The Regional Medical Center of Orangeburg and Calhoun Counties

Combined Financial Statements

Years Ended September 30, 2021 and 2020

Table of Contents

FORVIS

Independent Auditors' Report

Board of Trustees of
The Regional Medical Center of Orangeburg
and Calhoun Counties

Report on the Combined Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of The Regional Medical Center of Orangeburg and Calhoun Counties (the "Center") as of and for the years ended September 30, 2021 and 2020, and the related notes to the combined financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the statements of fiduciary net position and the statements of changes in fiduciary net position as of September 30, 2021 and 2020 are presented fairly, in all material respects.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended September 30, 2021, the Center adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities, which established accounting and financial reporting standards for the identification of fiduciary activities. Our opinions are not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, and the schedules of pension contributions be presented to supplement the combined financial statements. Such information, although not a part of the 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 combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 combined financial statements, and other knowledge we obtained during our audit of the 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and combined information in the supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

FORVIS, LLP

Greenville, South Carolina
July 11, 2022

This section of the Regional Medical Center of Orangeburg and Calhoun Counties' (the "Center" or "RMC") annual combined financial statements presents our analysis of the Center's financial performance during the years ended September 30, 2021, 2020, and 2019. Please read this analysis in conjunction with the combined financial statements, which follow this section.

Overview of the Combined Financial Statements

The 2021 annual combined financial statements include the current management's discussion and analysis section, the report of independent auditors, and the combined financial statements of the Center. The accompanying combined financial statements also include notes that explain in more detail some of the information in the combined financial statements.

Required Combined Financial Statements

The Center's combined financial statements report information of the Center using accounting methods similar to those used by private-sector healthcare organizations. These combined financial statements offer short and long-term financial information about its activities:

- The combined statements of net position include all of the Center's assets, deferred outflows, liabilities, deferred inflows, and net position and provide information about the nature and amounts of investments in resources (assets and deferred outflows) and the obligations to Center creditors (liabilities). The combined statements of net position also provide the basis for evaluating the capital structure of the Center and assessing the liquidity and financial flexibility of the Center.

- All of the revenues and expenses are accounted for in the combined statements of revenues, expenses, and changes in net position. These statements measure the success of the Center's operations over the past year and can be used to determine whether the Center has successfully recovered all of its costs through its fees and other resources of revenue, profitability, and creditworthiness.

- The final required statement is the combined statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, noncapital financing, and capital and related financing activities. It also provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the Center

The combined statements of net position and the combined statements of revenues, expenses, and changes in net position report the net position of the Center and the changes therein. The Center's net position is one indicator of the Center's financial health. Over time, increases or decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating. However, one will also need to consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed governmental legislation (a specific example would include the effect of the current COVID-19 pandemic).

Combined Statements of Net Position

A summary of the Center's combined statements of net position at September 30, 2021, 2020, and 2019, is presented in Table A-1:

Table A-1
Condensed Combined Statements of Net Position
September 30, 2021, 2020, and 2019 (in thousands)

	2021	2020	2019
ASSETS AND DEFERRED OUTFLOWS			
Current assets	$ 59,952	$ 90,119	$ 43,273
Capital assets, net	41,525	46,663	55,056
Noncurrent assets	57,303	58,568	65,492
Deferred outflows	703	4,394	9,266
Total assets and deferred outflows	$ 159,483	$ 199,744	$ 173,087
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	$ 55,280	$ 73,445	$ 32,996
Long-term liabilities	48,979	53,832	58,768
Deferred inflows	1,663	630	1,035
Total liabilities and deferred inflows	105,922	127,907	92,799
NET POSITION			
Net investment in capital assets	15,180	19,023	26,166
Restricted for:			
Nonexpendable	1,187	1,040	977
By donor for specific activities or capital acquisitions	726	2,371	1,906
Unrestricted	36,468	49,403	51,239
Total net position	53,561	71,837	80,288
Total liabilities, deferred inflows, and net position	$ 159,483	$ 199,744	$ 173,087

The net position of the Center decreased $18,276 during 2021 and $8,451 during 2020.

Combined Statements of Revenues, Expenses, and Changes in Net Position

While the combined statements of net position show the change in the financial position of the Center, the combined statements of revenues, expenses, and changes in net position provide answers to the nature and source of these changes:

Table A-2
Condensed Combined Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2021, 2020, and 2019 (in thousands)

	2021	2020	2019
Operating revenues:			
Net patient service revenues	$ 209,996	$ 210,317	$ 218,813
Other	4,222	5,350	4,304
Total operating revenues	214,218	215,667	223,117
Operating expenses:			
Salaries and benefits	108,772	109,067	111,601
Supplies	40,117	34,863	35,657
Professional fees and services	66,181	63,801	51,536
Other	22,142	19,518	17,908
Depreciation	9,433	12,461	12,596
Total operating expenses	246,645	239,710	229,298
Operating loss	(32,427)	(24,043)	(6,181)
Nonoperating revenues	14,151	15,592	3,772
Decrease in net position	(18,276)	(8,451)	(2,409)
Net position, beginning of year	71,837	80,288	82,697
Net position, end of year	$ 53,561	$ 71,837	$ 80,288

Fiscal 2021 compared to Fiscal 2020

The Center's total operating revenues decreased in fiscal 2021 due to decreased volumes in services primarily related to COVID-19 impacts and limitations on services provided.

The Center's operating expenses for fiscal 2021 increased 2.9%. This is primarily related to COVID-19 and the continued material effect on all aspects of operations and financial outcomes. Additionally, an inability to invest in marketable securities due to the Center being a governmental entity limiting investment income. The Center experienced a significant outbreak of COVID-19 much like other rural communities. Also due to the location and rural nature of the Center, the Center experienced an inability to utilize other sources of reimbursement available in a larger community.

Fiscal 2020 compared to Fiscal 2019

The Center's total operating revenues decreased in fiscal 2020 due to decreased volumes in services primarily related to COVID-19 impacts and limitations on services provided.

The Center's operating expenses for fiscal 2020 increased 4.5%. This is primarily related to professional fees and services associated with departments transitioned to purchased service agreements.

Capital Assets and Debt Administration

At the end of fiscal 2021, the Center had invested approximately $41.5 million in net capital assets as shown in Table A-3. The decrease of approximately $5.1 million is primarily related to the growth in routine depreciation offset by current year additions.

At the end of fiscal 2020, the Center had invested approximately $46.7 million in net capital assets as shown in Table A-3. The decrease of approximately $8.4 million is primarily related to the growth in routine depreciation offset by current year additions.

Table A-3
Capital Assets
September 30, 2021, 2020, and 2019 (in thousands)

	2021	2020	2019
Land and land improvements	$ 3,650	$ 3,447	$ 3,399
Buildings	106,684	106,462	105,416
Equipment	156,659	153,837	147,662
Construction-in-progress	910	44	4,144
	267,903	263,790	260,621
Accumulated depreciation	(226,378)	(217,127)	(205,565)
Capital assets, net	$ 41,525	$ 46,663	$ 55,056

Fiscal 2021 compared to Fiscal 2020

At September 30, 2021 and 2020, the Center has approximately $26.3 million and $27.6 million, respectively, of bonds payable principal outstanding, a decrease of approximately 5% during the year. The Center made principal payments of approximately $1.3 million and $1.3 million during fiscal 2021 and 2020, respectively.

Fiscal 2020 compared to Fiscal 2019

At September 30, 2020 and 2019, the Center has approximately $27.6 million and $28.9 million, respectively, of bonds payable principal outstanding, a decrease of approximately 4% during the year. The Center made principal payments of approximately $1.3 million and $1.2 million during fiscal 2020 and 2019, respectively.

Economic and other factors

The Center continues to be challenged by issues of government regulation, declining reimbursement, changing technology, increasing pharmaceutical costs and staffing shortages. The Center continues to strive towards transforming its healthcare delivery system in order to further the mission to deliver high quality, compassionate care to everyone they touch every day.

Community Benefit

As a civic asset, the Center is one of the top employers in the area. The Center is committed to being the healthcare provider of choice through providing quality and being responsible for the cost effectiveness in delivery of healthcare.

