The Comanche County Hospital Authority

Independent Auditor’s Reports and Financial Statements

June 30, 2021 and 2020

The Comanche County Hospital Authority
June 30, 2021 and 2020

Contents

Independent Auditor's Report

Board of Trustees
The Comanche County Hospital Authority
Lawton, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of The Comanche County Hospital Authority (the Authority), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Authority, as of June 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.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2021, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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 audits 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.

Combining Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying combining information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Tulsa, Oklahoma
December 21, 2021

The Comanche County Hospital Authority
Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020

Introduction

This management's discussion and analysis of the financial performance of The Comanche County Hospital Authority (the Authority) provides an overview of the Authority's financial activities for the years ended June 30, 2021 and 2020. It should be read in conjunction with the accompanying financial statements of the Authority. Unless otherwise indicated, dollar amounts are in thousands.

As described in *Note 1* to the financial statements, the Authority's financial statements include the operations of Comanche County Memorial Hospital (CCMH), McMahon-Tomlinson Nursing Center (MTNC), and Lawton Community Health Center (LCHC), which are considered operating divisions of the Authority.

Financial Highlights

- Cash, cash equivalents, and investments increased by $10,921 or 10% in 2021 and by $52,598 or 93% in 2020.
- Net patient accounts receivable decreased by $2,034 or 6% in 2021 and by $5,381 or 13% in 2020.
- Capital assets, net decreased by $5,127 or 5% in 2021 and by $9,011 or 9% in 2020.
- Long-term debt decreased by $7,334 or 10% in 2021 and by $8,105 or 10% in 2020.
- The Authority reported operating income of $3,573 in 2021 and an operating loss of $13,978 in 2020.
- The Authority's net position increased by $10,211 or 12% in 2021 and by $3,184 or 4% in 2020.

Using This Annual Report

The Authority'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 Authority, including resources held by the Authority but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation. The Authority 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 health care organization's finances is, "Is the organization 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 Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and deferred outflows of resources and all liabilities and deferred inflows 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 Authority's net position and changes in it. The Authority's total net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one measure of the Authority's financial health or financial position. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Authority'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 Authority.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents 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 and cash equivalents during the reporting period.

The Authority's net position is the difference between its assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in the balance sheet. The Authority's net position increased by $10,211 or 12% in 2021 and by $3,184 or 4% in 2020, as shown in Table 1.

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

		2021		2020		2019
Assets						
Cash, cash equivalents, and investments	$	120,155	$	109,234	$	56,636
Patient accounts receivable, net		32,861		34,895		40,276
Other current assets		14,704		13,488		13,217
Capital assets, net		89,747		94,874		103,885
Other assets		5,819		5,339		5,296
Total assets		263,286		257,830		219,310
Deferred Outflows of Resources		9,638		13,424		6,676
Total assets and deferred outflows of resources	$	272,924	$	271,254	$	225,986
Liabilities						
Long-term debt, including current portion	$	67,165	$	74,499	$	82,604
Other liabilities		107,653		112,322		62,413
Total liabilities		174,818		186,821		145,017
Deferred Inflows of Resources		3,742		280		-
Net Position						
Net investment in capital assets		33,171		32,191		33,738
Restricted – expendable for debt service		7,389		7,153		6,855
Unrestricted		53,804		44,809		40,376
Total net position		94,364		84,153		80,969
Total liabilities, deferred inflows of resources, and net position	$	272,924	$	271,254	$	225,986

Cash, cash equivalents, and investments increased in 2021 by $10,921 or 10% as the Authority continued to see strong cash flows from operations and improved market conditions related to its investments. Net pension liability decreased in 2021 by $8,348 or 32% primarily due to improved market conditions related to the pension plan's underlying investments.

Cash, cash equivalents, and investments increased in 2020 by $52,598 or 93% as the Authority continued to see strong cash flows from operations, including funding from Medicare Advance Payments as provided for under the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act). The Medicare Advance Payments also caused current liabilities to increase in 2020 by $44,640 or 88% (see *Note 16*). Net pension liability increased in 2020 by $7,442 or 39% primarily due to decreased Authority contributions in 2020 as a percentage of total covered employee payroll.

Operating Results and Changes in the Authority's Net Position

In 2021, the Authority's net position increased by $10,211 or 12%, as shown in Table 2, compared to the increase in net position in 2020 of $3,184 or 4%.

Table 2: Operating Results and Changes in Net Position

	2021	2020	2019
Operating Revenues			
Net patient service revenue	$ 295,004	$ 278,411	$ 273,099
Grant revenue and other	16,397	10,127	9,831
Total operating revenues	311,401	288,538	282,930
Operating Expenses			
Salaries and wages and employee benefits	147,040	146,380	139,457
Purchased services and professional fees	80,620	82,194	68,044
Medical supplies and drugs	44,568	38,319	40,657
Supplies and other	24,182	23,422	22,955
Depreciation and amortization	11,418	12,201	12,641
Total operating expenses	307,828	302,516	283,754
Operating Income (Loss)	3,573	(13,978)	(824)
Nonoperating Revenues (Expenses)			
Noncapital grants and gifts	529	567	744
Government grants	3,385	17,258	-
Gain on investments in equity investees	736	477	729
Investment income	4,833	1,918	2,493
Interest expense and other financing costs	(2,845)	(3,112)	(3,293)
Total nonoperating revenues (expenses)	6,638	17,108	673
Capital Grants and Gifts	-	54	169
Increase in Net Position	$ 10,211	$ 3,184	$ 18

Operating Income (Loss)

The first component of the overall change in the Authority'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.

Operating results for 2021 increased by $17,551 compared to the operating loss in 2020 of $13,978. The primary components of the change in operating results are:

- An increase in net patient service revenue of $16,593 or 6% primarily due to increased patient volumes and additional providers. The increase in net patient service revenue was more significant in 2021 due to the impacts of the COVID-19 pandemic, which significantly decreased patient volumes in the last quarter of fiscal year 2020 compared to historical trends.
- An increase in operating expenses of $5,312 or 2%, the primary components of which are:
    - An increase in medical supplies and drugs of $6,249 or 16% in connection with increasing costs and drugs and supplies for the treatment of COVID-19 patients

- A decrease in purchased services and professional fees of $1,574 or 2% as a result of a decrease in management fees paid for oncology services

Operating results for 2020 decreased by $13,154 compared to the operating loss in 2019 of $824. The primary components of the change in operating results are:

- An increase in net patient service revenue of $5,312 or 2% primarily due to increased patient volumes and additional providers. The increase in net patient service revenue was offset by the impacts of the COVID-19 pandemic, which significantly decreased patient volumes in the last quarter of fiscal year 2020 compared to historical trends.

- An increase in operating expenses of $18,762 or 7%, the primary components of which are:

    - An increase in salaries and wages and employee benefits of $6,923 or 5% in connection with the Authority's annual retention and recruitment efforts, particularly concerning registered nurses and physicians

    - An increase in purchased services and professional fees of $14,150 or 21% as a result of increases in patient volumes

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) consist primarily of government grants, investment income, gain on investments in equity investees, noncapital grants and gifts, and interest expense. In 2021, net nonoperating revenues and expenses decreased by $10,470 or 61%. This decrease was due to the decrease in government grants related to the U.S. Department of Health and Human Services Provider Relief Fund under the CARES Act (see *Note 16*) offset by an increase in investment income due to improved market conditions in 2021.

The Authority's Cash Flows

Changes in the Authority's cash flows are generally consistent with changes in operating income (loss) and nonoperating revenues (expenses). Receipts from and on behalf of patients decreased by $32,871 from 2020. The decrease is consistent with the increased net patient service revenue, offset by the receipt of Medicare Advanced Payments provided under the CARES Act (see *Note 16*) received in 2020 that were significantly lower in 2021.

Capital Asset and Debt Administration

Capital Assets

At the end of 2021, the Authority had $89,747 invested in capital assets, net of accumulated depreciation, as detailed in *Note 5* to the accompanying financial statements. In 2021, the Authority acquired capital assets costing $5,714.

At the end of 2020, the Authority had $94,874 invested in capital assets, net of accumulated depreciation, as detailed in *Note 5* to the accompanying financial statements. In 2020, the Authority acquired capital assets costing $2,596.

Debt

At June 30, 2021 and 2020, the Authority had $67,165 and $74,499, respectively, in revenue bonds, notes payable, and capital lease obligations outstanding as detailed in *Note 8* to the accompanying financial statements. During 2021, the Authority entered into a capital lease for equipment for $1,049. During

2020, the Authority did not enter into any new capital leases. At June 30, 2021 and 2020, the Authority's debt rating was BB+.

Contacting the Authority's Financial Management

This financial report is designed to provide the Authority's patients, suppliers, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Authority's administration by telephoning 580.355.8620.

