paid to employees in 2022. Cash provided by noncapital financing activities increased $4,878,000 over 2021, primarily related to $3,000,000 received on a line of credit agreement with the County in 2022. Cash used in capital and related financing activities increased by approximately $1,013,000 over 2021 due to purchases of capital assets in 2022.

During 2021, cash provided by operating activities increased by $5,944,000 over 2020, primarily due to decreases in payments made to the nursing home operators for prepaid management fees and other advances. Cash used in noncapital financing activities decreased $9,641,000, primarily related to a decrease in the amounts received from the Provider Relief Funds in 2021 compared to 2020. Cash used in capital and related financing activities increased by $223,000 over 2020 due to an increase in cash spent for capital equipment. Cash provided by investing activities decreased slightly over 2020 due to a decrease in interest income.

Capital Asset and Debt Administration

Capital and Lease Assets

At the end of 2022 and 2021, the Medical Center had $7,012,000 and $6,707,000, respectively, invested in capital assets and lease assets, net of accumulated depreciation and amortization, as detailed in Note 6 to the financial statements.

Notes Payable and Lease Liabilities

At December 31, 2022, the Medical Center had $58,000 in lease liabilities outstanding and $99,000 in finance purchase agreements outstanding. During 2022, the Medical Center borrowed $3,000,000 on a note payable to the County.

At December 31, 2021, the Medical Center had $105,000 in lease liabilities outstanding and $167,000 in finance purchase agreements outstanding. During 2021, the Medical Center repaid notes payable to the County in the amount of $500,000.

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Medical Center's management at Memorial Medical Center, 815 N. Virginia, Port Lavaca, Texas 77979.

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Balance Sheets
December 31, 2022 and 2021

	2022	2021 (As Restated)
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 5,929,823	$ 6,287,007
Patient accounts receivable, net of allowance; 2022 – $3,857,000, 2021 – $6,376,000	2,920,203	2,743,944
Nursing home resident accounts receivable, net of allowance; 2022 – $2,662,000 2021 – $3,051,000	17,274,082	17,494,507
Estimated amounts due from third-party payors	4,522,954	7,801,994
Supplies	1,627,352	1,281,139
Prepaid management fees – nursing homes	-	1,818,553
Advance to nursing homes – provider relief funds	-	273,424
Payroll tax refund receivable	1,248,478	3,636,687
Prepaid expenses and other	3,819,227	3,766,228
Total current assets	37,342,119	45,103,483
Capital Assets, Net	7,011,955	6,563,398
Lease Assets, Net	98,146	143,444
Net Pension Asset	4,082,805	-
Total assets	48,535,025	51,810,325
Deferred Outflows of Resources Related to Pension	2,524,049	3,146,653
Total assets and deferred outflows of resources	$ 51,059,074	$ 54,956,978

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Balance Sheets (Continued)
December 31, 2022 and 2021

	2022	2021 (As Restated)
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Current portion of lease liabilities	$ 46,249	$ 42,984
Current portion of finance purchase agreements	84,652	294,381
Notes payable	3,000,000	-
Accounts payable	1,488,884	1,815,127
Accounts payable – nursing homes	18,063,025	20,062,055
Accrued expenses	2,522,688	3,715,725
Advanced claim payments from Medicare	-	4,680,643
Refundable advance – provider relief funds – hospital	-	1,935,229
Refundable advance – provider relief funds – nursing homes	-	273,424
Unearned capital grant proceeds	-	462,720
Estimated amounts due to third-party payors	-	405,375
Total current liabilities	25,205,498	33,687,663
Lease Liabilities - Long-term	58,419	104,665
Finance Purchase Agreements - Long-term	98,820	167,023
Net Pension Liability	-	3,060,158
Total liabilities	25,362,737	37,019,509
Deferred Inflows of Resources Related to Pension	6,990,595	1,866,065
Net Position		
Restricted - expended for pension	4,082,805	-
Net investment in capital assets	6,907,287	6,099,107
Unrestricted	7,715,650	9,972,297
Total net position	18,705,742	16,071,404
Total liabilities, deferred inflows of resources and net position	$ 51,059,074	$ 54,956,978

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021 (As Restated)
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2022 – $779,000, 2021 – $4,496,000	$ 30,827,665	$ 27,667,084
Nursing home resident revenue, net of provision for uncollectible accounts; 2022 – $1,131,000, 2021 – $1,605,000	72,779,583	75,130,488
Other operating revenue	2,750,064	2,373,154
Total operating revenues	106,357,312	105,170,726
Operating Expenses		
Salaries and wages	13,519,276	11,623,282
Employee benefits	3,655,978	5,021,099
Purchased services and professional fees	9,796,039	10,135,880
Insurance	122,837	85,768
Supplies and other	6,654,977	6,933,262
Nursing home expenses	72,427,192	74,406,908
Depreciation and amortization	1,143,167	1,053,742
Total operating expenses	107,319,466	109,259,941
Operating Loss	(962,154)	(4,089,215)
Nonoperating Revenues (Expenses)		
Investment income	23,448	24,660
Interest expense	(14,191)	(26,430)
Employee retention credit	-	3,636,687
Provider Relief Funds and other CARES Act funding – hospital	849,250	-
Provider Relief Funds and other CARES Act funding – nursing homes	2,284,403	2,052,160
Total nonoperating revenues	3,142,910	5,687,077
Income Before Capital Grants and Gifts	2,180,756	1,597,862
Capital Grants and Gifts		
Capital Grants and Gifts	453,582	-
Increase in Net Position	2,634,338	1,597,862
Net Position, Beginning of Year	16,071,404	14,467,504
Adjustment Applicable to Prior Years (Note 2)	-	6,038
Net Position, End of Year	$ 18,705,742	$ 16,071,404