The Center, like other healthcare providers, has undertaken the initiative to better tell and document the service provided to the community and the nation for health care needs. Following the lead set by the Catholic Health Association and VHA, Inc., the following statement was developed utilizing the guide for planning and reporting community benefit. This statement is not all-inclusive as systems are being developed and processes established to hard wire the reporting process. As footnoted below, a point of difference is the inclusion of bad debt. It is the belief of the Center that a significant percentage of the bad debt expense relates to services rendered to those who lack the resources for the health care they need. The following table depicts the activity related to the community benefit provided by RMC.

Quantifiable Benefits
September 30, 2021, 2020, and 2019 (in thousands)

	2021	2020	2019
Benefits for person living in poverty and the Broader community:			
Charity care at cost	$ 2,337	$ 4,446	$ 4,716
Bad debt, Medicaid shortfall, and ambulance	8,845	12,054	9,629
Safe Kids	-	-	1
Health Professional Education Scholarships	66	145	44
Physician coverage of EDs	3,851	1,609	2,273
Foundation and Community Outreach	432	400	584
Total quantifiable benefit	$ 15,531	$ 18,654	$ 17,247

Finance contact

The Center's combined financial statements are designed to present users with a general overview of the Center's finances and to demonstrate the Center's accountability. If you have any questions about the report or need additional financial information, please reach out below:

The Regional Medical Center of Orangeburg and Calhoun Counties
Chief Financial Officer
3000 St. Matthews Road,
Orangeburg, South Carolina 29118

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
Current assets:		
Cash and cash equivalents	$ 19,418,058	$ 51,570,829
Patient accounts receivable, net of estimated allowance for doubtful accounts of approximately $28,203,000 in 2021 and $40,614,000 in 2020	33,994,475	31,926,276
Drugs and supplies	4,290,368	3,991,216
Other receivables, net	937,809	1,148,764
Prepaid expenses	1,311,736	1,317,477
Estimated third-party payor settlements	-	164,858
Total current assets	59,952,446	90,119,420
Assets limited as to use	57,302,693	58,567,636
Capital assets, net	41,524,975	46,663,398
Total assets	158,780,114	195,350,454
Deferred outflows:		
Pension deferrals	703,071	4,393,666
Total deferred outflows	703,071	4,393,666
Total assets and deferred outflows	$ 159,483,185	$ 199,744,120

(Continued)

	2021	2020
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities:		
Current maturities of long-term debt	$ 2,225,004	$ 1,295,000
Accounts payable	9,803,166	18,026,508
Accrued salaries and wages	4,746,867	3,584,939
Accrued vacation	5,111,999	4,907,024
Accrued employee medical	540,370	1,911,294
Other accrued expenses	62,563	62,046
Provider relief funds liability	700,000	13,923,169
Estimated third-party payor settlements	32,090,573	29,734,877
Total current liabilities	55,280,542	73,444,857
Net pension liability	23,944,411	26,572,027
Long-term debt, net of current maturities	25,035,000	27,260,004
Total liabilities	104,259,953	127,276,888
Deferred inflows:		
Pension deferrals	1,662,615	629,879
Total deferred inflows	1,662,615	629,879
Net position:		
Net investment in capital assets	15,179,975	19,023,398
Restricted for:		
Nonexpendable	1,187,066	1,039,533
By donor for specific activities or capital acquisitions	725,361	2,371,098
Unrestricted	36,468,215	49,403,324
Total net position	53,560,617	71,837,353
Total liabilities, deferred inflows, and net position	$ 159,483,185	$ 199,744,120

The Regional Medical Center of Orangeburg and Calhoun Counties
Combined Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2021 and 2020

	2021	2020
Operating revenues:		
Net patient service revenue, net of provision for bad debts of approximately $28,022,000 in 2021 and $39,049,000 in 2020	$ 209,995,669	$ 210,317,457
Other	4,221,759	5,349,620
Total operating revenues	214,217,428	215,667,077
Operating expenses:		
Salaries and wages	90,785,867	87,277,975
Employee benefits	17,986,804	21,790,060
Supplies	40,116,794	34,862,502
Professional fees and services	66,181,147	63,800,681
Other	22,141,632	19,518,400
Depreciation	9,432,775	12,460,636
Total operating expenses	246,645,019	239,710,254
Operating loss	(32,427,591)	(24,043,177)
Nonoperating revenues (expenses):		
Investment gain, net	283,904	2,081,704
Noncapital grants and contributions	4,609,916	1,897,254
HHS COVID-19 provider relief funds	13,923,169	13,897,762
Foundation expenses	(424,704)	(855,205)
Other	(3,435,293)	(597,145)
Interest expense	(806,137)	(831,793)
Total nonoperating revenues	14,150,855	15,592,577
Decrease in net position	(18,276,736)	(8,450,600)
Net position, beginning of the year	71,837,353	80,287,953
Net position, end of the year	$ 53,560,617	$ 71,837,353

The Regional Medical Center of Orangeburg and Calhoun Counties
Combined Statements of Cash Flows
For the Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 210,448,024	$ 235,819,971
Payments to suppliers and contractors	(139,632,865)	(121,813,723)
Payments to employees	(108,776,692)	(107,414,312)
Other receipts and payments, net	9,156,045	10,889,570
Net cash provided (used) by operating activities	(28,805,488)	17,481,506
Cash flows from noncapital financing activities:		
Noncapital grants and contributions	4,609,916	1,897,254
Other receipts and payments, net	(3,435,293)	(597,145)
HHS COVID-19 provider relief funds	700,000	27,820,931
Payments for Foundation operations	(424,704)	(855,205)
Net cash provided by noncapital financing activities	1,449,919	28,265,835
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(1,295,000)	(1,250,000)
Proceeds from long-term debt	-	915,004
Interest paid on long-term debt	(805,620)	(834,642)
Purchase of capital assets	(4,245,429)	(4,026,818)
Net cash used by capital and related financing activities	(6,346,049)	(5,196,456)
Cash flows from investing activities:		
Increase in assets limited as to use, net of earnings and fees	1,548,847	9,006,268
Net cash provided by investing activities	1,548,847	9,006,268
Increase (decrease) in cash and cash equivalents	(32,152,771)	49,557,153
Cash and cash equivalents, beginning of year	51,570,829	2,013,676
Cash and cash equivalents, end of year	$ 19,418,058	$ 51,570,829

(Continued)

The Regional Medical Center of Orangeburg and Calhoun Counties
Combined Statements of Cash Flows (continued)
For the Years Ended September 30, 2021 and 2020

	2021	2020
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	$ (32,427,591)	$ (24,043,177)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Loss on disposals of capital assets	-	2,226
Depreciation	9,432,775	12,460,636
Provision for bad debts	28,022,498	39,048,549
Pension deferrals	4,723,331	4,466,727
Change in net operating assets and liabilities:		
Patient accounts receivable, net	(30,090,697)	(38,416,153)
Other receivables, net	210,955	1,070,997
Drugs, supplies, and prepaid expenses	(293,411)	1,007,371
Estimated third-party payor settlements	2,520,554	24,870,118
Accounts payable	(8,272,265)	(83,382)
Accrued liabilities and other liabilities	(2,631,637)	(2,902,406)
Net cash provided (used) by operating activities	$ (28,805,488)	$ 17,481,506
Noncash transactions:		
Capital assets acquired through accounts payable	$ 48,923	$ 43,737

The Regional Medical Center of Orangeburg and Calhoun Counties
Statements of Fiduciary Net Position
September 30, 2021 and 2020

	2021 Pension Trust Fund	As Restated 2020 Pension Trust Fund
ASSETS		
Investments:		
Money market funds	**$ 399,700**	$ 320,320
Equity mutual funds	**41,348,925**	32,280,400
Fixed income mutual funds	**17,687,746**	23,065,260
Total investments	**$ 59,436,371**	$ 55,665,980
NET POSITION		
Restricted for pension	**$ 59,436,371**	$ 55,665,980

The Regional Medical Center of Orangeburg and Calhoun Counties
Statements of Changes in Fiduciary Net Position
Years Ended September 30, 2021 and 2020

	2021 Pension Trust Fund	As Restated 2020 Pension Trust Fund
Additions (reductions):		
Employer contributions	**$ -**	$ 3,168,672
Investment income:		
Net appreciation in fair value of investments	**8,177,416**	4,020,787
Interest and dividends	**1,149,956**	1,379,351
Less: Investment expense	**(25,534)**	(33,413)
Net investment income	**9,301,838**	5,366,725
Total additions	**9,301,838**	8,535,397
Deductions:		
Benefits paid to participants	**5,531,447**	5,534,955
Total deductions	**5,531,447**	5,534,955
Change in net position	**3,770,391**	3,000,442
Net position, beginning of the year	**55,665,980**	52,665,538
Net position, end of the year	**$ 59,436,371**	$ 55,665,980

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies and Practices

Organization

The Regional Medical Center of Orangeburg and Calhoun Counties ("TRMC") was established under the laws of the state of South Carolina in 1955 by an act of the South Carolina General Assembly. TRMC primarily provides inpatient, outpatient, and emergency care services for residents of Orangeburg and Calhoun Counties. TRMC is organized under South Carolina non-stock corporation laws and governed by a Board of Trustees composed of 12 members appointed by the Orangeburg County Council, 3 members appointed by the Calhoun County Council, the chief of staff, and the chairman of the executive committee of the medical staff. TRMC is not included in the financial statements of Orangeburg County, South Carolina or Calhoun County, South Carolina.