The Comanche County Hospital Authority
Balance Sheets
June 30, 2021 and 2020

Assets and Deferred Outflows of Resources

	2021	2020
Current Assets		
Cash and cash equivalents	$ 77,053,005	$ 70,077,822
Restricted cash and investments – current	6,865,643	6,754,472
Patient accounts receivable, net of allowance; 2021 – $72,422,000, 2020 – $59,535,000	32,861,127	34,894,924
Accrued investment income	71,372	64,023
Due from related parties	1,669,232	1,374,769
Estimated amounts due from third-party payors	1,078,230	454,973
Supplies	7,140,435	6,894,350
Prepaid expenses and other	4,745,154	4,699,567
Total current assets	131,484,198	125,214,900
Noncurrent Cash and Investments		
Held by trustee for debt service	13,111,112	13,001,934
Less amount required to meet current obligations	6,865,643	6,754,472
	6,245,469	6,247,462
Other long-term investments	29,990,681	26,154,288
Total noncurrent cash and investments	36,236,150	32,401,750
Capital Assets, Net	89,747,113	94,873,789
Other Assets		
Investments in equity investees	4,665,166	4,039,216
Other	1,153,385	1,299,666
Total other assets	5,818,551	5,338,882
Deferred Outflows of Resources	9,638,006	13,424,436
Total assets and deferred outflows of resources	$ 272,924,018	$ 271,253,757

Liabilities, Deferred Inflows of Resources, and Net Position

	2021	2020
Current Liabilities		
Current maturities of long-term debt	$ 8,681,459	$ 8,185,203
Accounts payable	21,988,042	20,220,727
Accrued expenses	17,871,953	15,725,289
Accrued interest payable	1,475,676	1,602,846
Due to related parties	2,519,278	3,052,678
Estimated amounts due to third-party payors	2,847,427	-
Advances from third-party payors	30,666,221	44,640,447
Total current liabilities	86,050,056	93,427,190
Other Liabilities		
Long-term debt	58,483,940	66,313,754
Net pension liability	18,004,244	26,351,694
Advances from third-party payors	11,495,755	-
Other long-term obligations	783,851	728,851
Total other liabilities	88,767,790	93,394,299
Total liabilities	174,817,846	186,821,489
Deferred Inflows of Resources	3,742,129	279,776
Net Position		
Net investment in capital assets	33,170,839	32,190,791
Restricted – expendable for debt service	7,389,321	7,152,973
Unrestricted	53,803,883	44,808,728
Total net position	94,364,043	84,152,492
Total liabilities, deferred inflows of resources, and net position	$ 272,924,018	$ 271,253,757

The Comanche County Hospital Authority

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2021 – $77,954,070, 2020 – $80,853,789	$ 295,003,943	$ 278,411,418
Grant revenue	4,576,796	2,413,048
Other	11,820,095	7,713,555
Total operating revenues	311,400,834	288,538,021
Operating Expenses		
Salaries and wages	123,821,041	124,545,725
Employee benefits	23,219,167	21,833,990
Purchased services and professional fees	80,620,410	82,193,769
Medical supplies and drugs	44,567,858	38,318,925
Supplies and other	24,180,381	23,423,248
Depreciation and amortization	11,418,140	12,200,590
Total operating expenses	307,826,997	302,516,247
Operating Income (Loss)	3,573,837	(13,978,226)
Nonoperating Revenues (Expenses)		
Noncapital grants and gifts	528,728	567,121
Government grants	3,385,375	17,257,913
Gain on investments in equity investees	735,798	477,228
Investment income	4,832,831	1,918,047
Interest expense and other financing costs	(2,845,018)	(3,111,731)
Total nonoperating revenues (expenses)	6,637,714	17,108,578
Income Before Capital Grants and Gifts	10,211,551	3,130,352
Capital Grants and Gifts	-	53,571
Increase in Net Position	10,211,551	3,183,923
Net Position, Beginning of Year	84,152,492	80,968,569
Net Position, End of Year	$ 94,364,043	$ 84,152,492

The Comanche County Hospital Authority
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	$ 296,990,326	$ 329,861,734
Payments to suppliers and contractors	(149,145,221)	(148,437,317)
Payments to or on behalf of employees	(146,551,470)	(144,724,913)
Other receipts and payments, net	16,396,891	10,126,603
Net cash provided by operating activities	17,690,526	46,826,107
Cash Flows from Noncapital Financing Activities		
Noncapital grants and gifts	528,728	567,121
Government grants	3,385,375	17,257,913
Principal paid on long-term debt	(760,000)	(725,000)
Interest paid on long-term debt	(375,990)	(409,175)
Net cash provided by noncapital financing activities	2,778,113	16,690,859
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	-	53,571
Principal paid on long-term debt	(7,184,714)	(6,893,527)
Interest paid on long-term debt	(2,976,667)	(3,253,294)
Purchase of capital assets	(4,321,834)	(2,818,364)
Net cash used in capital and related financing activities	(14,483,215)	(12,911,614)
Cash Flows from Investing Activities		
Interest on investments	948,380	1,172,179
Distributions from and investments in equity investees	109,848	-
Purchase of investments	(16,582,534)	(38,956,947)
Proceeds from disposition of investments	16,625,236	45,320,996
Net cash provided by investing activities	1,100,930	7,536,228
Increase in Cash and Cash Equivalents	7,086,354	58,141,580
Cash and Cash Equivalents, Beginning of Year	76,832,294	18,690,714
Cash and Cash Equivalents, End of Year	$ 83,918,648	$ 76,832,294
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	$ 77,053,005	$ 70,077,822
Cash and cash equivalents in noncurrent cash and investments Held by trustee for debt service	6,865,643	6,754,472
	$ 83,918,648	$ 76,832,294

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$ 3,573,837	$ (13,978,226)
Depreciation and amortization	11,418,140	12,200,590
Provision for uncollectible accounts	77,954,070	80,853,789
Changes in assets and liabilities		
Patient accounts receivable, net	(75,713,386)	(74,920,588)
Supplies and prepaid expenses	(291,672)	(1,094,808)
Estimated amounts due from third-party payors	(254,301)	45,517,115
Accounts payable and accrued expenses	3,418,680	(3,358,037)
Due to/from related parties	103,499	1,630,462
Net pension liability	(9,278,812)	6,659,081
Deferred outflows of resources – pension	3,172,171	(7,376,669)
Deferred inflows of resources – pension	3,462,353	279,776
Other assets and liabilities	125,947	413,622
Net cash provided by operating activities	$ 17,690,526	$ 46,826,107
Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	$ 535,278	$ 191,866
Capital lease obligations incurred for capital assets	$ 1,048,696	$ -

The Comanche County Hospital Authority
Comanche County Hospital Authority Employee Retirement Plan
Statements of Fiduciary Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Investments at fair value		
Money market mutual funds	$ 2,200,877	$ 2,188,199
Mutual funds		
Equities – domestic	35,489,020	27,043,843
Equities – international	13,787,780	9,056,391
Real estate	-	1,485,686
Fixed income	6,531,509	3,622,707
Corporate bonds	4,194,353	702,593
Mortgage-and asset-backed securities of U.S. agencies	2,559,784	5,524,277
Total investments	64,763,323	49,623,696
Accrued interest and dividends	133,443	170,110
Total assets	$ 64,896,766	$ 49,793,806
Fiduciary Net Position – Restricted for Pensions	$ 64,896,766	$ 49,793,806

The Comanche County Hospital Authority
Comanche County Hospital Authority Employee Retirement Plan
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Additions		
Employer contributions	$ 5,530,000	$ 5,600,000
Investment earnings	13,760,076	(4,430,904)
Total additions	19,290,076	1,169,096
Deductions		
Benefit payments to participants or beneficiaries	3,998,651	3,858,510
Administrative expenses	188,465	109,044
Total deductions	4,187,116	3,967,554
Net Increase (Decrease) in Plan Fiduciary Net Position	15,102,960	(2,798,458)
Fiduciary Net Position – Restricted for Pensions, Beginning of Year	49,793,806	52,592,264
Fiduciary Net Position – Restricted for Pensions, End of Year	$ 64,896,766	$ 49,793,806

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

Nature of Operations and Reporting Entity

The Comanche County Hospital Authority (the Authority), a public trust, was created on January 13, 1971, by the Board of Commissioners of Comanche County, Oklahoma (the County) to operate, control, and manage all matters concerning Comanche County Memorial Hospital (CCMH), McMahon-Tomlinson Nursing Center (MTNC), and the trust estate. The Board of Commissioners of the County appoints the members of the Authority's Board of Trustees.

On January 13, 1971, an indenture of lease was entered into between the County (the Lessor) and the trustees of the Authority (the Lessee) leasing to the Authority all hospital and nursing center sites, equipment, and facilities owned and subsequently constructed or acquired by the Lessor or under its custody, management, or control. The initial term of the lease was for a period of 30 years and so long thereafter as any indebtedness incurred by the Lessee and secured by the revenues of any of the leased property remains unpaid. In addition, the lease agreement provided the Authority certain renewal options. Consideration for the lease is the installation and construction of improvements to the leased property for the purpose of aiding the Lessor in the performance of its public functions. In July 2000, the Authority exercised an option to renew the lease for an additional 30-year period ending in January 2031.

CCMH primarily earns revenue by providing inpatient, outpatient, and emergency care and oncology services to patients in southwestern Oklahoma. CCMH also operates a rehabilitation unit, a psychiatric unit, outpatient clinics, a home health agency, and an ambulance service in the same geographic area.

MTNC earns revenues by providing intermediate nursing care services in a 146-bed nursing facility in Lawton, Oklahoma.

On September 1, 2007, the Authority was awarded a grant by the Health Resources and Services Administration of the U.S. Department of Health and Human Services to partially fund the operations and activities of the Lawton Community Health Center (LCHC), a federally qualified health center (FQHC). LCHC is an operating division of the Authority and operates the FQHC under a co-applicant agreement with Lawton Community Health Center, Inc., a nonprofit organization.

Under accounting principles generally accepted in the United States of America, the accompanying financial statements of the Authority are comprised of CCMH, MTNC, and LCHC, which are considered operating divisions of the Authority. All transactions and accounts between CCMH, MTNC, and LCHC have been eliminated in the accompanying financial statements.

Fiduciary Fund

The Comanche County Hospital Authority Employee Retirement Plan (the Plan) is a single-employer defined benefit pension plan included in the financial statements as a pension trust fiduciary fund. The board of the Authority performs the governing duties of the Plan, as the Plan does not have a separate board and is fiscally dependent on the Authority. Effective July 1, 2020, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The impact of adoption of this standard was to include the Plan as a fiduciary fund of the Authority. The fiduciary fund statements are presented as of and for the years ended June 30, 2021 and 2020, the Plan's fiscal year-end.