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021 (As Restated)
Cash Flows from Operating Activities		
Receipts from patients	$ 102,816,794	$ 96,613,936
Payments to suppliers and contractors	(91,452,106)	(83,876,914)
Payments to employees	(18,917,925)	(14,934,262)
Other receipts, net	2,750,064	2,373,154
Net cash provided by (used in) operating activities	(4,803,173)	175,914
Cash Flows from Noncapital Financing Activities		
Provider Relief Funds and other CARES Act Funding – nursing homes	675,000	-
Provider Relief Funds and other CARES Act Funding – hospital	250,000	1,935,229
Employee retention credit	2,388,209	-
Proceeds from issuance of note payable	3,000,000	-
Principal paid on notes payable	-	(500,000)
Net cash provided by noncapital financing activities	6,313,209	1,435,229
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	-	462,720
Other	(9,138)	-
Principal paid on finance purchase agreements	(277,932)	(296,952)
Interest paid on finance purchase agreements	(9,160)	(14,214)
Principal paid on leases payable	(42,981)	(41,093)
Interest paid on leases payable	(5,031)	(12,216)
Purchase of capital assets	(1,546,426)	(976,133)
Net cash used in capital and related financing activities	(1,890,668)	(877,888)
Cash Flows from Investing Activity		
Interest on bank deposits	23,448	24,660
Net cash provided by investing activity	23,448	24,660
Increase (Decrease) in Cash and Cash Equivalents	(357,184)	757,915
Cash and Cash Equivalents, Beginning of Year	6,287,007	5,529,092
Cash and Cash Equivalents, End of Year	$ 5,929,823	$ 6,287,007

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021 (As Restated)
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	$ (962,154)	$ (4,089,215)
Depreciation and amortization	1,143,167	1,053,742
Provision for uncollectible accounts	2,384,000	6,101,000
Changes in operating assets and liabilities:		
Patients accounts receivable, net	(2,339,834)	(9,426,511)
Estimated amounts due from and to third-party payors	2,873,665	(2,109,792)
Accounts payable and accrued expenses	(3,518,310)	7,255,607
Deferred outflows of resources – pensions	622,604	(2,080,121)
Deferred inflows of resources – pensions	5,124,530	718,710
Net pension liability (asset)	(7,142,963)	1,674,421
Advanced claim payments from Medicare	(4,680,643)	(2,409,883)
Prepaid management fees to nursing homes	1,818,553	1,515,419
Advances to nursing homes – Provider Relief Funds	273,424	2,052,160
Other assets and liabilities	(399,212)	(79,623)
Net cash provided by (used in) operating activities	$ (4,803,173)	$ 175,914

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

Nature of Operations and Reporting Entity

Memorial Medical Center (the Medical Center) is an acute care critical access hospital located in Port Lavaca, Texas. The Medical Center is a component unit of Calhoun County (the County) and the Board of County Commissioners appoints members to the Board of Managers (the Board) of the Medical Center. The Medical Center primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the County's area and providing care to nursing home residents.

Basis of Accounting and Presentation

The financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Cash Equivalents

The Medical Center considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022, cash equivalents consisted primarily of money market accounts.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Investment Income

Investment income consists of interest income earned on bank deposits.

Patient Accounts Receivable

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

Supplies

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

Capital Assets

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

Land improvements	25–40 years
Buildings and leasehold improvements	25–40 years
Equipment	3–20 years

Lease Assets

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

Capital and Lease Asset Impairment

The Medical Center evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital or lease asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2022 and 2021.

Deferred Outflows of Resources

The Medical Center reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Compensated Absences

The Medical Center policies permit most employees to accumulate vacation that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. These amounts are included in accrued expenses on the balance sheets.

Defined Benefit Pension Plan

The Medical Center participates in an agent multiple-employer defined benefit pension plan (the Plan) operated by the Texas County and District Retirement System (TCDRS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The Medical Center reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

Net Position

Net position of the Medical Center is classified in three components. Net investment in capital assets consists of capital and lease assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings and lease liabilities used to finance the purchase or construction of those assets. Restricted for pension represents assets restricted for the agent multiple-employer defined benefit pension plan, which provides pensions in accordance with the benefit terms of the plan. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Grants and Contributions

From time to time, the Medical Center receives grants 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 used specifically for operations have been reported in other operating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Charity Care

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function of the County, the Medical Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

Note 2: Change in Accounting Principle

On January 1, 2022, the Medical Center adopted GASB Statement No. 87, Leases, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the earliest period presented. The statement requires lessees to recognize a lease liability, measured at the present value of payments expected to be made during the lease term, and an intangible right-to-use lease asset and requires lessors to recognize a lease receivable and a deferred inflow of resources. For lessors, the standard requires the recognition of a lease receivable and a corresponding deferred inflow of resources for the present value of lease payments expected to be received during the lease term. The 2021 financial statements and disclosures were restated to reflect the impact of this adoption.