Edisto Regional Health Services, Inc. ("ERHS") was incorporated by TRMC in 1997 and was formed exclusively to carry out the healthcare missions of TRMC. The Regional Medical Center of Orangeburg and Calhoun Counties Foundation (the "Foundation") was formed in 1986 by the Board of Trustees of TRMC for the purpose of performing certain fund-raising activities on behalf of TRMC. The Board of Trustees of TRMC appoints the members of the Board of Directors of the Foundation.

In accordance with the criteria in Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity*, TRMC, ERHS, and the Foundation are shown using a blended presentation; that is, the activity of TRMC, ERHS, and the Foundation, collectively referred to as the "Center", is shown in the same column.

Basis of Accounting

The Center's combined financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as prescribed by the GASB and include the accounts of TRMC, ERHS, and the Foundation. All significant intercompany accounts have been eliminated in the combination.

Enterprise Fund Accounting

The Center uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Center will only recognize GASB statements as authoritative guidance. Financial Accounting Standards Board ("FASB") statements, including those issued after November 30, 1989 and AICPA pronouncements will no longer be authoritative and may be used as non-authoritative guidance.

Use of Estimates

The preparation of combined 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 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 and assumptions.

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when originally purchased, excluding amounts limited as to use, to be cash equivalents.

The Center maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("FDIC"). At times throughout the year, the Center may maintain bank account balances in excess of the FDIC insured limit; however, the amounts not covered by the FDIC are collateralized. It is management's opinion that the Center is not exposed to any significant credit risk related to cash.

At September 30, 2021 and 2020, the Center's deposits had a carrying amount of approximately $20,822,000 and $54,815,000, respectively, and bank balances of approximately $22,531,000 and $59,571,000, respectively. The Center had cash on hand of approximately $9,000 and $6,000 at September 30, 2021 and 2020, respectively.

Patient accounts receivable

Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectible accounts. The estimate for doubtful or uncollectible accounts is based upon a review of the outstanding balances aged by financial class. Management uses historical collection percentages to determine collectability. Management also reviews troubled, aged accounts to determine collection potential. Patient accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded as a reduction to provision for bad debts when received. Interest is not charged on patient accounts receivable.

Drugs and Supplies

Drugs and supplies are stated at the lower of cost (first-in, first-out method) or market.

Assets Limited as to Use

Assets limited as to use include assets designated by the Center for capital acquisitions, over which the Center retains control and may at its discretion subsequently use for other purposes, assets designated by the Foundation for nursing scholarships, principal of a permanent endowment, and funds restricted by donors for specific activities or capital acquisitions. Assets limited as to use are reported at fair value. Investment income, including both realized and unrealized gains and losses, is included in nonoperating revenues (expenses) on the combined statements of revenues, expenses, and changes in net position.

Capital Assets

Capital assets with an initial cost of at least $1,000 are recorded at cost, except donated assets, which are recorded at fair market value at the date of donation. Depreciation expense is calculated on all depreciable assets based on the straight-line method over the estimated useful lives of such assets as established by the American Hospital Association, with the following ranges:

Land improvements	3 to 25 years
Buildings	5 to 40 years
Equipment	3 to 20 years

Expenditures which materially extend useful lives are capitalized. Routine maintenance, repairs, and replacements are charged to expense.

Deferred Outflows and Inflows

Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to a future period. The Center has pension deferrals related to the defined benefit pension plan.

Fiduciary activities

As defined by the GASB, the Center reports the operations of the pension as a fiduciary component unit in the Fiduciary Fund Financial Statements. The pension provides retirement benefits for qualified employees and retired employees. The assets of the trust fund are held and administered in trust arrangements which are governed by the Board of Trustees of the Center. The Center is committed to making contributions to the trust, and therefore assumes a financial burden for the trust fund and thus has financial accountability. As a result, the activity of the fiduciary fund is presented as a fiduciary component unit. The assets in the trust are held only for the Center employees' and retirees' benefit.

Net Position

Net position is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position – nonexpendable consists of an endowment fund for which the donor has stipulated, as a condition of the contribution, that the principal is to be maintained in perpetuity. Restricted net position – by donor for specific activities or capital acquisitions includes all resources for which the Center is legally obligated to spend the resources in accordance with restrictions imposed by external third parties. Unrestricted net position is not subject to stipulations imposed by external third parties.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Third-party contractual revenue adjustments are recorded on an estimated basis in the period the related services are rendered. Such amounts are subject to audit by the governmental agencies. Adjustments, if any, are included in contractual revenue adjustments in the year of determination. In compliance with GASB pronouncements, net patient service revenues have been reduced by the amount of bad debt expense incurred by the Center.

The Center's policy does not require collateral or other security for patient accounts receivable. The Center routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies such as those related to Medicare, Medicaid, Blue Cross, health maintenance organizations and commercial insurance carriers.

Charity Care

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

Charges excluded from revenue under the Center's charity care policy were approximately $7,363,000 and $14,118,000 in 2021 and 2020, respectively.

The Center calculates the cost of providing charity care to patients using a cost-to-charge ratio method. Using this method, the costs of providing charity care services under the Center's indigent and charity care policy were approximately $2,375,000 and $4,446,000 for 2021 and 2020, respectively.

Operating Revenue and Expenses

The Center's combined statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Center's principal activity. Non-exchange 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.

Grants and Contributions

From time to time, the Center receives grants and contributions from individuals and private organizations. Revenues from grants and contributions 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 nonoperating revenues and expenses.

CARES Act Provider Relief Funds

These relief funds are considered non-exchange transactions subject to terms and conditions specified by the resource provider distributed by the Health Resources Service Administration section of the U.S. Department of Health and Human Services ("HHS"). These conditions create a restriction that such funds must be used to prevent, prepare or respond to the coronavirus ("COVID-19"), creating purpose restrictions in addition to conditions. This conditional grant revenue is recognized as nonoperating revenue to the extent conditions/restrictions for entitlement are met for coronavirus related expenses or lost revenues. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"); accordingly, the accompanying combined financial statements do not reflect a provision or liability for federal and state income taxes. The Center has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2021 and 2020.

Risk Management

The 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 insurance coverage in preceding years. The Center is self-insured for amounts up to a specified level for health and medical coverage for its employees. The estimated liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims.

Reclassifications

Certain reclassifications were made to the 2020 combined financial statements to conform with the 2021 presentation. Such reclassifications had no impact on the previously reported decrease in net position or change in net position.