Basis of Accounting and Presentation

The accompanying financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and deferred outflows of resources, and liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Authority 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, liabilities, and deferred inflows and outflows of resources 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 Authority considers all liquid investments with original maturities of three months or less to be cash equivalents excluding investments in noncurrent cash and investments. At June 30, 2021 and 2020, cash equivalents consisted of money market mutual funds with brokers.

Investments and Investment Income

The investments in equity investees are reported on the equity method of accounting. All other investments are carried at fair value, which is determined using quoted market prices. Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

The Authority reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The Authority provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the patient, the Authority bills third-party payors directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as uncollectible accounts based on individual credit evaluation and specific circumstances of the account.

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. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Authority:

Land improvements	5–20 years
Buildings and improvements	10–50 years
Equipment	3–20 years

Capital Asset Impairment

The Authority evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Compensated Absences

Authority policies permit most employees to accumulate paid days off benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as 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 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.

Risk Management

The Authority 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 other than unemployment; workers' compensation; and employee health, dental, and short-term disability. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Authority is self-insured for a portion of its exposure to risk of loss from unemployment, employee health, dental, short-term disability, and workers' compensation claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Defined Benefit Pension Plan

The Authority has a single-employer defined benefit pension plan, the Comanche County Hospital Authority Employee Retirement Plan (the Plan). For purposes of measuring the net pension liability, deferred outflows and 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 Outflows and Inflows of Resources

The Authority is required to account for certain transactions that do not qualify for treatment as either assets or liabilities as deferred outflows or inflows of resources. Deferred outflows and inflows of resources are defined as a consumption (deferred outflows) or an acquisition (deferred inflows) of net position by the Authority that is applicable to a future reporting period.

At June 30, 2021 and 2020, the deferred inflows and outflows of resources reported by the Authority on the accompanying balance sheets consisted of the following items:

	2021	2020
Deferred inflows of resources related to pensions	$ 3,742,129	$ 279,776
Loss on defeasance of long-term debt, net	$ 543,288	$ 666,710
Excess consideration paid in an acquisition	2,904,123	3,394,960
Deferred outflows of resources related to pensions	6,190,595	9,362,766
Total deferred outflows of resources	$ 9,638,006	$ 13,424,436

Net Position

Net position of the Authority is classified in three components.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority 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.

Charity Care

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

Income Taxes

As an essential government function of the County, the Authority 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 Authority is subject to federal income tax on any unrelated business taxable income.

Foundation

The Authority is the beneficiary of Comanche County Memorial Hospital Foundation, Inc. (the Foundation), a separate legal entity with its own board of directors. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the Authority and, thus, is not reflected in the accompanying financial statements.

Other Operating Revenue

Other operating revenue primarily includes grant income and revenue from the Authority's participation in the 340B Drug Pricing Program.

Supplemental Hospital Offset Payment Program

On January 17, 2012, the Centers for Medicare and Medicaid Services (CMS) approved the State of Oklahoma's Supplemental Hospital Offset Payment Program (SHOPP). The SHOPP is currently scheduled to sunset on December 31, 2025. The SHOPP is designed to assess Oklahoma hospitals a supplemental hospital offset fee, which is placed in pools after receiving federal matching funds. The total fees and matching funds are then allocated to hospitals as directed by legislation.

SHOPP revenue is recorded as part of net patient service revenue and SHOPP assessment fees are recorded as part of other expenses on the accompanying statements of revenues, expenses, and changes in net position. The amounts noted in the table below for the years ended June 30, 2021 and 2020, represent the approximate amounts received and paid by the Authority. The annual amounts to be received and paid by the Authority over the term of the SHOPP are subject to change annually based on various factors involved in determining the amount of federal matching funds. Based on the current information available, the annual net benefit to the Authority over the term of the SHOPP is expected to be approximately $13,720,000 in 2022.

	2021	2020
SHOPP funds received	$ 15,995,000	$ 13,730,000
SHOPP assessment fees paid	4,783,000	4,902,000
Net SHOPP benefit	$ 11,212,000	$ 8,828,000

Revisions

Certain immaterial revisions have been made to the 2020 statement of cash flows to gross up the activity related to the Authority's defined benefit pension plan in cash provided by operating activities and to revise the presentation of certain principal and interest payments on long-term debt between capital and noncapital. These revisions did not have an impact on the accompanying balance sheets or statements of revenues, expenses, and changes in net position.

Note 2: Net Patient Service Revenue

CCMH, MTNC, and LCHC have agreements with third-party payors that provide for payments to them at amounts different from their established rates. Those payment arrangements include:

- **Medicare** – Substantially all inpatient acute care services and outpatient services rendered to Medicare program beneficiaries, including physician services, are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. CCMH, MTNC, and LCHC are reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare administrative contractor.

- **Medicaid** – CCMH, MTNC, and LCHC have also been reimbursed for services rendered to patients covered by the state Medicaid program. CCMH is reimbursed at prospectively determined rates per discharge and fee schedules with no retroactive adjustment. MTNC is reimbursed for services to residents who are Medicaid beneficiaries at prospectively determined per diem rates with no retroactive adjustment. LCHC is reimbursed for services provided to Medicaid beneficiaries at prospectively determined rates with no retroactive adjustment.
- **Other** – CCMH, MTNC, and LCHC have payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Approximately 57% and 59% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2021 and 2020, 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.

Grant Revenue

The Authority is the recipient of a Community Health Center (CHC) grant from the U.S. Department of Health and Human Services. The general purpose of the grant is to provide expanded health care service delivery in Lawton, Oklahoma, and surrounding areas. Terms of the grant generally provide for funding of LCHC's operations based on an approved budget. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the years ended June 30, 2021 and 2020, the Authority received approximately $4,577,000 and $2,413,000, respectively, in CHC grant funds.

The Authority was also granted Provider Relief Fund distributions as authorized by the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act), which are reported as nonoperating government grants in the accompanying financial statements. The terms and conditions surrounding these government grant funds are further described in *Note 16*.

Note 3: Deposits, Investments, and Investment Income

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 Authority's deposit policy for custodial credit risk requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

At June 30, 2021 and 2020, the Authority maintained approximately $59,893,000 and $57,692,000, respectively, of deposits in an Insured Cash Sweep (ICS) program. The ICS program places deposits in increments below the standard FDIC insurance maximum of $250,000 in multiple banks.

At June 30, 2021 and 2020, approximately $231,000 and $294,000 of the Authority's bank balances of approximately $80,650,000 and $73,945,000, respectively, were exposed to custodial credit risk as follows:

	2021	2020
Uninsured and uncollateralized	$ 231,000	$ 294,000
Uninsured and collateralized by irrevocable letters of credit from the Federal Home Loan Bank	17,765,000	16,109,000
	$ 17,996,000	$ 16,403,000

Investments

The Authority has an investment policy related to its investment portfolio. This policy does not apply to investments held under trustee agreements related to bond indentures. At June 30, the Authority had the following investments and maturities:

		Maturities in Years			
Type	Fair Value	Less than 1	1–5	6–10	More than 10
2021					
Mortgage- and asset-backed securities of U.S. agencies	$ 3,462,407	$ -	$ 716,153	$ 1,778,059	$ 968,195
Corporate bonds	5,123,458	-	1,039,359	2,102,175	1,981,924
Money market mutual funds	14,696,053	14,696,053	-	-	-
Municipal bonds	1,659,700	-	300,910	866,782	492,008
Bond mutual funds	6,048,505	-	1,488,451	4,560,054	-
	30,990,123	$ 14,696,053	$ 3,544,873	$ 9,307,070	$ 3,442,127
Equity mutual funds	8,498,880				
Exchange-traded funds	5,241,758				
Accrued investment income	71,372				
	$ 44,802,133				

Type	Fair Value	Maturities in Years: Less than 1	1–5	6–10	More than 10
2020					
Mortgage- and asset-backed securities of U.S. agencies	$ 4,275,632	$ -	$ 252,685	$ 1,493,704	$ 2,529,243
Corporate bonds	4,172,895	-	1,197,718	1,147,829	1,827,348
Money market mutual funds	13,958,086	13,958,086	-	-	-
Municipal bonds	1,334,872	-	150,333	810,623	373,916
Bond mutual funds	4,763,754	-	905,689	3,858,065	-
	28,505,239	$ 13,958,086	$ 2,506,425	$ 7,310,221	$ 4,730,507
Equity mutual funds	6,512,024				
Exchange-traded funds	5,146,451				
Accrued investment income	64,023				
	$ 40,227,737				

Interest Rate Risk – Interest rate risk 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 arising from rising interest rates, the Authority's investment policy limits the sale of securities on the open market prior to maturity and directly investing in securities maturing more than five years from the date of purchase. The Authority has also adopted weighted-average limitations not to exceed three years. The money market mutual funds are presented as investments with maturities of less than one year because the average maturity of the funds is less than one year.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to limit its investments to securities with a Standard & Poor's (S & P) credit rating of AAA or Moody's credit rating of Aaa. U.S. Treasury obligations, U.S. government agency and instrumentality obligations, certificates of deposit, and money market mutual funds are acceptable security types under the Authority's investment policy.

At June 30, the Authority's investments not directly guaranteed by the U.S. government were rated as follows:

Type	2021 Moody's	2021 S & P	2020 Moody's	2020 S & P
Mortgage- and asset-backed securities of U.S. agencies	Aaa	AA+	Aaa	AA+
Money market mutual funds	Aaa	AAA	Aaa	AAA

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2021 and 2020, the Authority's investments in mortgage- and asset-backed securities are held by counterparties in other than the Authority's name. The Authority's investment policy does not address how securities underlying repurchase agreements are to be held.