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
Balance Sheet			
Capital Assets, Net	$ 6,699,003	$ (135,605)	$ 6,563,398
Lease Assets, Net	-	143,444	143,444
Total assets	51,802,486	7,839	51,810,325
Total assets and deferred outflowsof resources	54,949,139	7,839	54,956,978
Current portion of lease liabilities	337,365	(294,381)	42,984
Current portion of finance purchase agreements	-	294,381	294,381
Total current liabilities	33,687,663	-	33,687,663
Lease liabilities - long-term	268,569	(163,904)	104,665
Finance purchase agreements - long-term	-	167,023	167,023
Total liabilities	37,016,390	3,119	37,019,509
Net investment in capital assets	6,093,069	6,038	6,099,107
Unrestricted	9,973,616	(1,319)	9,972,297
Total net position	16,066,684	4,720	16,071,404
Total liabilities, deferred inflows of resources and net position	54,949,139	7,839	54,956,978
Statement of Revenues, Expenses and Changes in Net Position			
Depreciation and amortization	1,052,424	1,318	1,053,742
Total operating expenses	109,258,623	1,318	109,259,941
Operating loss	(4,087,897)	(1,318)	(4,089,215)
Change in net position	1,599,180	(1,318)	1,597,862
Net position, beginning of year	14,467,504	6,038	14,473,542
Net position, end of year	16,066,684	4,720	16,071,404

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
Cash Flows from Capital and Related Financing Activities			
Principal paid on capital lease obligations	$ (338,045)	$ 338,045	$ -
Interest paid on capital lease obligations	(26,430)	26,430	-
Principal paid on finance purchase agreements	-	(296,952)	(296,952)
Interest paid on finance purchase agreements	-	(14,214)	(14,214)
Principal paid on leases payable	-	(41,093)	(41,093)
Interest paid on leases payable	-	(12,216)	(12,216)
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating loss	(4,087,897)	(1,318)	(4,089,215)
Depreciation and amortization	1,052,424	1,318	1,053,742

Note 3: Net Patient Service Revenue and Nursing Home Revenue

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates.

These payment arrangements include the following:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for certain services at tentative rates, with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable services at tentative rates, with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid administrative contractor.

Approximately 69 percent and 63 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2022 and 2021, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Supplemental Medicaid Funding Revenue

On December 12, 2011, the United States Department of Health and Human Services approved a Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year.

The Waiver was originally effective from December 12, 2011 to September 30, 2016, and extended through December 2017 as the Texas Health and Human Services Commission (HHS) and Center for Medicare and Medicaid Services (CMS) negotiated a longer-term extension. On December 21, 2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan required a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five-year period.

On January 15, 2021, CMS approved an extension to the Waiver for an additional ten-year period through September 30, 2030. This latest extension would have ended the DSRIP pool effective September 30, 2021, expanded and added other direct payment programs and made other administrative changes to reflect CMS policy changes beginning September 1, 2021. On April 16, 2021, CMS rescinded the extension approval citing an improper exemption from the public notice and comment process originally granted. On March 25, 2022, CMS approved certain directed payment programs, including the Comprehensive Hospital Increased Reimbursement Program (CHIRP), for the period of September 1, 2021-August 31, 2022. CHIRP replaces and expands the funding pool available under the Uniform Hospital Rate Increase Program (UHRIP). On April 22, CMS rescinded its April 16, 2021 letter, effectively approving the Waiver extension through September 30, 2032. The Medical Center has not yet determined the estimated benefit of CHIRP.

UC Pool payments are designed to help offset the costs of uncompensated care provided by the hospital or other providers. DSRIP Pool payments are incentive payments to hospitals and other providers that develop programs or strategies to enhance access to health care, increase the quality of care and improve the health of the patients and families served, and improve the cost effectiveness of the care provided.

Under the Waiver, eligibility to receive UC Pool or DSRIP Pool payments requires participation in a regional health care partnership. Within a partnership, participants include governmental entities providing public funds known as intergovernmental transfers (IGTs), Medicaid providers and other stakeholders. Participants develop a regional plan that identifies partners, community needs, the proposed projects to meet those needs and funding distribution. Each partnership must have one anchoring entity, which acts as a primary point of contact for HHSC in the region and is responsible for seeking regional stakeholder engagement and coordinating development of a regional plan.

Total funding received through the Texas Medicaid supplemental funding programs (exclusive of CHIRP and UHRIP) was approximately $2,952,000 and $2,853,000 for the years ended December 31, 2022 and 2021, respectively, and is included as net patient service revenue in the accompanying financial statements.

Nursing Home Revenue

The Medical Center has entered into a series of lease and management agreements with nursing facility operators that resulted in the Medical Center becoming the legal license holder and operator of a total of nine nursing homes. The lease agreements call for annual payments approximating $8,811,000 as of December 31, 2022 and 2021, the payment of which will be solely made from the operations of the nursing homes.