Implementation of new accounting pronouncements

The Center implemented GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"), effective October 1, 2019. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. As a result of the implementation of GASB 84, the Center has included the statements of fiduciary net position and statements of changes in fiduciary net position for fiduciary activities for the pension trust fund. Previously, these fiduciary fund financial statements were not required to be presented, therefore all amounts for the year ended September 30, 2020 have been restated and presented for the first time as of and for the year ended September 30, 2020 as follows:

Fiduciary net position, September 30, 2019	$ 52,665,538
Fiduciary net position, September 30, 2020	55,665,980
Change in fiduciary net position	$ 3,000,442

2. Deposits and Assets Limited as to Use

At September 30, 2021 and 2020, the Center had the following investments with set maturities, all of which were held in the Center's name by a custodial bank that is the agent of the Center:

September 30, 2021		Investment Maturity			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Debt securities:					
Federal Home Loan Mortgage Corp.	$ 7,184,715	$ 11,660	$ 33,417	$ 1,180,524	$ 5,959,114
Federal National Mortgage Association	19,642,004	-	168,313	1,360,191	18,113,500
Government National Mortgage Association	22,052,731	470	163,032	1,670,277	20,218,952
U.S. Treasury Securities	7,019,581	2,777,726	3,367,729	874,126	-
Total investments	$ 55,899,031	$ 2,789,856	$ 3,732,491	$ 5,085,118	$ 44,291,566

September 30, 2020		Investment Maturity			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Debt securities:					
Federal Home Loan Mortgage Corp.	$ 8,183,713	$ -	$ 88,360	$ 1,081,931	$ 7,013,422
Federal National Mortgage Association	17,337,098	14,347	144,267	822,933	16,355,551
Government National Mortgage Association	22,181,008	-	123,040	1,424,610	20,633,358
U.S. Treasury Securities	7,621,460	4,363,184	2,171,593	897,072	189,611
Total investments	$ 55,323,279	$ 4,377,531	$ 2,527,260	$ 4,226,546	$ 44,191,942

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses as a result of rising interest rates, the Center generally invests in obligations with varying maturity dates.

Credit Risk

The Center's policy regarding credit risk limits the Center to investments as defined by the Investments of Funds by Political Subdivisions for the State of South Carolina, including but not limited to obligations of state, federal, and political subdivisions.

All investments are U.S. Government Obligations and Agencies or those obligations explicitly guaranteed by the U.S. Government. As of September 30, 2021 and 2020, the Center's investments in U.S. Government Agencies were rated AA+ by Standard & Poor's.

Custodial Credit Risk

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center limits this risk by diversifying its investments with regard to issuers and class of issuers.

Concentration of Credit Risk

The Center requires that no more than 10% of the market value of investments should be invested in the securities of a single issuer, except for the U.S. Government, and its agencies or instrumentalities, and unless the investment committee approves. As of September 30, 2021 and 2020, the Center held less than 5% of the carrying amount of investments in any one issuer except U.S. Government Agencies.

The carrying amount of deposits and assets limited as to use included on the Center's combined statements of net position are as follows:

	2021	2020
Carrying amount:		
Deposits	$ 20,821,720	$ 54,815,186
Investments	55,899,031	55,323,279
Total	$ 76,720,751	$ 110,138,465
Included in the following combined statements of net position captions:		
Cash and cash equivalents	$ 19,418,058	$ 51,570,829
Assets limited as to use	57,302,693	58,567,636
	$ 76,720,751	$ 110,138,465

Investment gain, net, for assets limited as to use and cash equivalents are comprised of the following for the years ended September 30, 2021 and 2020:

	2021	2020
Interest and dividend income	$ 2,840,194	$ 3,102,324
Realized losses on sales of investments, net	(1,612,982)	(1,764,793)
Unrealized gains (losses) on investments, net	(465,420)	1,242,685
Custodian fees	(477,888)	(498,512)
Investment gain, net	$ 283,904	$ 2,081,704

3. Fair Value of Financial Instruments

The Fair Value Measurements and Application Standard addresses accounting and financial reporting issues related to fair value measurements. The standard describes fair value as an exit price. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets or liabilities, inputs that are observable for the asset or liability, and market-corroborated inputs. Level 3 inputs are unobservable inputs and take into account all information about market participant assumptions that are reasonably available. The Center categorizes its fair value measurements within the fair value hierarchy established by this standard.

For assets carried at fair value, the following table provides fair value information as of September 30, 2021 and 2020:

	Fair value measurements at September 30, 2021 using			
	Fair value at September 30, 2021	Quoted prices In active markets for identical assets and liabilities (Level 1)	Quoted prices for similar assets and liabilities (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
US Treasury & Agencies	$ 55,899,031	$ 55,899,031	$ -	$ -

	Fair value measurements at September 30, 2020 using			
	Fair value at September 30, 2020	Quoted prices In active markets for identical assets and liabilities (Level 1)	Quoted prices for similar assets and liabilities (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
US Treasury & Agencies	$ 55,323,279	$ 55,323,279	$ -	$ -

Assets limited as to use, described in Note 2, are held at fair value and included in the table above except cash and cash equivalents totaling approximately $1,404,000 and $3,244,000 at September 30, 2021 and 2020, respectively. US Treasury and Agencies classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

4. Patient Accounts Receivable and Accounts Payable

Patient accounts receivable reported as current assets by the Center consisted of the following as of September 30, 2021 and 2020:

Patient Accounts Receivable	**2021**	**2020**
Receivable from patients	$ 29,963,601	$ 48,827,882
Receivable from third-party payors and others	8,487,433	7,688,309
Receivable from Medicare	13,861,885	13,664,061
Receivable from Medicaid	9,884,582	2,360,409
Total patient accounts receivable	62,197,501	72,540,661
Less: allowance for uncollectible accounts	(28,203,026)	(40,614,385)
Patient accounts receivable, net	$ 33,994,475	$ 31,926,276

Accounts payable and accrued expenses reported as current liabilities by the Center consisted of the following as of September 30, 2021 and 2020:

Accounts Payable and Accrued Expenses	**2021**	**2020**
Payable to suppliers and others	$ 9,865,729	$ 18,088,554
Payable to employees (including payroll taxes)	10,399,236	10,403,257
Total accounts payable and accrued expenses	$ 20,264,965	$ 28,491,811

5. Capital Assets

Capital asset additions, retirements, transfers and balances for the years ended September 30, 2021 and 2020 were as follows:

	Balance September 30, 2020	**Additions**	**Retirements & Transfers**	**Balance September 30, 2021**
Land	$ 767,879	$ 5,000	$ 177,172	$ 950,051
Land improvements	2,680,025	20,330	-	2,700,355
Buildings	106,461,961	221,611	-	106,683,572
Equipment	153,837,283	2,607,867	213,962	156,659,112
Totals at historical cost	263,747,148	2,854,808	391,134	266,993,090
Less accumulated depreciation:				
Land improvements	(2,390,644)	(47,486)	-	(2,438,130)
Buildings	(81,710,781)	(4,028,939)	-	(85,739,720)
Equipment	(133,026,062)	(5,356,350)	181,998	(138,200,414)
Total accumulated depreciation	(217,127,487)	(9,432,775)	181,998	(226,378,264)
Construction in progress	43,737	1,439,544	(573,132)	910,149
Capital assets, net	$ 46,663,398	$ (5,138,423)	$ -	$ 41,524,975

	Balance September 30, 2019	Additions	Retirements & Transfers	Balance September 30, 2020
Land	$ 767,879	$ -	$ -	$ 767,879
Land improvements	2,631,208	48,817	-	2,680,025
Buildings	105,415,540	17,183	1,029,238	106,461,961
Equipment	147,661,835	2,696,696	3,478,752	153,837,283
Totals at historical cost	256,476,462	2,762,696	4,507,990	263,747,148
Less accumulated depreciation:				
Land improvements	(2,346,241)	(44,403)	-	(2,390,644)
Buildings	(77,476,796)	(4,233,985)	-	(81,710,781)
Equipment	(125,741,566)	(8,182,248)	897,752	(133,026,062)
Total accumulated depreciation	(205,564,603)	(12,460,636)	897,752	(217,127,487)
Construction in progress	4,143,846	1,307,859	(5,407,968)	43,737
Capital assets, net	$ 55,055,705	$ (8,390,081)	$ (2,226)	$ 46,663,398

The Center has entered into agreements related to equipment and facility upgrades currently under construction or in process of being completed for approximately $1,456,000. As of September 30, 2021, costs of approximately $622,000 are remaining and the projects are expected to be completed during the year ended September 30, 2022.