Concentration of Credit Risk – The Authority limits the types of securities purchased to U.S. Treasury obligations, U.S. government agency and instrumentality obligations, money market mutual funds, equity securities (including mutual funds and exchange-traded funds), and certificates of deposit fully covered by FDIC limits. The Authority's investment policy does not place a limit on the amount that may be invested in any one issuer. No investments exceeded 5% of the total fair value of all investments at June 30, 2021 and 2020.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the accompanying balance sheets as follows:

	2021	2020
Carrying value		
Deposits	$ 75,424,037	$ 69,070,330
Investments	44,802,133	40,227,737
	$ 120,226,170	$ 109,298,067
Included in the following balance sheet captions		
Cash and cash equivalents	$ 77,053,005	$ 70,077,822
Restricted cash and investments – current	6,865,643	6,754,472
Noncurrent cash and investments	36,236,150	32,401,750
Accrued investment income	71,372	64,023
	$ 120,226,170	$ 109,298,067

Investment Income

Investment income for the years ended June 30 consisted of:

	2021	2020
Interest and dividend income	$ 955,729	$ 1,097,885
Net increase in fair value of investments	3,877,102	820,162
	$ 4,832,831	$ 1,918,047

Note 4: Patient Accounts Receivable

The Authority grants credit without collateral to its patients, most of whom are residents of southwestern Oklahoma and are insured under third-party payor agreements. Patient accounts receivable at June 30 consisted of:

	2021	2020
Medicare	$ 8,580,146	$ 9,582,062
Medicaid	5,191,759	5,638,703
Other third-party payors	33,231,077	27,719,927
Patients	58,280,145	51,489,232
	105,283,127	94,429,924
Less allowance for uncollectible accounts	72,422,000	59,535,000
	$ 32,861,127	$ 34,894,924

Note 5: Capital Assets

Capital assets activity for the years ended June 30 was:

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 4,297,371	$ -	$ -	$ -	$ 4,297,371
Land improvements	9,929,875	-	-	651	9,930,526
Buildings and improvements	167,449,539	18,732	-	713,485	168,181,756
Equipment	148,879,309	323,060	-	5,260,049	154,462,418
Construction in progress	2,133,051	5,372,150	(120,179)	(5,974,185)	1,410,837
	332,689,145	5,713,942	(120,179)	-	338,282,908
Less accumulated depreciation					
Land improvements	8,048,020	302,890	-	-	8,350,910
Buildings and improvements	101,340,789	5,339,383	-	-	106,680,172
Equipment	128,426,547	5,198,345	(120,179)	-	133,504,713
	237,815,356	10,840,618	(120,179)	-	248,535,795
Capital assets, net	$ 94,873,789	$ (5,126,676)	$ -	$ -	$ 89,747,113

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 4,297,371	$ -	$ -	$ -	$ 4,297,371
Land improvements	9,487,466	-	-	442,409	9,929,875
Buildings and improvements	166,431,766	-	-	1,017,773	167,449,539
Equipment	147,350,975	325,242	(6,809)	1,209,901	148,879,309
Construction in progress	2,531,986	2,271,148	-	(2,670,083)	2,133,051
	330,099,564	2,596,390	(6,809)	-	332,689,145
Less accumulated depreciation					
Land improvements	7,772,120	275,900	-	-	8,048,020
Buildings and improvements	95,910,187	5,430,602	-	-	101,340,789
Equipment	122,532,199	5,901,157	(6,809)	-	128,426,547
	226,214,506	11,607,659	(6,809)	-	237,815,356
Capital assets, net	$ 103,885,058	$ (9,011,269)	$ -	$ -	$ 94,873,789

Note 6: Medical Malpractice Claims

The Authority purchases medical malpractice insurance for services 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 claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable costs of such incidents. At June 30, 2021 and 2020, the Authority accrued approximately $100,000 for each year based on its claims experience for these claims. It is reasonably possible that these estimates could change materially in the near term.

Because the Authority was created by the County, management believes the limit of liability for any individual tort claim not covered by insurance would be limited to $125,000 under Oklahoma state law.

Note 7: Self-Insured Claims

The Authority sponsors short-term disability, health and dental care, and workers' compensation plans for its employees. These plans are self-insured to the extent of the deductible amounts under the excess risk insurance policies the Authority has obtained. The activity under the self-insured short-term disability plan is not material to the overall financial statements. These self-insured amounts are currently as follows:

- Workers' compensation – first $450,000 per accident
- Health and dental care – first $370,000 and $350,000 per person per year for calendar years 2021 and 2020, respectively

A provision is accrued for self-insured workers' compensation and health and dental care claim costs, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible the Authority's estimate will change by a material amount in the near term.

Activity in the Authority's accrued liability for self-insured plans, included in accrued expenses and other long-term obligations on the accompanying balance sheets, during the years ended June 30 is summarized as follows:

	Employee Health and Dental Benefits	Workers' Compensation
2021		
Balance, beginning of year	$ 1,021,170	$ 560,819
Current year claims incurred and changes in estimates for claims incurred in prior years	10,742,056	905,382
Claims and expenses paid	(9,921,519)	(577,299)
Balance, end of year	$ 1,841,707	$ 888,902
2020		
Balance, beginning of year	$ 1,041,052	$ 616,390
Current year claims incurred and changes in estimates for claims incurred in prior years	8,149,473	362,991
Claims and expenses paid	(8,169,355)	(418,562)
Balance, end of year	$ 1,021,170	$ 560,819

In June 2021 and 2020, the Oklahoma Workers' Compensation Court required the Authority to post collateral for self-insured claims in the form of letters of credit with a bank in the amount of $740,000 and $500,000, respectively, in the event the Authority was unable to pay its claims. As of the date of the independent auditor's report, no amounts have been drawn on these letters of credit.

The Comanche County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

Note 8: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Authority for the years ended June 30:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2021					
Long-term debt					
Revenue bonds payable					
Series 2012A Revenue Bonds	$ 31,433,921	$ -	$ (1,207,127)	$ 30,226,794	$ 1,256,763
Series 2012B Revenue Bonds	7,095,000	-	(760,000)	6,335,000	795,000
Series 2015 Revenue Bonds	28,373,736	-	(3,610,413)	24,763,323	3,729,200
Notes from direct borrowing and direct placement					
Note payable to bank (A)	3,906,933	-	(1,878,206)	2,028,727	1,940,980
Note payable to bank (B)	2,712,243	-	(385,936)	2,326,307	398,870
Note payable to bank (C)	539,968	-	(132,124)	407,844	138,280
Capital lease obligations	437,156	1,048,696	(408,448)	1,077,404	422,366
Total long-term debt	74,498,957	1,048,696	(8,382,254)	67,165,399	8,681,459
Other long-term liabilities					
Estimated self-insurance costs	560,819	905,382	(577,299)	888,902	507,902
Deferred compensation plans	451,625	-	-	451,625	48,774
Total long-term obligations	$ 75,511,401	$ 1,954,078	$ (8,959,553)	$ 68,505,926	$ 9,238,135
2020					
Long-term debt					
Revenue bonds payable					
Series 2012A Revenue Bonds	$ 32,596,163	$ -	$ (1,162,242)	$ 31,433,921	$ 1,207,127
Series 2012B Revenue Bonds	7,820,000	-	(725,000)	7,095,000	760,000
Series 2015 Revenue Bonds	31,878,159	-	(3,504,423)	28,373,736	3,610,413
Notes from direct borrowing and direct placement					
Note payable to bank (A)	5,723,997	-	(1,817,064)	3,906,933	1,878,206
Note payable to bank (B)	3,085,430	-	(373,187)	2,712,243	386,132
Note payable to bank (C)	666,139	-	(126,171)	539,968	132,124
Note payable to third party	5,987	-	(5,987)	-	-
Capital lease obligations	828,274	-	(391,118)	437,156	211,201
Total long-term debt	82,604,149	-	(8,105,192)	74,498,957	8,185,203
Other long-term liabilities					
Estimated self-insurance costs	616,390	362,991	(418,562)	560,819	234,819
Deferred compensation plans	528,026	-	(76,401)	451,625	48,774
Total long-term obligations	$ 83,748,565	$ 362,991	$ (8,600,155)	$ 75,511,401	$ 8,468,796

Revenue Bonds Payable

The revenue bonds payable consist of the following:

- Series 2012A Hospital Revenue Refunding Bonds (the Series 2012A Revenue Bonds), in the original amount of $36,790,000 dated December 14, 2012, bear interest at 3.00% to 5.00%, payable semiannually. Principal is payable in annual installments through July 2042. The Authority is required to make monthly deposits to the debt service fund held by the trustee. All of the bonds still outstanding may be redeemed at the Authority's option on or after July 1, 2022, at a redemption price of 100%. The bonds are secured by the net revenues of the Authority and the assets restricted under the bond indenture agreement. The principal of these bonds was split between CCMH and MTNC. The allocation of the principal amounts and respective maturity dates related to CCMH and MTNC are as follows:

	Principal Amount	Maturity Date
Comanche County Memorial Hospital	$ 24,765,000	July 2032
McMahon-Tomlinson Nursing Center	12,025,000	July 2042
	$ 36,790,000	

When the Series 2012A Revenue Bonds were issued, the bonds were sold at a premium of approximately $2,162,000. At June 30, the outstanding balance of the Series 2012A Revenue Bonds was as follows:

	2021	2020
Principal amount	$ 29,345,000	$ 30,430,000
Plus unamortized premium	881,794	1,003,921
Net amount outstanding	$ 30,226,794	$ 31,433,921

- Series 2012B Hospital Revenue Refunding Bonds (the Series 2012B Revenue Bonds), in the original amount of $9,830,000 dated December 14, 2012, bear interest at 3.43% to 5.90%, payable semiannually. Principal is payable in annual installments through July 2027. The Authority is required to make monthly deposits to the debt service fund held by the trustee. All of the bonds still outstanding may be redeemed at the Authority's option on or after July 1, 2022, at a redemption price of 100%. The bonds are secured by the net revenues of the Authority and the assets restricted under the bond indenture agreement.