The leases expire in August 2023 or August 2024 and are cancellable with a written notice within 60 days of the expiration date. Due to the cancellable terms of the lease agreements, the leases are not subject to accounting under GASB 87.

Under the terms of the management agreements, the third-party managers provide all services necessary to operate the facilities, including personnel and oversight of the actual operations. These managers also provide all accounting functions for the facilities, including the billing and collection services. All patient revenue from the facilities is paid to the Medical Center and recorded as such by the Medical Center. The Medical Center transfers cash from these patient revenues to the managers so the managers can pay all facility related costs on behalf of the Medical Center. In addition, the Medical Center utilizes the nursing home cash receipts to pay a management fee to the manager pursuant to the agreements.

The Medical Center participates in a program developed by HHSC that allows participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. HHSC received the CMS approval for this quality program (Quality Improvement Payment Program) that began on September 1, 2017.

At December 31, 2022 and 2021, the Medical Center recorded prepaid expenses under the program of approximately $2,855,000 and $3,127,000, respectively, which represents the prepaid intergovernmental transfers the Medical Center is required to contribute in advance of receiving any gross proceeds. As of December 31, 2022 and 2021, revenues recognized under this program were approximately $10,573,000 and $10,627,000, respectively, and are included in nursing home resident revenue and expenses were approximately $4,784,000 and $4,937,000, respectively, and are included in nursing home expenses.

Note 4: Deposits

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

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Texas; bonds of any city, county, school district or special road district of the State of Texas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2022 and 2021, the Medical Center's bank balances were insured or collateralized by assets held in other than the Medical Center's name.

Note 5: Patient and Nursing Home Resident Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at December 31, 2022 and 2021, consisted of the following:

Memorial Medical Center

	2022	2021
Medicare	$ 1,193,461	$ 1,913,766
Medicaid	226,220	671,949
Other third-party payors	1,841,339	1,039,314
Patients	3,516,183	5,494,915
	6,777,203	9,119,944
Less allowance for uncollectible accounts	3,857,000	6,376,000
	$ 2,920,203	$ 2,743,944

Nursing home resident accounts receivable at December 31, 2022 and 2021, consisted of the following.

Nursing Homes

	2022	2021
Medicare	$ 10,034,886	$ 10,051,601
Medicaid	2,580,392	2,939,468
Other third-party payors	4,044,913	4,589,405
Patients	3,276,370	2,965,033
	19,936,561	20,545,507
Less allowance for uncollectible accounts	2,662,479	3,051,000
	$ 17,274,082	$ 17,494,507

Note 6: Capital and Lease Assets

Capital assets activity for the years ended December 31, 2022 and 2021, was as follows:

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets:					
Land	$ 461,793	$ -	$ -	$ -	$ 461,793
Buildings and improvements	13,464,332	34,002	-	-	13,498,334
Equipment	10,996,580	1,434,609	(767,539)	-	11,663,650
Construction in progress	20,273	77,815	-	-	98,088
Total capital assets	24,942,978	1,546,426	(767,539)	0	25,721,865
Less accumulated depreciation:					
Buildings and improvements	(9,972,642)	(272,074)	-	-	(10,244,716)
Equipment	(8,406,938)	(825,795)	767,539	-	(8,465,194)
Total accumulated depreciation	(18,379,580)	(1,097,869)	767,539	0	(18,709,910)
Capital assets, net	$ 6,563,398	$ 448,557	$ 0	$ 0	$ 7,011,955

	2021 (As Restated)				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets:					
Land	$ 461,793	$ -	$ -	$ -	$ 461,793
Buildings and improvements	13,464,332	-	-	-	13,464,332
Equipment	10,040,220	956,360	-	-	10,996,580
Construction in progress	500	19,773	-	-	20,273
Total capital assets	23,966,845	976,133	0	0	24,942,978
Less accumulated depreciation:					
Buildings and improvements	(9,699,736)	(272,906)	-	-	(9,972,642)
Equipment	(7,671,400)	(735,538)	-	-	(8,406,938)
Total accumulated depreciation	(17,371,136)	(1,008,444)	0	0	(18,379,580)
Capital assets, net	$ 6,595,709	$ (32,311)	$ 0	$ 0	$ 6,563,398

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	$ 188,742	$ -	$ -	$ -	$ 188,742
Less accumulated amortization	(45,298)	(45,298)	-	-	(90,596)
Lease assets, net	$ 143,444	$ (45,298)	$ 0	$ 0	$ 98,146

	2021 (As Restated)				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	$ 188,742	$ -	$ -	$ -	$ 188,742
Less accumulated amortization	-	(45,298)	-	-	(45,298)
Lease assets, net	$ 188,742	$ (45,298)	$ 0	$ 0	$ 143,444

Note 7: Notes Payable

The following is a summary of notes payable transactions for the Medical Center for the years ended December 31, 2022 and 2021.

	Beginning Balance	Additions	Deductions	Ending Balance
Notes payable:				
Noninterest-bearing note - 2022	$ -	$ 3,000,000	$ -	$ 3,000,000
Noninterest-bearing note - 2021	$ 500,000	$ -	$ (500,000)	$ -

As of December 31, 2022 and 2021, the Medical Center has a noninterest-bearing line of credit payable on demand with the County in the amount of $4,000,000. As of December 31, 2022 and 2021, $3,000,000 and $0, respectively, had been drawn on the line of credit.