6. Long-Term Debt

A schedule of changes in the Center's long-term debt for 2021 and 2020 follows:

	September 30, 2020	Additions	Reductions	September 30, 2021	Current Portion
2017A bonds	$ 5,160,000	$ -	$ (640,000)	$ 4,520,000	$ 640,000
2017B bonds	22,480,000	-	(655,000)	21,825,000	670,000
PPP loan	915,004	-	-	915,004	915,004
	$ 28,555,004	$ -	$ (1,295,000)	$ 27,260,004	$ 2,225,004

	September 30, 2019	Additions	Reductions	September 30, 2020	Current Portion
2017A bonds	$ 5,790,000	$ -	$ (630,000)	$ 5,160,000	$ 640,000
2017B bonds	23,100,000	-	(620,000)	22,480,000	655,000
PPP loan	-	915,004	-	915,004	-
	$ 28,890,000	$ 915,004	$ (1,250,000)	$ 28,555,004	$ 1,295,000

During 2020, ERHS received a Paycheck Protection Program ("PPP") loan in the amount of $915,004 in response to the COVID-19 pandemic. If certain criteria are met, ERHS may have all or a portion of the loan forgiven, effectively converting the outstanding balance as of September 30, 2021 to a grant. Any portion of the loan not forgiven has a term of two years and bears interest at 1.0% with repayments deferred for seven months. As of September 30, 2021, it is uncertain at this time what portion of the loan may be forgiven, if any.

During 2017, the Center issued South Carolina Jobs-Economic Development Authority Fixed Rate Hospital Revenue Bond Series 2017A (the "2017A Bonds") in the principal amount of $6,680,000. The 2017A Bonds principal payments are due annually through 2028 in amounts ranging from $630,000 to $650,000. The interest rate on the 2017A Bonds is fixed at 2.8% per annum. Interest is payable monthly. The gross receipts of the Center are pledged as security on the 2017A Bonds.

During 2017, the Center issued South Carolina Jobs-Economic Development Authority Fixed Rate Hospital Revenue Bond Series 2017B (the "2017B Bonds") in the principal amount of $24,205,000. The 2017B Bonds principal payments are due annually through 2037 in amounts ranging from $620,000 to $2,070,000. The interest rate on the 2017B Bonds is fixed at 2.86% per annum. Interest is payable monthly. The gross receipts of the Center are pledged as security on the 2017B Bonds.

Under the terms of the 2017A and 2017B Bond indentures, the Center is required to maintain certain restrictive covenants, the most restrictive of which requires the Center to maintain a certain debt service ratio. At September 30, 2021, management believes the Center was not in compliance with certain debt covenants and waivers were obtained.

The aggregate debt service payments due on long-term debt for the years subsequent to September 30, 2021, and until maturity are as follows:

	Long-Term Debt	
Year Ending September 30:	**Principal**	**Interest**
2022	$ 1,310,000	$ 728,874
2023	2,220,004	694,254
2024	1,350,000	661,148
2025	1,405,000	622,969
2026	1,460,000	585,043
2027 – 2031	8,050,000	2,290,265
2032 – 2036	9,395,000	1,044,671
2037	2,070,000	39,797
Total	$ 27,260,004	$ 6,667,021

7. Net Patient Service Revenues

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. The difference between the Center's rates and the estimated payments from third-party payors is recorded as a contractual allowance. Revenue for patient services and the related accounts receivable have been adjusted to the estimated amounts that will be received under third-party payor arrangements. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge using a diagnosis related group (Medicare Severity Adjusted or "MSDRG") system. These rates vary according to patient classification, clinical diagnosis, and other factors. Inpatient capital costs are paid at prospectively determined rates as a component of the MSDRG payment. The Center receives the federal rate, with final settlement determined after submission of the annual Medicare cost report.

Certain Medicare outpatient services are paid based on APCs ("Ambulatory Payment Classifications"), the outpatient equivalent of MSDRGs while other outpatient Medicare services are paid under a Medicare fee schedule. The Center is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after the submission of annual Medicare cost reports by the Center and audits thereof by the Medicare fiscal intermediary. The Medicare cost reports of the Center have been audited and final settled by the Medicare fiscal intermediary through the fiscal year ended September 30, 2014.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries through September 30, 2012 were reimbursed on an interim basis at prospectively determined rates with final settlement determined after the submission of the annual Medicaid cost reports by the Center and audits thereof by Medicaid. For the fiscal year ended September 30, 2013 through December 31, 2019, all reimbursements are made on a prospective basis. Effective January 1, 2020, all discharges will receive retrospective cost settlements equaling 100% of the SC Medicaid inpatient hospital reimbursable cost subject to the July 2014 and October 2015 normalization actions. The Medicaid cost reports of the Center have been audited and final settled by Medicaid through the fiscal year ended September 30, 2012.

Other

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

Revenue from the Medicare program accounted for approximately 59% and 58% of the Center's net patient service revenue for the years ended 2021 and 2020, respectively. Revenue from the Medicaid program accounted for approximately 13% of the Center's net patient service revenue for the years ended 2021 and 2020. 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. The Center believes that it is in compliance with all applicable laws and regulations and it has recorded adequate provisions for any inquiries and reviews. Compliance with such laws and regulations can be subject to future government review and interpretations as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. A provision (contractual adjustment) is deducted each year from gross patient service charges to reflect the net patient service revenues earned under the Medicare and Medicaid programs. Final determination of amounts earned is computed using annual reports submitted by the Center and is subject to review and adjustment by the program's intermediary. Changes from final determination are reflected as changes in estimates generally in the year of determination. The 2020 net patient service revenue decreased by approximately $765,000 due to changes in the allowances previously estimated for tentative cost report settlements. There were no changes to the 2021 net patient service revenue due to changes in previous estimates.

Contractual adjustments related to Medicare and Medicaid programs and other adjustments were deducted from gross patient service charges to arrive at net patient service revenue as follows:

	2021	2020
Gross patient service charges at established rates, net of charity care	$ 757,323,567	$ 747,000,596
Deductions:		
Contractual adjustments	(519,305,400)	(497,634,590)
Provision for bad debts	(28,022,498)	(39,048,549)
	(547,327,898)	(536,683,139)
Net patient service revenue	$ 209,995,669	$ 210,317,457

The Center qualified for disproportionate share payments from the South Carolina Medicaid Program ("Medicaid DSH") through September 30, 2021 and 2020. The Center received quarterly lump-sum payments totaling approximately $16,507,000 and $12,458,000 for the years ended September 30, 2021 and 2020, respectively. These amounts are reflected as a reduction of Medicaid contractual adjustments. Medicaid DSH contains a provision requiring the repayment of disproportionate funds received if the participating hospital is determined to be ineligible or is paid more than their Hospital Specific DSH limit or uncompensated care costs. The Center is also subject to audits performed by the South Carolina Medicaid Program and could have repayments due to Medicaid DSH as a result of the audits which may result in significant impacts to net patient service revenue in the year of recognition.

The South Carolina Department of Health and Human Services ("SCDHHS") has audited the results of the South Carolina Medicaid Program through fiscal year 2017, although audit results have not been communicated since the May 2019 publication of 2015 results. Under the current audit methodology for the redistribution, only hospitals that received more in interim Medicaid DSH payments than their hospital specific DSH limit are required repayment to SCDHHS for redistribution to hospitals that received less than their hospital specific DSH limit.

The Center has reserved approximately $3,747,000 related to Medicaid DSH as of the year ended September 30, 2021. The 2021 reserve relates to anticipated redistributions related to FY 2017 through FY21.

8. Operating Leases

The Center leases medical and business equipment under operating leases expiring at various dates through fiscal 2027. Total rent expense in 2021 and 2020 for all operating leases was approximately $6,084,000 and $3,630,000, respectively.

The following is a schedule by year of future remaining lease payments under operating leases at September 30, 2021:

2022	$ 3,668,017
2023	3,535,872
2024	3,489,685
2025	1,811,960
2026	589,018
Thereafter	262,908
	$ 13,357,460

9. Pension Plans

Pension Plan Description

The Plan is a single-employer defined benefit pension plan, which provides for retirement, death, and disability benefits to plan participants and beneficiaries. The Center reserves the right to amend the Plan at any time. If the Plan is terminated, the Plan assets will be distributed among the plan participants based upon a priority allocation procedure. The Center shall be liable for any unfunded vested benefits to the extent required by law.

Effective January 1, 2010, the Plan was amended to permanently suspend benefit accruals. No additional benefits accrue under the Plan for service on and after January 1, 2010. However, employees continue to accrue years of service for the purposes of qualifying for vesting, early retirement, and normal retirement.