- Series 2015 Hospital Revenue Refunding Bonds (the Series 2015 Revenue Bonds), in the original amount of $41,575,000 dated April 7, 2015, bear interest at 3.13% to 5.00%, payable semiannually. Principal is payable in annual installments through July 2029 and was used to refund the Series 2005 Revenue Bonds and a portion of one of the notes payable to bank. The Authority is required to make monthly deposits to the debt service fund held by the trustee. All of the bonds still outstanding may be redeemed at the Authority's option on or after July 1, 2025, at a redemption price of 100%. The bonds are secured by the net revenues of the Authority and the assets restricted under the bond indenture agreement.

When the Series 2015 Revenue Bonds were issued, the bonds were sold at a premium of approximately $3,754,000. At June 30, the outstanding balance of the Series 2015 Revenue Bonds was as follows:

	2021	2020
Principal amount	$ 23,615,000	$ 26,910,000
Plus unamortized premium	1,148,323	1,463,736
Net amount outstanding	$ 24,763,323	$ 28,373,736

The revenue bonds' indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the accompanying balance sheets. The indentures also require the Authority to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a debt service coverage ratio of at least 1.10 to 1.00, restrictions on incurrence of additional debt, and maintaining a minimum days cash on hand. The bond indenture agreements contain a provision that, in an event of default, outstanding amounts may become immediately due and payable.

In prior years, the Authority had advance refunded four different revenue bond issues, and each of these advance refunding transactions resulted in extinguishment of debt since the Authority was legally released from its obligation on those bond series.

The prior advance refunding transactions resulted in an accounting loss on the extinguishment of the long-term debt. This loss on refunding is shown as deferred outflows of resources on the accompanying balance sheets and is being amortized using the straight-line method over the life of the respective new bond issues.

The debt service requirements for the revenue bonds as of June 30, 2021, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2022	$ 8,674,436	$ 5,780,963	$ 2,893,473
2023	8,618,535	5,996,799	2,621,736
2024	8,556,644	6,224,952	2,331,692
2025	5,444,711	3,421,561	2,023,150
2026	6,586,926	4,716,805	1,870,121
2027–2031	29,651,423	24,062,145	5,589,278
2032–2036	8,069,399	6,692,105	1,377,294
2037–2041	3,656,287	3,029,030	627,257
2042	1,460,895	1,400,757	60,138
	$ 80,719,256	$ 61,325,117	$ 19,394,139

Notes from Direct Borrowings and Direct Placement

Note Payable to Bank (A)

The first note payable to bank was entered into by the Authority in October 2013 in the original amount of $27,000,000 with $18,000,000 being a variable rate note and $9,000,000 being a fixed rate note. The proceeds of the note were used by CCMH and MTNC.

In April 2015, the Authority amended the note payable to bank. The amended debt combined the two separate notes into one note carrying a fixed interest rate of 3.25% annually. The amended note matures on the earlier of April 7, 2025, or as the loan becomes due and payable pursuant to the repayment schedule. The amended note allowed for draws on the note up to $16,835,000 through December 31, 2015. Payments of principal and interest are due monthly in the amount of $164,892. The note is secured by pledged receivables and revenues of the Authority. The note contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

In October 2016, the Authority further amended the note payable allowing for draws on the note through December 31, 2017.

The debt service requirements as of June 30, 2021, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2022	$ 1,978,707	$ 1,940,980	$ 37,727
2023	87,984	87,747	237
	$ 2,066,691	$ 2,028,727	$ 37,964

Note Payable to Bank (B)

In October 2015, the Authority obtained a $5,000,000 revolving bank line of credit for operations. In October 2016, the revolving line of credit was converted to a note payable to bank in the amount of $4,000,000 due October 1, 2026, with principal and interest at 3.25% payable monthly beginning December 2016. This note is secured by all pledged revenues of the Authority. The note contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

The debt service requirements as of June 30, 2021, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2022	$ 468,492	$ 398,870	$ 69,622
2023	468,492	412,028	56,464
2024	468,492	425,620	42,872
2025	468,493	439,661	28,832
2026	468,493	454,165	14,328
2027	197,539	195,963	1,576
	$ 2,540,001	$ 2,326,307	$ 213,694

Note Payable to Bank (C)

In January 2018, the Authority entered into a third note payable to bank, which allows draws on the note up to $1,237,000. At June 30, 2018, $837,000 had been drawn against this note, the proceeds of which were used by CCMH to purchase real property. Payments of principal and interest at 4.5% are due monthly in the amount of $12,835 maturing January 16, 2028. The note is secured by certain real property of the Authority. The note contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

The debt service requirements as of June 30, 2021, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2022	$ 154,026	$ 138,280	$ 15,746
2023	154,025	144,722	9,303
2024	127,462	124,842	2,620
	$ 435,513	$ 407,844	$ 27,669

Note Payable to Third Party

The note payable to third party was due July 1, 2019, including principal and interest of 1.8% annually, payable monthly. The note was secured by a mortgage of real property. As of August 31, 2019, the remaining balance on the note was paid in full.

Capital Lease Obligations

The Authority is obligated under leases for equipment that are accounted for as capital leases. Capital assets acquired using capital leases at June 30 consisted of the following:

	2021	2020
Capital assets, at cost	$ 2,438,341	$ 984,814
Less accumulated depreciation	1,301,522	651,055
	$ 1,136,819	$ 333,759

The following is a schedule by year of future minimum lease payments under the capital leases, including interest rates of 0.52% to 10.72%, together with the present value of the future minimum lease payments as of June 30, 2021:

Year Ending June 30,	
2022	$ 450,351
2023	228,153
2024	226,124
2025	226,124
2026	6,712
Total minimum lease payments	1,137,464
Less amount representing interest	60,060
Present value of future minimum lease payments	$ 1,077,404

Note 9: Charity Care and Other Community Benefits

In support of its mission, the Authority voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue.

The costs of charity care provided under the Authority's charity care policy were approximately $989,000 and $854,000 for 2021 and 2020, respectively. The cost of charity care is estimated by applying the ratio of costs to gross charges from the most recent Medicare cost report.

In addition to uncompensated care, the Authority also commits significant time and resources to endeavors and critical services that meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screenings and assessments, prenatal education and care, community educational services, ambulance services, rural clinics, and various support groups.

Note 10: Pension Plans

Single-Employer Defined Contribution Plans

The Authority has two defined contribution pension plans covering certain employees. The plans are administered by a board of trustees appointed by the Authority's Board of Trustees.

The plans provide retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body.

Contributions by both plan members and the Authority are not significant to the Authority's financial statements.

Single-Employer Defined Benefit Plan

Plan Description

The Authority maintains the Plan, a single-employer defined benefit pension plan covering substantially all employees. The Plan is administered by the Plan's board of trustees whose members are appointed by the Authority's governing body. Benefit provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 0.6% of the participant's Final Average Compensation, as defined by the Plan, multiplied by the participant's years of credited service at retirement or termination. Death benefits are equal to the vested benefits and allow for qualifying surviving spouses to receive 50% of the amount the participant would have received. The normal retirement age under the Plan is 65, with certain defined exceptions.

Actuarial Assumptions

The total pension liability in the June 30, 2021 and 2020, actuarial valuations was determined using the following actuarial assumptions applied to all periods included in the measurement:

	2021	2020
Inflation	2.25%	2.25%
Salary increase (average, including inflation)	1.50%	1.50%
Investment rate of return (net of pension plan investment expense and inflation)	5.80%	6.30%

Mortality rates were based on the Pri-2012 Private Retirement Plans Blue Collar Mortality Table, projected generationally with mortality improvement scale MP-2020 for the 2021 valuation. Mortality rates were based on the Pri-2012 Private Retirement Plans Blue Collar Mortality Table, projected generationally with mortality improvement scale MP-2019 for the 2020 valuation. The employees covered by the Plan at June 30 are:

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	367	363
Inactive employees entitled to but not yet receiving benefits	324	309
Active employees	1,461	1,313
	2,152	1,985

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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 rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities – domestic	45.0%	7.7%
Equities – international	10.0%	8.9%
Real estate investment trusts	3.8%	6.8%
Cash	5.0%	2.0%
Fixed income – domestic	17.8%	2.5%
Fixed income – international	3.5%	2.4%
High-yield bonds	3.8%	4.5%
Alternative strategies	11.1%	3.6%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 5.80% and 6.30% for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially determined contribution rates. 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 plan members. 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.