Note 8: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at December 31, 2022 and 2021, consisted of the following:

	2022	2021
Payable to suppliers and contractors	$ 1,483,596	$ 1,646,273
Payable to employees (including payroll taxes and benefits)	2,291,411	2,307,016
Accrued IGT payments	236,565	1,408,709
Payable to nursing home management company	18,063,025	20,062,055
Other	-	168,854
	$ 22,074,597	$ 25,592,907

Note 9: Medical Malpractice Claims

The Medical Center is a unit of government covered by the *Texas Tort Claims* Act, which, by statute, limits its liability to $100,000 per individual and $300,000 in the aggregate. These limits coincide with the malpractice insurance coverage, which is purchased by the Medical Center under a claims-made policy on a fixed premium basis. 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. Based upon the Medical Center's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 10: Long-term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the years ended December 31, 2022 and 2021:

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Other long-term liabilities					
Finance purchase agreements	$ 461,404	$ -	$ (318,333)	$ 143,071	$ 84,652
Lease liabilities	147,649	-	(42,981)	104,668	46,249
Total long-term obligations	$ 609,053	$ -	$ (361,314)	$ 247,739	$ 130,901

	2021 (As Restated)				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Other long-term liabilities					
Finance purchase agreements	$ 758,356	$ -	$ (296,952)	$ 461,404	$ 294,381
Lease liabilities	188,742	-	(41,093)	147,649	42,981
Total long-term obligations	$ 947,098	$ -	$ (338,045)	$ 609,053	$ 337,362

Finance Purchase Agreements

The Medical Center is obligated under finance purchase agreements for equipment that are accounted for as capital assets funded through financing. The following is a schedule, by year, of future minimum payments under the financed purchase agreements leases, including interest at rates ranging from 2.6 percent to 4.7 percent, together with the present value of the future minimum payments as of December 31, 2022:

Year Ending December 31,	Total to be Paid	Principal	Interest
2023	$ 88,448	$ 84,652	$ 3,796
2024	57,028	55,808	1,220
2025	2,638	2,611	27
	$ 148,114	$ 143,071	$ 5,043

Note 11: Lease Liabilities

The Medical Center leases equipment, the term of which expire in 2025.

The following is a schedule by year of payments under the leases as of December 31, 2022:

Year Ending December 31,	Total to be Paid	Principal	Interest
2023	$ 52,405	$ 46,249	$ 6,156
2024	52,405	49,765	2,640
2025	8,734	8,654	80
	$ 113,544	$ 104,668	$ 8,876

Note 12: Charity Care

The costs of charity care provided under the Medical Center's charity care policy were approximately $4,232,000 and $3,992,000 for 2022 and 2021, respectively. In addition, the costs related to the provision for doubtful accounts were approximately $326,000 and $1,955,000 for 2022 and 2021, respectively. The costs of charity care and the provision for doubtful accounts are estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 13: Pension Plan

Plan Description

The Medical Center provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan (the plan) in the state-wide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent, multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at tcdrs.org.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service 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 their employer.

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 Medical Center within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the Medical Center's commitment to contribute. 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 the TCDRS Act.

The employees covered by the plan at the December 31, 2021 and 2020, measurement date are as follows:

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	127	124
Inactive employees entitled to but not yet receiving benefits	472	427
Active employees	256	276
	855	827

Contributions

The Medical Center has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Medical Center is actuarially determined annually. It was 7.0 percent of annual pay, or $1,394,588, and 7.0 percent of annual pay, or $1,000,390, for calendar years 2022 and 2021, respectively. The contribution rate payable by the employee members is 7.00 percent of annual pay, as adopted by the governing body of the Medical Center. The employee contribution rate and the employer contribution rate may be changed by the governing body of the Medical Center within the options available in the TCDRS Act.

Net Pension Liability (Asset)

The Medical Center's net pension liability (asset) as of December 31, 2022 and 2021, was measured as of December 31, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The total pension liability (asset) in the December 31, 2021 and 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

	2021	2020
Inflation	2.50%	2.50%
Salary increases	4.70%	4.60%
Ad hoc cost of living adjustments	N/A	N/A
Investment rate of return, net	7.50%	7.50%

The December 31, 2021, actuarial valuation mortality rate for depositing members were based on 135 percent of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120 percent Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100 percent of the MP-2021 Ultimate scale after 2010. Mortality rates for service retirees, beneficiaries and non-depositing members were based on 135 percent of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100 percent of the MP-2021 Ultimate scale after 2010. Mortality rates for disabled retirees were based 160 percent of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125 percent Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100 percent of the MP-2021 Ultimate scale after 2010.

The December 31, 2020, actuarial valuation mortality rates for depositing members were based on 90 percent of the RP-2014 Active Employee Mortality Table for females and males projected with 110 percent of the MP-2014 Ultimate scale after 2014. Mortality rates for service retirees, beneficiaries and non-depositing members were based on 110 percent of the RP-2014 Healthy Annuitant Mortality Table for females and 130 percent of the RP-2014 Healthy Annuitant Mortality Table for males, both projected with 110 percent of the MP-2014 Ultimate scale after 2014. Mortality rates for disabled retirees were based on 115 percent of the RP-2014 Disabled Annuitant Mortality Table for females and 130 percent of the RP-2014 Disabled Annuitant Mortality Table for males, both projected with 110 percent of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2021 and 2020, valuations were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020. The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table.