The plan year is from October 1 to September 30 and actuarial assumptions and other information is presented based on plan years ended September 30, 2020 and 2019.

Pension Benefits

Participants with five or more years of service, as defined by the Plan, are entitled to pension benefits upon retirement when they meet the requirements of the Plan. If employees terminate before rendering five years of continuous service, they forfeit the right to receive pension benefits upon retirement. Pension benefits are provided to participants under several types of retirement options based upon years of service and age. Retirement benefits are paid to pensioners or beneficiaries in various forms of joint and survivor annuities, including a lump-sum payment option if the value is less than $15,000.

Death and Disability Benefits

In the event of a vested employee’s death, his or her designated beneficiary will be entitled to receive a survivor benefit equal to 50% of the participant’s accrued benefit (survivor annuity), according to Plan provisions. The survivor benefit commences on the earliest date that the deceased participant could have elected to receive retirement benefits. If a participant becomes disabled, he or she may elect disability retirement. Disabled participants are eligible for early retirement when the benefits under the Center’s long-term disability insurance expire.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of October 1, 2020 and 2019:

	2020	2019
Active employees	345	427
Inactive participants entitled to future benefits	604	613
Inactive participants receiving benefits	499	481
Beneficiaries receiving benefits	48	46
Disabled participants receiving benefits	4	4
	1,500	1,571

Contributions

Contributions to provide benefits under the Plan are made solely by the Center. The entire cost of the Plan is borne by the Center. Plan members are not required to contribute to the Plan. The Center contributes at an actuarially determined rate under the Plan sponsor’s funding policy for the Plan year. The Center contributed approximately $3,169,000 and $6,100,000 in the fiscal years ended September 30, 2021 and 2020, respectively.

Although it has not expressed any intent to do so, the Center has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth under ERISA.

Net Pension Liability

The most recent annual actuarial valuation reports are as of October 1, 2020. The net pension liability of the defined benefit pension plan was therefore determined based on the October 1, 2020 actuarial valuations, using membership data as of October 1, 2020, projected forward to the end of the fiscal year, and financial information of the pension funds as of October 1, 2020, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by the Center’s consulting actuary.

For the years ended September 30, 2021 and 2020, the Center recognized pension expense of approximately $2,096,000 and $3,073,000, respectively.

The following represents the changes in the net pension liability as of September 30, 2021:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at October 1, 2019	$ 79,237,565	$ 52,665,538	$ 26,572,027
Changes for the year:			
Interest	5,318,378	-	5,318,378
Differences between expected and actual experience	820,600	1,680,137	(859,537)
Contributions - employer	-	3,168,672	(3,168,672)
Return on assets	-	3,686,588	(3,686,588)
Changes in assumptions	(231,197)	-	(231,197)
Benefits paid	(5,534,955)	(5,534,955)	-
Net changes	372,826	3,000,442	(2,627,616)
Balances at October 1, 2020	$ 79,610,391	$ 55,665,980	$ 23,944,411

Sensitivity Analysis

The following represents the sensitivity of the net pension liability to changes in the interest rate based on values as of October 1, 2020:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 32,465,167	$ 23,944,411	$ 16,812,211
Funded %	59.2%	69.9%	78.9%

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The total pension liability in the October 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	7.0%
Expected return on plan assets	7.0%
Mortality	MP-2019 Projection Scale

The discount rate adopted by the Center for valuing plan liabilities was determined by the methods prescribed under applicable guidance which requires the use of a long-term rate of return on plan assets, unless a projection of the net fiduciary position will not be sufficient to provide for projected benefit payments of the covered current and former employees.

The projected return on plan assets assumption is developed through review of current and historical capital markets data and historical performance of investment strategies. These projections 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return
Bonds	48.0%	3.50%
Equities	52.0%	10.50%
	100.0%	

Fair value measurements

The following sets forth by level, within the fair value hierarchy, the Plan's assets at fair value at October 1, 2020 and 2019:

	Fair value measurements at October 1, 2020			
	Fair value at October 1, 2020	**Quoted prices in active markets for identical assets and liabilities (Level 1)**	**Quoted prices for similar assets and liabilities (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level				
Money market accounts	**$ 320,320**	**$ 320,320**	**$ -**	**$ -**
Fixed income mutual funds	**23,065,260**	**-**	**23,065,260**	**-**
Equity mutual funds	**32,280,400**	**-**	**32,280,400**	**-**
Total investments by level	**$ 55,665,980**	**$ 320,320**	**$ 55,345,660**	**$ -**

	Fair value measurements at October 1, 2019			
	Fair value at October 1, 2019	**Quoted prices in active markets for identical assets and liabilities (Level 1)**	**Quoted prices for similar assets and liabilities (Level 2)**	**Significant unobservable inputs (Level 3)**
Investments by fair value level				
Money market accounts	$ 704,723	$ 704,723	$ -	$ -
Fixed income mutual funds	23,942,565	-	23,942,565	-
Equity mutual funds	28,018,250	-	28,018,250	-
Total investments by level	$ 52,665,538	$ 704,723	$ 51,960,815	$ -

Deferred Inflows and Outflows of Resources Related to Pensions

At September 30, 2021, the Center reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (114,337)	$ 445,896
Difference between expected and actual return on plan assets	(1,377,605)	257,175
Funding method change	(170,673)	-
	$ (1,662,615)	$ 703,071

The amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2022	$ (33,397)
2023	(258,175)
2024	(292,561)
2025	(375,411)
Net balance of deferred inflows and outflows of resources	$ (959,544)

Other Plans

The Center also has a retirement savings plan under Section 403(b) of the IRC that covers substantially all employees. The retirement and savings plan allow employees to contribute amounts as limited by the IRC. The Center matches contributions equal to 25% of the participants' contribution up to a maximum of 6% of compensation for eligible participants.

Participants are fully vested in the Center's matching contributions after five years of service. The Center contributed approximately $651,000 and $654,000 to the retirement and savings plan for the years ended September 30, 2021 and 2020, respectively.

The Center established a defined contribution plan effective January 1, 2010. All employees who work at least 1,000 hours in a year will earn vesting service time in the defined contribution plan. The Center makes contributions to the defined contribution plan on the employee's behalf based on years of vesting service as defined in the defined contribution plan document. Contributions to the defined contribution plan were approximately $1,589,000 and $1,535,000 for the years ended September 30, 2021 and 2020, respectively.

10. Commitments and Contingencies

Professional Liability Insurance

Malpractice claims arising from services provided to patients have been asserted against the Center by various claimants, and additional claims may be asserted for known incidents through September 30, 2021. The claims are in various stages of processing, and some may ultimately be brought to trial. Moreover, additional claims arising from services provided to patients in the past may be asserted.

Effective October 1, 2001, the Center changed its professional liability insurance coverage from a claims-made policy to an incurred policy carried by the Insurance Reserve Fund of the State of South Carolina. Incidents occurring prior to October 1, 2001, have been and may be asserted against the Center, and these claims would not be covered under the current professional liability insurance policy. The ultimate disposition of liabilities relating to claims that occurred prior to October 1, 2001, is subject to inherent uncertainties. However, management is of the opinion that, taking into account the applicable professional liability insurance coverage, and the Center's experience with past claims, the results of these claims and potential claims will not have a material adverse effect on the Center's combined financial position or combined results of operations. The Center is protected under the South Carolina Tort Claims Act, which has a cap of $1,200,000 for physician errors and $300,000 for other medical staff errors.

Settled claims have not exceeded commercial insurance coverage in any of the three preceding years, except for those incidences occurring prior to October 1, 2001, which were not covered under the current professional liability insurance policy.

Medical Plan

Prior to January 1, 2021, the Center's health insurance plan was a self-insured medical plan (the “Medical Plan”) that provides certain benefits for covered employees. The employees paid a monthly premium and the Medical Plan paid for certain medical expenses as defined in the Medical Plan document. The Medical Plan has a lifetime coverage maximum of $1,000,000 per covered participant. The Center maintains individual stop-loss insurance coverage for a covered participant's annual claims in excess of $200,000. Effective January 1, 2021, the Center terminated the Medical Plan and obtained coverage through the South Carolina Public Employee Benefit Authority. At September 30, 2021 and 2020, the Center has recorded an accrual for incurred but not reported claims of approximately $- and $1,139,000, respectively.