Contributions

The Authority's governing body has the authority to establish and amend the contribution requirements of the Authority and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. For the years ended June 30, 2021 and 2020, the Authority contributed approximately $5,530,000 and $5,390,000, respectively, to the Plan. Participants do not contribute to the Plan.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

Changes in the total pension liability, plan fiduciary net position, and net pension liability are as follows:

	2021		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	$ 76,145,500	$ 49,793,806	$ 26,351,694
Changes for the year			
Service cost	731,515	-	731,515
Interest	4,717,294	-	4,717,294
Differences between expected and actual experience	951,613	-	951,613
Contributions – employer	-	5,530,000	(5,530,000)
Net investment income	-	13,760,075	(13,760,075)
Benefit payments	(3,998,651)	(3,998,651)	-
Administrative expense	-	(188,465)	188,465
Change of assumptions	4,353,738	-	4,353,738
Net changes	6,755,509	15,102,959	(8,347,450)
Balance, end of year	$ 82,901,009	$ 64,896,765	$ 18,004,244

	2020		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance, beginning of year	$ 71,712,376	$ 52,802,264	$ 18,910,112
Changes for the year			
Service cost	709,275	-	709,275
Interest	4,511,513	-	4,511,513
Differences between expected and actual experience	2,614,227	-	2,614,227
Contributions – employer	-	5,390,000	(5,390,000)
Net investment income	-	(4,430,904)	4,430,904
Benefit payments	(3,858,510)	(3,858,510)	-
Administrative expense	-	(109,044)	109,044
Change of assumptions	456,619	-	456,619
Net changes	4,433,124	(3,008,458)	7,441,582
Balance, end of year	$ 76,145,500	$ 49,793,806	$ 26,351,694

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Authority has been calculated using a discount rate of 5.80% for the year ended June 30, 2021. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (4.80%)	**Current Discount Rate (5.80%)**	**1% Increase (6.80%)**
Net pension liability	$ 28,615,932	$ 18,004,244	$ 9,317,988

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

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of approximately $3,817,000 and $5,735,000, respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	$ 2,399,589	$ -
Change in assumptions	3,791,006	-
Net difference between projected and actual earnings on pension plan investments	-	3,742,129
Total	$ 6,190,595	$ 3,742,129
2020		
Differences between expected and actual experience	$ 2,525,847	$ -
Change in assumptions	465,738	-
Net difference between projected and actual earnings on pension plan investments	6,371,181	279,776
Total	$ 9,362,766	$ 279,776

Amounts reported as deferred outflows and inflows of resources at June 30, 2021, related to pensions will be recognized in pension expense as follows:

2022	$ 1,205,262
2023	1,145,370
2024	1,037,994
2025	(1,084,661)
2026	144,501
Total	$ 2,448,466

Note 11: Fiduciary Fund

The pension plan is a fiduciary fund of the Authority. As of June 30, the Plan's fiduciary net position was comprised of the following:

	2021	2020
Money market mutual funds	$ 2,200,877	$ 2,188,199
Mutual funds		
Equities – domestic	35,489,020	27,043,843
Equities – international	13,787,780	9,056,391
Real estate	-	1,485,686
Fixed income	6,531,509	3,622,707
Corporate bonds	4,194,353	702,593
Mortgage- and asset-backed securities of U.S. agencies	2,559,784	5,524,277
Accrued investment income	133,443	170,110
Total plan fiduciary net position	$ 64,896,766	$ 49,793,806

Investment Policy – Investment policy decisions are established and maintained by the Administrative Committee charged with overseeing the pension plan, as authorized by the Authority's Board of Trustees. The Administrative Committee employs and selects investment managers.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the pension plan. As a consequence, two important dimensions of a pension plan's investment program are expected return and expected risk.

The pension plan trustees diversify pension plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables balance of risk and return.

Investment Rate of Return – The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month, was approximately 27.3% and (8.3%) for the years ended June 30, 2021 and 2020, respectively.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a separate policy covering credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan's investment policy does not address how investments are to be held.

Concentration of Credit Risk – The Plan does not have a policy to limit its holdings in any one issuer. At June 30, 2021 and 2020, all of the Plan's investments were held through the Plan's investment manager, BOK Financial.

At June 30, the Plan's investments had the following maturities:

		Maturities in Years			
Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**	**More than 10**
2021					
Money market mutual funds	$ 2,200,877	$ 2,200,877	$ -	$ -	$ -
Mutual funds					
Equities – domestic	35,489,020	35,489,020	-	-	-
Equities – international	13,787,780	13,787,780	-	-	-
Fixed income	6,531,509	-	-	6,531,509	
Corporate bonds	4,194,353	-	-		4,194,353
Mortgage- and asset-backed securities of U.S. agencies	2,559,784	-	-	-	2,559,784
	64,763,323	$ 51,477,677	$ -	$ 6,531,509	$ 6,754,137
Accrued investment income	133,443				
	$ 64,896,766				
2020					
Money market mutual funds	$ 2,188,199	$ 2,188,199	$ -	$ -	$ -
Mutual funds					
Equities – domestic	27,043,843	27,043,843	-	-	
Equities – international	9,056,391	9,056,391	-	-	-
Real estate	1,485,686	1,485,686			
Fixed income	3,622,707	-	-	3,622,707	-
Corporate bonds	702,593	-	-	-	702,593
Mortgage- and asset-backed securities of U.S. agencies	5,524,277	250,298	-	140,078	5,133,901
	49,623,696	$ 40,024,417	$ -	$ 3,762,785	$ 5,836,494
Accrued investment income	170,110				
	$ 49,793,806				

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy. For further description of the valuation hierarchy see *Note 12*.

The fair value of the pension plan assets at June 30 was as follows:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2021				
Investments by Fair Value Level				
Money market mutual funds	$ 2,200,877	$ 2,200,877	$ -	$ -
Mutual funds				
Equities – domestic	35,489,020	35,489,020	-	-
Equities – international	13,787,780	13,787,780	-	-
Fixed income	6,531,509	6,531,509	-	-
Corporate bonds	4,194,353	750,842	3,443,511	-
Mortgage- and asset-backed securities of U.S. agencies	2,559,784	589,786	1,969,998	-
Total investments by by fair value level	$ 64,763,323	$ 59,349,814	$ 5,413,509	$ -
2020				
Investments by Fair Value Level				
Money market mutual funds	$ 2,188,199	$ 2,188,199	$ -	$ -
Mutual funds				
Equities – domestic	27,043,843	27,043,843	-	-
Equities – international	9,056,391	9,056,391	-	-
Real estate	1,485,686	1,485,686	-	-
Fixed income	3,622,707	3,622,707	-	-
Corporate bonds	702,593	-	702,593	-
Mortgage- and asset-backed securities of U.S. agencies	5,524,277	1,429,511	4,094,766	-
Total investments by by fair value level	$ 49,623,696	$ 44,826,337	$ 4,797,359	$ -

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The plan did not hold any Level 3 securities at June 30, 2021 or 2020.

Note 12: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

		Fair Value Measurements Using		
Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2021				
Investments by Fair Value Level				
Mortgage- and asset-backed securities of U.S. agencies	$ 3,462,407	$ 1,694,161	$ 1,768,246	$ -
Corporate bonds	5,123,458	257,644	4,865,814	-
Equity mutual funds	8,498,880	8,498,880	-	-
Exchange-traded funds	5,241,758	5,241,758	-	-
Money market mutual funds	14,696,053	14,696,053	-	-
Municipal bonds	1,659,700	-	1,659,700	-
Bond mutual funds	6,048,505	6,048,505	-	-
Total investments by fair value level	$ 44,730,761	$ 36,437,001	$ 8,293,760	$ -

		Fair Value Measurements Using		
Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020				
Investments by Fair Value Level				
Mortgage- and asset-backed securities of U.S. agencies	$ 4,275,632	$ 1,178,090	$ 3,097,542	$ -
Corporate bonds	4,172,895	1,526,252	2,646,643	-
Equity mutual funds	6,512,024	6,512,024	-	-
Exchange-traded funds	5,146,451	5,146,451	-	-
Money market mutual funds	13,958,086	13,958,086	-	-
Municipal bonds	1,334,872	-	1,334,872	-
Bond mutual funds	4,763,754	4,763,754	-	-
Total investments by fair value level	$ 40,163,714	$ 33,084,657	$ 7,079,057	$ -

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. The Authority did not hold any Level 3 investments at June 30, 2021 and 2020.

Note 13: Related-Party Information

Comanche County Memorial Hospital Foundation, Inc.

The Foundation, a nonprofit corporation with a separate board of directors, was established in February 1993 to support the educational and charitable purposes of CCMH. CCMH provides administrative services and supplies to the Foundation. At June 30, 2021 and 2020, no amounts were owed by the Foundation as a result of these purchases and services.

Cancer Centers of Southwest Oklahoma, LLC

As discussed below, the Authority is a member of Cancer Centers of Southwest Oklahoma, LLC (CCSO). For the years ended June 30, 2021 and 2020, the Authority recorded revenue from CCSO of approximately $8,011,000 and $8,120,000, respectively, for space rental, purchases, and services provided by the Authority to or on behalf of CCSO. At June 30, 2021 and 2020, CCSO owed the Authority approximately $1,669,000 and $1,375,000, respectively, which is included in due from related parties on the accompanying balance sheets.

CCSO provides cancer treatment services to the Authority's patients. For the years ended June 30, 2021 and 2020, the Authority incurred approximately $32,753,000 and $33,687,000, respectively, of expense and owed CCSO approximately $2,519,000 and $3,053,000 at June 30, 2021 and 2020, respectively, related to these services. These amounts are included in the accompanying balance sheets in due to related parties.

Note 14: Investments in and Advances to Equity Investees

The investments in equity investees primarily relate to an approximate 46% ownership in CCSO and an approximate 10% ownership in LifeCare Health Services, L.L.C. (LifeCare). These investments in equity investees are accounted for using the equity method.

The information summarized below represents the financial position and results of operations for CCSO and LifeCare for the fiscal years ended June 30:

	CCSO (Unaudited)	LifeCare (Unaudited)
2021		
Current assets	$ 13,370,326	$ 9,521,874
Property and other long-term assets, net	17,259,907	306,377
Total assets	$ 30,630,233	$ 9,828,251
Total liabilities	$ 22,243,305	$ 481,209
Partners' equity	8,386,928	9,347,042
Total liabilities and partners' equity	$ 30,630,233	$ 9,828,251
Revenues	$ 40,974,079	$ 3,452,361
Excess of revenues over expenses	$ 1,405,688	$ 596,968

	CCSO (Audited)	LifeCare (Unaudited)
2020		
Current assets	$ 14,528,135	$ 7,931,422
Property and other long-term assets, net	17,789,920	311,376
Total assets	$ 32,318,055	$ 8,242,798
Total liabilities	$ 25,336,815	$ 307,385
Partners' equity	6,981,240	7,935,413
Total liabilities and partners' equity	$ 32,318,055	$ 8,242,798
Revenues	$ 42,984,993	$ 2,958,597
Excess of revenues over expenses	$ 1,044,176	$ 563,373

Complete financial statements of the equity investees may be obtained by contacting the Authority's management.

Note 15: Contingencies

Litigation

In the normal course of business, the Authority 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 commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Authority 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.