	2022	
Asset Class	**Target Allocation**	**Geometric Real Rate of Return (Expected Minus Inflation)**
Equities:		
U.S. Equities	11.5%	3.80%
International Equities – Developed	5.0%	3.80%
International Equities – Emerging	6.0%	4.30%
Global Equities	2.5%	4.10%
Hedge Funds	6.0%	1.55%
High-Yield Investments:		
Strategic Credit	9.0%	1.77%
Distressed Debt	4.0%	4.50%
Direct Lending	16.0%	6.25%
Private Equity	25.0%	6.80%
Real Assets:		
REITs	2.0%	3.10%
Private Real Estate Partnerships	6.0%	5.10%
Master Limited Partnerships	2.0%	3.85%
Cash Equivalents	2.0%	-1.05%
Investment-Grade Bonds	3.0%	-0.85%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension asset was 7.6 percent 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 Medical Center 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.

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) for the years ended December 31, 2022 and 2021, were as follows.

	2022		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at December 31, 2020	$ 52,861,413	$ 49,801,255	$ 3,060,158
Changes for the year:			
Service cost	1,524,907	-	1,524,907
Interest on total pension liability	4,047,220	-	4,047,220
Effect of economic/demographic gains or losses	90,911	-	90,911
Effect of assumptions changes or inputs	(86,753)	-	(86,753)
Refund of contributions	(225,465)	(225,465)	-
Benefit payments	(2,083,669)	(2,083,669)	-
Administrative expenses	-	(32,575)	32,575
Member contributions	-	813,244	(813,244)
Net investment income	-	10,887,623	(10,887,623)
Employer contributions	-	1,048,306	(1,048,306)
Other changes	-	2,650	(2,650)
Net changes	3,267,151	10,410,114	(7,142,963)
Balances at December 31, 2021	$ 56,128,564	$ 60,211,369	$ (4,082,805)

	2021		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at December 31, 2020	$ 46,871,319	$ 45,485,582	$ 1,385,737
Changes for the year:			
Service cost	1,414,873	-	1,414,873
Interest on total pension liability	3,824,454	-	3,824,454
Effect of economic/demographic gains or losses	(271,817)	-	(271,817)
Effect of assumptions changes or inputs	3,206,562	-	3,206,562
Refund of contributions	(120,209)	(120,209)	-
Benefit payments	(2,063,769)	(2,063,769)	-
Administrative expenses	-	(36,440)	36,440
Member contributions	-	800,723	(800,723)
Net investment loss	-	4,698,269	(4,698,269)
Employer contributions	-	1,050,026	(1,050,026)
Other changes	-	(12,927)	12,927
Net changes	5,990,094	4,315,673	1,674,421
Balances at December 31, 2021	$ 52,861,413	$ 49,801,255	$ 3,060,158

The net pension liability (asset) has been calculated using a discount rate of 7.6 percent. The following table presents the net pension (asset) liability of the Medical Center using a discount rate 1 percent higher and 1 percent lower than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Medical Center's net pension (asset) liability	$ 4,560,778	$ (4,082,805)	$ (11,158,517)

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

For the years ended December 31, 2022 and 2021, the Medical Center recognized pension expense of $46,070 and $1,426,498, respectively. At December 31, 2022 and 2021, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 110,471	$ 60,607
Changes in assumptions	57,835	1,068,854
Net difference between projected and actual	6,822,289	-
Contributions subsequent to the measurement date	-	1,394,588
	$ 6,990,595	$ 2,524,049

	2021	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 220,945	$ 8,555
Changes in assumptions	-	2,137,708
Net difference between projected and actual	1,645,120	-
Contributions subsequent to the measurement date	-	1,000,390
	$ 1,866,065	$ 3,146,653

At December 31, 2022 and 2021, the Medical Center reported $1,429,394 and $1,000,390, respectively, as deferred outflows of resources related to pensions resulting from Medical Center contributions subsequent to the measurement date that will be recognized as a decrease of the net pension liability at December 31, 2023 and 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions, will be recognized in pension expense as follows:

2022	$	(522,492)
2023		(2,284,598)
2024		(1,629,935)
2025		(1,424,109)
	$	(5,861,134)

Note 14: Contingencies

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

Note 15: COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

The extent of the COVID-19 pandemic's adverse effect on the Medical Center's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Medical Center's control and ability to forecast. Because of these and other uncertainties, the Medical Center cannot estimate the length or severity of the effect of the pandemic on the Medical Center's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Provider Relief Fund

During the years ended December 31, 2022 and 2021, the Medical Center received approximately $250,000 and $1,935,000, respectively, of distributions from the CARES Act Provider Relief Fund and other CARES Act grants. The distributions from the Provider Relief Fund are not subject to repayment, provided the Medical Center is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services.