Workers' Compensation

The Center has a high-deductible insurance policy under which the Center is responsible for the first $100,000 of cost on each claim and is fully covered for any claim over the deductible amount. At September 30, 2021 and 2020, the Center has recorded an accrual for expected future claim costs of approximately $450,000 and $499,000, respectively.

Litigation

The Center is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Center's future combined financial position or combined results from operations.

Industry

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulation by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services billed.

11. Vendor Negotiated Settlement

In 2014, the Center negotiated a $29,000,000 multi-year settlement agreement with a vendor. According to governmental accounting rules, the professional fees related to the transaction must be recorded in the year incurred and the benefits of the settlement be recorded in the year the benefit is received. For the years ended September 30, 2021 and 2020, the Center recognized approximately $1,936,000 and $1,750,000, respectively, in reduction of professional fees and services on the combined statements of revenues, expenses, and changes in net position.

12. COVID-19 Pandemic

In response to the global coronavirus disease pandemic across the United States of America, the federal government and a large number of state governments, including South Carolina, have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Center's service area, could result in an abnormally high demand for health care services, potentially inundating hospitals with patients in need of intensive care services. The treatment of this highly contagious disease could also result in a temporary shutdown of areas of the facilities or diversion of patients or staffing shortages. Further, the changing global economic conditions or potential global health concerns surrounding the COVID-19 pandemic may also affect the Center's partners, suppliers, distributors and payors, potentially disrupting or delaying the Center's supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance or the duration of the ongoing COVID-19 pandemic, the impact on operating income, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis. The Center has implemented various cost saving measures to help mitigate any financial impact, including down-staffing and furloughing employees, redeploying staff to high impact areas, setting up COVID-19 screening centers, monitoring Personal Protective Equipment ("PPE"), such as establishing a sterilization process for N95 masks, and soliciting the community for handmade masks, hand sanitizer, and other PPE donations.

Global investment and financial markets have experienced substantial volatility and, in addition to the direct impact to the health care industry, there have been significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, the Center expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although the Center has activated plans to address the COVID-19 threat and is operating pursuant to infectious disease protocols and its emergency preparedness plan, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Center's combined financial condition, liquidity and results of operations in the future.

On March 27, 2020, the federal Coronavirus Aid, Relief and Economic Security Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. The Center received CARES Act Provider Relief Funds general and targeted distributions of approximately $700,000 and $27,821,000 in the years ended September 30, 2021 and 2020, respectively. The Center recognized approximately $13,923,000 and $13,898,000 as nonoperating revenue in fiscal year 2021 and 2020, respectively, to the extent the conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met, resulting in the simultaneous release of restrictions. The remaining CARES Act payments of $700,000 are recorded as provider relief funds liability on the accompanying combined statement of net position as of September 30, 2021.

In June 2021, HHS issued a Post-Payment Notice of Reporting Requirements (“PPNRR”) which established the current reporting criteria for providers which received Provider Relief Fund (“PRF”) funding under the CARES Act. The PPNRR also provides guidance related to the determination of lost revenues and COVID-19 related expenses under the terms and conditions of the PRF funding received by the Center. The funds are also subject to future audits and potential adjustment, and certain amounts may need to be repaid to the government.

In addition, the Center received Medicare Advance Payments under the Accelerated and Advanced Payment Program of approximately $27,086,000 during the year ended September 30, 2020. These amounts must be repaid to the Centers for Medicare and Medicaid Services by withholding payment on future claims submitted by the Center. As of September 30, 2021, approximately $26,957,000 remains deferred and is included in estimated third-party payor settlements on the combined statement of net position. This program allows for eligible health care facilities to request up to six months of advance Medicare payments. Such accelerated payments are interest free for 29 months for most acute care hospitals. The CMS is expected to apply claims for services provided to Medicare beneficiaries against the advanced payments received by the Center.

Lastly, the Center received $3,000,000 from the state of South Carolina from the COVID-19 Response Reserve funds and approximately $1,154,000 from the South Carolina Office of the State Treasurer to assist with the ongoing challenges related to the COVID-19 pandemic and costs incurred to date. These amounts have been recorded in noncapital grants and contributions on the combined statements of revenues, expenses, and changes in net position for the year ended September 30, 2021.

13. Subsequent Events

In November and December 2021, the Center received approximately $7,774,000 and $3,001,000 of additional PRF funding under the CARES Act.

Subsequent events have been evaluated through July 11, 2022, which is the date the combined financial statements were issued.

Required Supplemental Information

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total pension liability:								
Interest	$ 5,318,378	$ 5,421,416	$ 5,361,900	$ 5,279,528	$ 5,178,815	$ 5,178,815	$ 5,095,316	$ 4,846,904
Differences between expected and actual experience	820,600	(455,641)	1,434,161	2,187,121	(631,443)	1,051,521	159,276	(517,200)
Assumption changes	(231,197)	(179,509)	-	(2,006,078)	-	-	-	3,672,658
Benefits paid	(5,534,955)	(6,098,696)	(4,953,035)	(4,404,950)	(4,057,113)	(3,718,954)	(3,227,024)	(2,985,743)
Administrative expenses	-	-	-	-	-	-	(168,342)	-
Net change in total pension liability	372,826	(1,312,430)	1,843,026	1,055,621	490,259	2,511,382	1,859,226	5,016,619
Total pension liability - beginning	79,237,565	80,549,995	78,706,969	77,651,348	77,161,089	74,649,707	72,790,481	67,773,862
Total pension liability - ending (a)	$ 79,610,391	$ 79,237,565	$ 80,549,995	$ 78,706,969	$ 77,651,348	$ 77,161,089	$ 74,649,707	$ 72,790,481
Plan fiduciary net position:								
Contributions - employer	$ 3,168,672	$ 6,100,197	$ 4,971,354	$ 4,434,595	$ 4,057,113	$ 3,718,954	$ 3,227,024	$ 2,985,743
Return on plan assets	3,686,588	3,459,529	3,226,528	3,067,859	2,905,658	2,905,658	2,750,999	2,800,793
Benefits paid	(5,534,955)	(6,098,696)	(4,953,035)	(4,404,950)	(4,057,113)	(3,718,954)	(3,227,024)	(2,985,743)
Difference between expected and actual	1,680,137	(217,331)	83,736	(830,799)	(588,514)	(2,246,640)	(1,583,246)	(3,102,727)
Administrative expenses	-	-	-	-	-	-	(26,755)	-
Net change in plan fiduciary net position	3,000,442	3,243,699	3,328,583	2,266,705	2,317,144	659,018	1,140,998	(301,934)
Total plan fiduciary net position - beginning	52,665,538	49,421,839	46,093,256	43,826,551	41,509,407	40,850,389	39,709,391	40,011,325
Total plan fiduciary net position - ending (b)	$ 55,665,980	$ 52,665,538	$ 49,421,839	$ 46,093,256	$ 43,826,551	$ 41,509,407	$ 40,850,389	$ 39,709,391
Net pension liability - ending (a) - (b)	$ 23,944,411	$ 26,572,027	$ 31,128,156	$ 32,613,713	$ 33,824,797	$ 35,651,682	$ 33,799,318	$ 33,081,090
Plan fiduciary net position as a percentage of the total pension liability	69.92%	66.47%	61.36%	58.56%	56.44%	53.80%	54.72%	54.55%
Covered-employee payroll	$ 24,152,222	$ 30,147,068	$ 32,272,265	$ 41,682,137	$ 37,437,572	$ 47,176,672	$ 53,720,277	$ 57,173,662
Net pension liability as a percentage of covered-employee payroll	99.14%	88.14%	96.45%	78.24%	90.35%	75.57%	62.92%	57.86%