Pension and Other Postretirement Benefit Obligations

The Authority has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the entry age cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheets.

Note 16: 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 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 Authority's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Authority has taken precautionary steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to its business, including the following:

- Implementation of targeted cost reduction initiatives
- Reduction of certain planned projects and capital

The extent of the COVID-19 pandemic's adverse effect on the Authority's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Authority's control and ability to forecast.

Because of these and other uncertainties, the Authority cannot estimate the length or severity of the impact of the pandemic on the Authority's business. Decreases in cash flows and results of operations may have an impact on debt covenant compliance and 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 June 30, 2021 and 2020, the Authority received approximately $2,222,000 and $16,458,000 from the CARES Act Provider Relief Fund. This distribution from the Provider Relief Fund is not subject to repayment, provided the Authority 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 (HHS).

The Authority is accounting for such payments as voluntary nonexchange transactions. Payments are recognized as eligibility requirements 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 Authority's operating revenues and expenses through year-end, the Authority recognized approximately $2,222,000 and $16,458,000 for the years ended June 30, 2021 and 2020, respectively, related to the Provider Relief Fund, and these payments are recorded as nonoperating revenue – government grants in the accompanying statements of revenues, expenses, and changes in net position.

Guidance for reporting use of Provider Relief Fund payments received has changed significantly since distributions were authorized through the CARES Act in March 2020. The Authority has evaluated the "Post-Payment Notice of Reporting Requirements" (Notice) and the Frequently Asked Questions (FAQs) issued by HHS subsequent to June 30, 2021, in accordance with GASB Codification Section 2250 and has concluded that any impact of the July 1, 2021 FAQs would be recognized.

The Authority has recognized revenue from the Provider Relief Fund based on guidance issued by HHS as of June 30, 2021, and any clarifications issued by HHS subsequent to year-end, including any referenced above as recognized subsequent events. The Authority will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Authority's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Authority is unable to attest to or comply with current or future terms and conditions, its ability to retain some or all of the distributions received may be affected. Additionally, the amounts recorded in the accompanying financial statements compared to the Authority's Provider Relief Fund reporting could differ. Provider Relief Fund payments are subject to government oversight, including potential audits.

Medicare Accelerated and Advance Payment Program

During the year ended June 30, 2020, the Authority 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 the payback period was extended 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% of the remittance advice payment followed by a six-month payback period at 50% 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-month period at a rate of 4%.

During the years ended June 30, 2021 and 2020, the Authority received approximately $1,880,000 and $44,640,000, respectively, from these accelerated Medicare payment requests. During the year ended June 30, 2021, Medicare applied approximately $4,138,000 from these accelerated Medicare payment requests against filed claims. As of June 30, 2021, approximately $30,666,000 and $11,496,000 of accelerated Medicare payment requests are recorded as current liabilities under the caption advances from third-party payors and other liabilities under the caption advances from third-party payors, respectively, in the accompanying balance sheets. As of June 30, 2020, approximately $44,640,000 of accelerated Medicare payment requests are recorded as current liabilities under the caption advances from third-party payors in the accompanying balance sheets.

Note 17: Future Change in Accounting Principles

Accounting for Leases

With the issuance of GASB Statement No. 87, *Leases*, GASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both an intangible asset and a liability. GASB 87 removes the classification of leases between two categories, and all leases will be recorded the same on the statement of revenues, expenses, and changes in net position. GASB 87 also contains amended guidance regarding the identification of lease and non-lease components in an arrangement. GASB 87 is effective for the Authority's fiscal year ending June 30, 2022. The Authority is evaluating the impact GASB 87 will have on the financial statements; however, GASB 87 is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Note 18: Subsequent Events

In June 2020, voters in Oklahoma passed a Medicaid expansion ballot initiative. Medicaid expansion in Oklahoma goes into effect on July 1, 2021. While it is difficult to estimate the impact of Medicaid expansion, it is projected to significantly increase the number of Oklahoma residents eligible for Medicaid benefits. The impact to the Authority as a result of Medicaid expansion cannot be currently estimated but could be material.

In addition to the increased number of Oklahoma residents that will be eligible for Medicaid benefits, the SHOPP described in *Note 1* will also increase with the additional federal funds provided to the Medicaid program. It is currently estimated that SHOPP revenue could increase by 20%–25% in fiscal year 2022 and beyond.

Required Supplementary Information

The Comanche County Hospital Authority

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	$ 731,515	$ 709,275	$ 587,302	$ 567,909	$ 655,666	$ 682,446	$ 637,179
Interest	4,717,294	4,511,513	4,402,364	4,305,786	4,087,742	3,984,688	3,863,517
Differences between expected and actual experience	951,613	2,614,227	1,132,108	335,027	2,180,773	252,114	(196,171)
Change of assumptions	4,353,738	456,619	185,809	1,059,930	1,013,383	1,756,164	58,934
Benefit payments	(3,998,651)	(3,858,510)	(3,655,594)	(3,448,693)	(3,228,627)	(2,882,449)	(2,509,568)
Other changes	-	-	-	-	-	11,184	-
Net change in total pension liability	6,755,509	4,433,124	2,651,989	2,819,959	4,708,937	3,804,147	1,853,891
Total pension liability – beginning	76,145,500	71,712,376	69,060,387	66,240,428	61,531,491	57,727,344	55,873,453
Total pension liability – ending (a)	82,901,009	76,145,500	71,712,376	69,060,387	66,240,428	61,531,491	57,727,344
Plan fiduciary net position							
Contributions – employer	5,530,000	5,390,000	5,520,000	4,065,000	2,305,000	2,315,000	2,425,000
Net investment income (loss)	13,760,075	(4,430,904)	3,005,743	3,141,633	3,717,334	402,171	750,448
Benefit payments	(3,998,651)	(3,858,510)	(3,655,594)	(3,448,693)	(3,228,627)	(2,882,449)	(2,509,568)
Administrative expense	(188,465)	(109,044)	(103,726)	(103,077)	(48,520)	(73,190)	(44,173)
Net change in plan fiduciary net position	15,102,959	(3,008,458)	4,766,423	3,654,863	2,745,187	(238,468)	621,707
Plan fiduciary net position – beginning	49,793,806	52,802,264	48,035,841	44,380,978	41,635,791	41,874,259	41,252,552
Plan fiduciary net position – ending (b)	64,896,765	49,793,806	52,802,264	48,035,841	44,380,978	41,635,791	41,874,259
Net pension liability – ending (a) - (b)	$ 18,004,244	$ 26,351,694	$ 18,910,112	$ 21,024,546	$ 21,859,450	$ 19,895,700	$ 15,853,085
Plan fiduciary net position as a percentage of the total pension liability	78.28%	65.39%	73.63%	69.56%	67.00%	67.67%	72.54%
Covered employee payroll	$ 68,550,343	$ 61,766,823	$ 51,280,613	$ 47,064,691	$ 50,454,740	$ 56,460,170	$ 51,828,978
Net pension liability as a percentage of covered employee payroll	26.26%	42.66%	36.88%	44.67%	43.32%	35.24%	30.59%

Notes to Schedule

Change in assumptions:

- Investment rate of return reduced from 6.30% to 5.80%
- Mortality table: Pri-2012 Private Retirement Plans Blue Collar Mortality Table, projected generationally with mortality improvement scale MP-2020

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

The Comanche County Hospital Authority

Schedule of the Authority's Pension Contributions

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 5,465,341	$ 4,257,098	$ 4,005,691	$ 3,977,101	$ 3,723,996	$ 2,818,799	$ 2,365,504
Contributions in relation to the actuarially determined contributions	5,530,000	5,390,000	5,520,000	4,065,000	2,305,000	2,315,000	2,425,000
Contribution deficiency (excess)	$ (64,659)	$ (1,132,902)	$ (1,514,309)	$ (87,899)	$ 1,418,996	$ 503,799	$ (59,496)
Covered employee payroll	$ 68,550,343	$ 61,766,823	$ 51,280,613	$ 47,064,691	$ 50,454,740	$ 56,460,170	$ 51,828,978
Contributions as a percentage of covered employee payroll	8.07%	8.73%	10.76%	8.64%	4.57%	4.10%	4.68%

Notes to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Valuation date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age
Amortization method:	Initial unfunded actuarial accrued liability – 15 years Amendments and assumption changes – 5.14 years
Remaining amortization period:	Initial unfunded actuarial accrued liability – 15 years
Asset valuation method:	Market Value
Inflation:	2.25%
Salary increases:	1.50%
Investment rate of return:	5.80%
Retirement age:	If hired on or after July 1, 1992 – the later of age 65 or 10 years of vested service If hired before July 1, 1992 – attained age 65
Mortality:	Pri-2012 Private Retirement Plans Blue Collar Mortality Table, projected generationally with mortality improvement scale MP-2020 for disclosure results

Supplementary Information

The Comanche County Hospital Authority
Combining Schedule – Balance Sheet Information
June 30, 2021

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents	$ 65,952,168	$ 1,290,866	$ 9,809,971	$ -	$ 77,053,005
Restricted cash and investments – current	6,362,221	503,422	-	-	6,865,643
Patient accounts receivable, net; $72,422,141	31,182,683	513,240	1,165,204	-	32,861,127
Accrued investment income	71,372	-	-	-	71,372
Due from related parties	12,346,499	-	-	(10,677,267)	1,669,232
Estimated amounts due from third-party payors	1,078,230	-	-	-	1,078,230
Supplies	6,998,277	23,378	118,780	-	7,140,435
Prepaid expenses and other	3,834,884	13,741	896,529	-	4,745,154
Total current assets	127,826,334	2,344,647	11,990,484	(10,677,267)	131,484,198
Noncurrent Cash and Investments					
Held by trustee for debt service	11,060,887	2,050,225	-	-	13,111,112
Less amount required to meet current obligations	6,362,221	503,422	-	-	6,865,643
	4,698,666	1,546,803	-	-	6,245,469
Other long-term investments	29,990,681	-	-	-	29,990,681
Total noncurrent cash and investments	34,689,347	1,546,803	-	-	36,236,150
Capital Assets, Net	72,880,537	14,072,780	2,793,796	-	89,747,113
Other Assets					
Investments in equity investees	4,665,166	-	-	-	4,665,166
Other	1,153,385	-	-	-	1,153,385
Total other assets	5,818,551	-	-	-	5,818,551
Deferred Outflows of Resources	9,294,864	343,142	-	-	9,638,006
Total assets and deferred outflows of resources	$ 250,509,633	$ 18,307,372	$ 14,784,280	$ (10,677,267)	$ 272,924,018