The Medical Center is accounting for such payments as conditional contributions. Payments are recognized as nonoperating revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Medical Center's operating revenues and expenses through December 31, 2022 and 2021, the Medical Center recognized the following amounts related to the Provider Relief Fund and other CARES Act grants:

	2022	2021
Provider relief funds and other CARES Act funding received:		
Amount related to nursing home and hospital operations	$ 925,000	$ 1,935,229
Nonoperating revenue recognized:		
Provider relief funds and other CARES Act funding - hospitals	$ 849,250	$ -
Provider relief funds - nursing homes	2,284,403	2,052,160
Operating expenses:		
Component of nursing home expenses	2,284,403	2,052,160
Current assets:		
Advance to nursing homes	-	273,424
Current liabilities:		
Refundable advance - hospital	-	1,935,229
Refundable advance to nursing homes	-	273,424

The Medical Center will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Medical Center's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the Medical Center is unable to attest to or comply with current or future terms and conditions, the Medical Center's ability to retain some or all of the distributions received may be affected. Additionally, the amounts recorded in the financial statements compared to the Medical Center's Provider Relief Fund reporting could differ. Provider Relief Fund payments are subject to government oversight, including potential audits.

Medicare Accelerated and Advanced Payment Program

During the year ended December 31, 2020, the Medical Center requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by CMS according to the payback provisions.

Effective September 30, 2020, the payback provisions were revised and extended the payback period to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25 percent of the remittance advice payment followed by a six-month payback period at 50 percent of the remittance advice payment. After 29 months, CMS expects any amount not paid back through the withhold amounts to be paid back in a lump sum or interest will begin to accrue subsequent to the 29 months at a rate of 4 percent.

During the years ended December 31, 2022 and 2021, Medicare had applied approximately $4,681,000 and $2,410,000, respectively, from these accelerated Medicare payment requests against filed claims. As of December 31, 2022 and 2021, approximately $0 and $4,681,000, respectively, of accelerated Medicare payment requests were recorded as current liabilities under the caption advanced claim payments from Medicare. As of December 31, 2022 and 2021, approximately $0 and $1,819,000, respectively, are recorded as prepaid management fees – nursing homes in the accompanying balance sheets.

Required Supplementary Information

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Schedule of Changes in the Medical Center's Net Pension Liability and Related Ratios
December 31,

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 1,524,907	$ 1,414,873	$ 1,355,217	$ 1,201,855	$ 1,309,712	$ 1,364,536	$ 1,172,884	$ 1,060,724
Interest on total pension liability	4,047,220	3,824,454	3,595,273	3,370,152	3,133,594	2,890,913	2,690,911	2,483,007
Effect of plan changes	-	-	-	-	-	-	(276,726)	-
Effect of assumption changes or inputs	(86,753)	3,206,562	-	-	434,538	-	512,424	-
Effect of economic and demographic (gains) losses	90,911	(271,817)	(79,470)	31,811	(85,948)	(362,120)	(205,707)	94,066
Benefit payments, including refunds of employee contributions	(2,309,134)	(2,183,978)	(2,021,786)	(1,935,693)	(1,598,016)	(1,480,285)	(1,328,724)	(1,157,854)
Net Change in Total Pension Liability	3,267,151	5,990,094	2,849,234	2,668,125	3,193,880	2,413,044	2,565,062	2,479,943
Total Pension Liability – Beginning	52,861,413	46,871,319	44,022,085	41,353,960	38,160,080	35,747,036	33,181,974	30,702,031
Total Pension Liability – Ending (a)	$ 56,128,564	$ 52,861,413	$ 46,871,319	$ 44,022,085	$ 41,353,960	$ 38,160,080	$ 35,747,036	$ 33,181,974
Plan Fiduciary Net Position								
Contributions – employer	$ 1,048,306	$ 1,050,026	$ 1,005,687	$ 853,588	$ 793,282	$ 803,931	$ 783,080	$ 708,827
Contributions – employee	813,244	800,723	794,101	712,748	690,434	715,252	683,488	620,401
Net investment income (loss)	10,887,623	4,698,269	6,452,581	(757,827)	5,169,706	2,433,062	(138,800)	2,098,712
Benefit payments, including refunds of employee contributions	(2,309,134)	(2,183,978)	(2,021,786)	(1,935,693)	(1,598,016)	(1,480,285)	(1,328,724)	(1,157,854)
Administrative expense	(32,575)	(36,440)	(34,662)	(31,559)	(26,905)	(26,488)	(23,738)	(24,573)
Other	2,650	(12,927)	(1,276)	(7,042)	(1,784)	40,524	(77,927)	46,496
Net Change in Plan Fiduciary Net Position	10,410,114	4,315,673	6,194,645	(1,165,785)	5,026,717	2,485,996	(102,621)	2,292,009
Plan Fiduciary Net Position – Beginning	49,801,255	45,485,582	39,290,937	40,456,722	35,430,005	32,944,009	33,046,630	30,754,621
Plan Fiduciary Net Position – Ending (b)	$ 60,211,369	$ 49,801,255	$ 45,485,582	$ 39,290,937	$ 40,456,722	$ 35,430,005	$ 32,944,009	$ 33,046,630
Medical Center's Net Pension Liability (Asset) – Ending (a)-(b)	$ (4,082,805)	$ 3,060,158	$ 1,385,737	$ 4,731,148	$ 897,238	$ 2,730,075	$ 2,803,027	$ 135,344
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.27%	94.21%	97.04%	89.25%	97.83%	92.85%	92.16%	99.59%
Covered-Employee Payroll	$ 11,617,767	$ 11,438,495	$ 11,344,298	$ 10,182,115	$ 9,863,336	$ 10,217,883	$ 9,764,116	$ 8,623,215
Medical Center's Net Pension Liability as a Percentage of Covered-Employee Payroll	-35.14%	26.75%	12.22%	46.47%	9.10%	26.72%	28.71%	1.57%