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially determined contribution	$ 6,977,994	$ 6,636,568	$ 6,057,686	$ 4,771,174	$ 4,300,126	$ 3,734,542	$ 2,520,078	$ 2,090,919
Contributions in relation to the actuarially determined contribution	3,168,672	6,100,197	4,971,354	4,434,595	4,057,113	4,078,654	3,718,954	3,227,024
Contribution deficit (excess)	$ 3,809,322	$ 536,371	$ 1,086,332	$ 336,579	$ 243,013	$ (344,112)	$ (1,198,876)	$ (1,136,105)
Covered-employee payroll	$ 24,152,222	$ 30,147,068	$ 32,272,265	$ 41,682,137	$ 37,437,572	$ 47,176,672	$ 53,720,277	$ 57,173,662
Contributions as a percentage of covered-employee payroll	13.12%	20.23%	15.40%	10.64%	10.84%	8.65%	6.92%	5.64%

Notes to Schedule:

Measurement date	October 1, 2020
Valuation date	October 1, 2020
Salary increases	N/A, plan frozen in 2010
Discount rate	7.00%
Expected rate of return on plan assets	7.00%
Mortality	MP-2019 Projection Scale

Supplemental Information

Assets and Deferred Outflows	The Medical Center	ERHS	Foundation	Combined Total	Eliminating Entries	Combined Total
Current assets:						
Cash and cash equivalents	$ 17,077,621	$ 1,721,644	$ 618,793	$ 19,418,058	$ -	$ 19,418,058
Patient accounts receivable, net of estimated allowance for doubtful accounts of approximately $28,203,000	33,248,997	745,478	-	33,994,475	-	33,994,475
Drugs and supplies	4,290,368	-	-	4,290,368	-	4,290,368
Other receivables, net	937,809	-	-	937,809	-	937,809
Prepaid expenses	1,292,980	18,756	-	1,311,736	-	1,311,736
Total current assets	56,847,775	2,485,878	618,793	59,952,446	-	59,952,446
Assets limited as to use	56,017,171	-	1,285,522	57,302,693	-	57,302,693
Due from affiliate	36,199,642	-	-	36,199,642	(36,199,642)	-
Capital assets, net	40,803,148	721,827	-	41,524,975	-	41,524,975
Total assets	189,867,736	3,207,705	1,904,315	194,979,756	(36,199,642)	158,780,114
Deferred outflows:						
Pension deferrals	703,071	-	-	703,071	-	703,071
Total deferred outflows	703,071	-	-	703,071	-	703,071
Total assets and deferred outflows	$ 190,570,807	$ 3,207,705	$ 1,904,315	$ 195,682,827	$ (36,199,642)	$ 159,483,185

Liabilities, Deferred Inflows, and Net Position	The Medical Center	ERHS	Foundation	Combined Total	Eliminating Entries	Combined Total
Current liabilities:						
Current maturities of long-term debt	$ 1,310,000	$ 915,004	$ -	$ 2,225,004	$ -	$ 2,225,004
Accounts payable	9,758,606	44,560	-	9,803,166	-	9,803,166
Accrued salaries and wages	4,368,042	378,825	-	4,746,867	-	4,746,867
Accrued vacation	4,959,694	152,305	-	5,111,999	-	5,111,999
Accrued employee medical	522,600	17,770	-	540,370	-	540,370
Other accrued expenses	62,563	-	-	62,563	-	62,563
Provider relief funds liability	100,000	600,000	-	700,000	-	700,000
Estimated third-party payor settlements	31,957,419	133,154	-	32,090,573	-	32,090,573
Total current liabilities	53,038,924	2,241,618	-	55,280,542	-	55,280,542
Due to affiliate	-	36,199,642	-	36,199,642	(36,199,642)	-
Net pension liability	23,944,411	-	-	23,944,411	-	23,944,411
Long-term debt, net of current maturities	25,035,000	-	-	25,035,000	-	25,035,000
Total liabilities	102,018,335	38,441,260	-	140,459,595	(36,199,642)	104,259,953
Deferred inflows:						
Pension deferrals	1,662,615	-	-	1,662,615	-	1,662,615
Total deferred inflows	1,662,615	-	-	1,662,615	-	1,662,615
Net position:						
Net investment in capital assets	14,458,148	721,827	-	15,179,975	-	15,179,975
Restricted for:						
Nonexpendable	30,000	-	1,157,066	1,187,066	-	1,187,066
By donor for specific activities or capital acquisitions	101,568	-	623,793	725,361	-	725,361
Unrestricted	72,300,141	(35,955,382)	123,456	36,468,215	-	36,468,215
Total net position	86,889,857	(35,233,555)	1,904,315	53,560,617	-	53,560,617
Total liabilities, deferred inflows, and net position	$ 190,570,807	$ 3,207,705	$ 1,904,315	$ 195,682,827	$ (36,199,642)	$ 159,483,185

The Regional Medical Center of Orangeburg and Calhoun Counties
Combining Statement of Revenues, Expenses, and Changes in Net Position Information
For the Year Ended September 30, 2021

	The Medical Center	ERHS	Foundation	Combined Total	Eliminating Entries	Combined Total
Operating revenues:						
Net patient service revenue, net of provision for bad debts of approximately $28,022,000	$ 205,512,996	$ 4,482,673	$ -	$ 209,995,669	$ -	$ 209,995,669
Other	3,708,345	513,414	-	4,221,759		4,221,759
Total operating revenues	209,221,341	4,996,087	-	214,217,428	-	214,217,428
Operating expenses:						
Salaries and wages	86,007,661	4,778,206	-	90,785,867	-	90,785,867
Employee benefits	17,255,914	730,890	-	17,986,804	-	17,986,804
Supplies	39,798,105	318,689	-	40,116,794	-	40,116,794
Professional fees and services	65,612,741	568,406	-	66,181,147	-	66,181,147
Other	21,608,417	533,215	-	22,141,632	-	22,141,632
Depreciation	9,385,818	46,957	-	9,432,775	-	9,432,775
Total operating expenses	239,668,656	6,976,363	-	246,645,019	-	246,645,019
Operating loss	(30,447,315)	(1,980,276)	-	(32,427,591)	-	(32,427,591)
Nonoperating revenues (expenses):						
Investment gain, net	126,381	-	157,523	283,904	-	283,904
Noncapital grants and contributions	4,284,181	70,874	254,861	4,609,916	-	4,609,916
HHS COVID-19 provider relief funds	13,923,169	-	-	13,923,169	-	13,923,169
Foundation expenses	-	-	(424,704)	(424,704)	-	(424,704)
Other	(3,369,403)	(65,890)	-	(3,435,293)	-	(3,435,293)
Interest expense	(806,137)	-	-	(806,137)	-	(806,137)
Total nonoperating revenues (expenses)	14,158,191	4,984	(12,320)	14,150,855	-	14,150,855
Decrease in net position	(16,289,124)	(1,975,292)	(12,320)	(18,276,736)	-	(18,276,736)
Net position (deficit), beginning of the year	103,178,981	(33,258,263)	1,916,635	71,837,353	-	71,837,353
Net position (deficit), end of the year	$ 86,889,857	$ (35,233,555)	$ 1,904,315	$ 53,560,617	$ -	$ 53,560,617

The Regional Medical Center of Orangeburg and Calhoun Counties
Combined Schedules of Other Expenses Information
For the Years Ended September 30, 2021 and 2020

	2021	2020
Management service contracts	$ 1,232,139	$ 1,363,793
Utilities	2,880,151	3,101,376
Sales tax	2,231,480	1,870,361
Insurance	1,885,832	1,713,676
Advertising, memberships and dues	580,576	471,780
License tax	4,097,938	4,241,562
Rental expense	6,084,207	3,627,721
Minor equipment and repairs	658,807	605,984
Recruiting	343,184	354,234
Employee expenses	79,654	51,922
Freight and shipping	332,782	298,703
Travel and education	210,847	171,878
Subscriptions, software and storage	203,512	219,147
Bank charges	221,377	204,947
Miscellaneous	1,099,146	1,221,316
Total	$ 22,141,632	$ 19,518,400

The Regional Medical Center of Orangeburg and Calhoun Counties
Combined Schedules of Professional Fees and Services Information
For the Years Ended September 30, 2021 and 2020

	2021	2020
Outside services	$ 31,705,023	$ 33,483,256
Physician fees	4,783,909	4,826,997
Contract labor	9,849,278	4,807,676
Maintenance contracts	11,077,845	10,329,191
Collection expenses	4,360,064	4,072,638
Legal expenses	565,098	571,637
Consultants	3,751,930	5,624,921
Audit fees	88,000	84,365
Total	$ 66,181,147	$ 63,800,681