Note to Schedule:

Changes of assumptions: In the 2021 actuarial valuation, for mortality rates used for depositing members, service retirees, beneficiaries, non-depositing members and disabled retirees, the RP-2021 tables were projected to 2010 and later with 100% of the MP-2021 Ultimate Scale.

Changes of assumptions: In the 2019 actuarial valuation, for mortality rates used for depositing members, service retirees, beneficiaries, non-depositing members and disabled retirees, the RP-2000 tables were projected to 2014 and later with 110% of the MP-2014 Ultimate Scale.

Changes in assumptions: In the 2017 actuarial valuation, for mortality rates used for depositing members, service retirees, beneficiaries, non-depositing members and disabled retirees, varying percentages of the RP-2014 tables were after 2014 projected with 110% of the MP-2014 Ultimate Scale.

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

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Schedule of Changes in the Medical Center's Contributions
December 31,

	2022	2021	2020	2019
Actuarially determined contribution	$ 1,394,588	$ 1,000,390	$ 1,054,999	$ 853,588
Contributions in relation to the actuarially determined contribution	1,394,588	1,000,390	1,054,999	853,588
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Covered-employee payroll *(1)*	$ 11,617,767	$ 11,103,108	$ 11,431,376	$ 10,182,115
Contributions as a percentage of covered-employee payroll	12.0%	9.0%	9.2%	8.4%

Notes to Schedule:

(1) Payroll is calculated based on contributions as reported to TCDRS

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

Methods and assumptions used to determine contribution rates:	2022	2021	2020	2019
Actuarial cost method	Entry age normal cost for all years.			
Amortization method	Level percentage of payroll, closed for all years.			
Remaining amortization period	19.0 years	20.0 years	13.3 years	14.4 years
Asset valuation method	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed
Inflation	2.50%	2.50%	2.75%	2.75%
Salary increases	4.70%	4.60%	4.90%	4.90%
Investment rate of return, net	7.50%	7.50%	8.00%	8.00%
Retirement age	Employees who are eligible for retirement are assumed to commence receiving benefit payments based on age for all years.			
Mortality	For depositing members, 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014. For service retirees, beneficiaries and non-depositing members, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.	For depositing members, 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014. For service retirees, beneficiaries and nondepositing members, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.	For depositing members, 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014. For service retirees, beneficiaries and non-depositing members, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.	For depositing members, 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014. For service retirees, beneficiaries and non-depositing members, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Memorial Medical Center
A Component Unit of Calhoun County, Texas
Schedule of Changes in the Medical Center's Contributions (Continued)
December 31,

2018	2017	2016	2015	2014	2013
$ 853,588	$ 793,282	$ 803,931	$ 783,080	$ 708,827	$ 633,060
853,588	793,282	803,931	783,080	708,827	633,060
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 10,182,115	$ 9,863,336	$ 10,217,883	$ 9,764,116	$ 8,623,215	$ 8,147,521
8.4%	8.0%	7.9%	8.0%	8.2%	7.8%

2018	2017	2016	2015	2014	2013
14.4 years	14.5 years	14.9 years	15.6 years	14.5 years	20.0 years
5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed
2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
4.90%	4.85%	4.90%	4.90%	4.90%	4.90%
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
For depositing members, 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014. For service retirees, beneficiaries and non-depositing members, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.	For depositing members, 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014. For service retirees, beneficiaries and non-depositing members, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.	For depositing members, the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter. For service retirees, beneficiaries and non-depositing members, the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter, with a one-year set-forward for males and no age adjustment for females. For disabled retirees, the RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter, with no age adjustment for males and a two-year set-forward for females.	For depositing members, the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter. For service retirees, beneficiaries and non-depositing members, the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter, with a one-year set-forward for males and no age adjustment for females. For disabled retirees, the RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter, with no age adjustment for males and a two-year set-forward for females.	For depositing members, the RP-2000 Active Employee Mortality Table for males with a three-year set-forward and the RP-2000 Active Employee Mortality Table for females with a two-year setback, both with the projection scale AA. For service retirees, beneficiaries and non-depositing members, the RP-2000 Combined Mortality Table with the projection scale AA, a one-year set-forward for males and no age adjustment for females. For disabled retirees, the RP-2000 Disabled Mortality Tables for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.	For depositing members, the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA. For service retirees, beneficiaries and non-depositing, members the RP-2000 Combined Mortality Table with the projection scale AA, a one-year set-forward for males and no age adjustment for females. For disabled retirees, the RP-2000 Disabled Mortality Tables for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.