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Liabilities, Deferred Inflows of Resources, and Net Position					
Current Liabilities					
Current maturities of long-term debt	$ 7,343,791	$ 1,337,668	$ -	$ -	$ 8,681,459
Accounts payable	20,355,354	355,265	1,277,423	-	21,988,042
Accrued expenses	17,341,685	530,268	-	-	17,871,953
Accrued interest payable	1,237,457	238,219	-	-	1,475,676
Due to related parties	2,519,278	9,008,308	1,668,959	(10,677,267)	2,519,278
Estimated amounts due to third-party payors	2,847,427	-	-	-	2,847,427
Advances from third-party payors	29,649,725	656,328	360,168	-	30,666,221
Total current liabilities	81,294,717	12,126,056	3,306,550	(10,677,267)	86,050,056
Other Liabilities					
Long-term debt	48,741,397	9,742,543	-	-	58,483,940
Net pension liability	17,006,275	997,969	-	-	18,004,244
Advances from third-party payors	11,495,755	-	-	-	11,495,755
Other long-term obligations	783,851	-	-	-	783,851
Total other liabilities	78,027,278	10,740,512	-	-	88,767,790
Total liabilities	159,321,995	22,866,568	3,306,550	(10,677,267)	174,817,846
Deferred Inflows of Resources	3,535,856	206,273	-	-	3,742,129
Net Position					
Net investment in capital assets	25,844,695	4,532,348	2,793,796	-	33,170,839
Restricted – expendable for debt service	7,124,118	265,203	-	-	7,389,321
Unrestricted	54,682,969	(9,563,020)	8,683,934	-	53,803,883
Total net position	87,651,782	(4,765,469)	11,477,730	-	94,364,043
Total liabilities, deferred inflows of resources, and net position	$ 250,509,633	$ 18,307,372	$ 14,784,280	$ (10,677,267)	$ 272,924,018

Notes to Schedule

- The Authority's investment in CCSO is presented in the CCMH column of these combining schedules.
- The above financial statements of CCMH, MTNC, and LCHC are intended to present the financial position of only those portions of the activities of the Authority that are attributable to those respective divisions.

The Comanche County Hospital Authority
Combining Schedule – Balance Sheet Information
June 30, 2020

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents	$ 63,140,204	$ 1,203,309	$ 5,734,309	$ -	$ 70,077,822
Restricted cash and investments – current	6,256,805	497,667	-	-	6,754,472
Patient accounts receivable, net; $59,535,000	33,452,374	758,326	684,224	-	34,894,924
Accrued investment income	64,023	-	-	-	64,023
Due from related parties	9,781,207	-	-	(8,406,438)	1,374,769
Estimated amounts due from third-party payors	454,973	-	-	-	454,973
Supplies	6,844,075	13,012	37,263	-	6,894,350
Prepaid expenses and other	4,108,536	18,170	572,861	-	4,699,567
Total current assets	124,102,197	2,490,484	7,028,657	(8,406,438)	125,214,900
Noncurrent Cash and Investments					
Held by trustee for debt service	10,957,464	2,044,470	-	-	13,001,934
Less amount required to meet current obligations	6,256,805	497,667	-	-	6,754,472
	4,700,659	1,546,803	-	-	6,247,462
Other long-term investments	26,154,288	-	-	-	26,154,288
Total noncurrent cash and investments	30,854,947	1,546,803	-	-	32,401,750
Capital Assets, Net	77,067,161	14,779,191	3,027,437	-	94,873,789
Other Assets					
Investments in equity investees	4,039,216	-	-	-	4,039,216
Other	1,299,666	-	-	-	1,299,666
Total other assets	5,338,882	-	-	-	5,338,882
Deferred Outflows of Resources	12,866,925	557,511	-	-	13,424,436
Total assets and deferred outflows of resources	$ 250,230,112	$ 19,373,989	$ 10,056,094	$ (8,406,438)	$ 271,253,757

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Liabilities, Deferred Inflows of Resources, and Net Position					
Current Liabilities					
Current maturities of long-term debt	$ 6,893,764	$ 1,291,439	$ -	$ -	$ 8,185,203
Accounts payable	19,649,753	219,686	351,288	-	20,220,727
Accrued expenses	15,133,431	591,858	-	-	15,725,289
Accrued interest payable	1,358,252	244,594	-	-	1,602,846
Due to related parties	3,052,678	7,865,279	541,159	(8,406,438)	3,052,678
Advances from third-party payors	43,406,680	748,855	484,912	-	44,640,447
Total current liabilities	89,494,558	10,961,711	1,377,359	(8,406,438)	93,427,190
Other Liabilities					
Long-term debt	55,646,689	10,667,065	-	-	66,313,754
Net pension liability	24,782,567	1,569,127	-	-	26,351,694
Other long-term obligations	728,851	-	-	-	728,851
Total other liabilities	81,158,107	12,236,192	-	-	93,394,299
Total liabilities	170,652,665	23,197,903	1,377,359	(8,406,438)	186,821,489
Deferred Inflows of Resources	263,117	16,659	-	-	279,776
Net Position					
Net investment in capital assets	24,795,864	4,367,490	3,027,437	-	32,190,791
Restricted – expendable for debt service	6,899,900	253,073	-	-	7,152,973
Unrestricted	47,618,566	(8,461,136)	5,651,298	-	44,808,728
Total net position	79,314,330	(3,840,573)	8,678,735	-	84,152,492
Total liabilities, deferred inflows of resources, and net position	$ 250,230,112	$ 19,373,989	$ 10,056,094	$ (8,406,438)	$ 271,253,757

Notes to Schedule

- The Authority's investment in CCSO is presented in the CCMH column of these combining schedules.
- The above financial statements of CCMH, MTNC, and LCHC are intended to present the financial position of only those portions of the activities of the Authority that are attributable to those respective divisions.

The Comanche County Hospital Authority

Combining Schedule – Statement of Revenues, Expenses, and Changes in Net Position Information

Year Ended June 30, 2021

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Operating Revenues					
Net patient service revenue, net of provision for uncollectible accounts; $77,954,070	$ 270,378,190	$ 8,595,095	$ 16,030,658	$ -	$ 295,003,943
Grant revenue	-	-	4,576,796	-	4,576,796
Other	6,730,927	444,192	4,702,159	(57,183)	11,820,095
Total operating revenues	277,109,117	9,039,287	25,309,613	(57,183)	311,400,834
Operating Expenses					
Salaries and wages	106,460,148	4,166,175	13,194,718	-	123,821,041
Employee benefits	19,683,688	1,093,799	2,441,680	-	23,219,167
Purchased services and professional fees	76,718,804	1,724,474	2,177,132	-	80,620,410
Medical supplies and drugs	42,010,881	518,363	2,038,614	-	44,567,858
Supplies and other	20,121,112	1,479,040	2,637,412	(57,183)	24,180,381
Depreciation and amortization	10,136,066	911,463	370,611	-	11,418,140
Total operating expenses	275,130,699	9,893,314	22,860,167	(57,183)	307,826,997
Operating Income (Loss)	1,978,418	(854,027)	2,449,446	-	3,573,837
Nonoperating Revenues (Expenses)					
Noncapital grants and gifts	394,692	10,936	123,100	-	528,728
Government grants	2,805,719	400,656	179,000	-	3,385,375
Gain on investments in equity investees	735,798	-	-	-	735,798
Investment income	4,779,596	5,786	47,449	-	4,832,831
Interest expense and other financing costs	(2,356,771)	(488,247)	-	-	(2,845,018)
Total nonoperating revenues (expenses)	6,359,034	(70,869)	349,549	-	6,637,714
Increase (Decrease) in Net Position	8,337,452	(924,896)	2,798,995	-	10,211,551
Net Position, Beginning of Year	79,314,330	(3,840,573)	8,678,735	-	84,152,492
Net Position, End of Year	$ 87,651,782	$ (4,765,469)	$ 11,477,730	$ -	$ 94,364,043

Notes to Schedule

- The Authority's earnings on its investment in CCSO are presented in the CCMH column of these combining schedules.
- The above financial statements of CCMH, MTNC, and LCHC are intended to present the changes in financial position of only those portions of the activities of the Authority that are attributable to those respective divisions.

The Comanche County Hospital Authority
Combining Schedule – Statement of Revenues, Expenses, and Changes in Net Position Information
Year Ended June 30, 2020

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Operating Revenues					
Net patient service revenue, net of provision for uncollectible accounts; $80,853,789	$ 253,977,525	$ 11,477,456	$ 12,956,437	$ -	$ 278,411,418
Grant revenue	-	-	2,413,048	-	2,413,048
Other	5,112,664	57,616	2,600,458	(57,183)	7,713,555
Total operating revenues	259,090,189	11,535,072	17,969,943	(57,183)	288,538,021
Operating Expenses					
Salaries and wages	108,696,150	4,875,857	10,973,718	-	124,545,725
Employee benefits	18,647,456	1,093,614	2,092,920	-	21,833,990
Purchased services and professional fees	78,398,000	1,885,779	1,909,990	-	82,193,769
Medical supplies and drugs	36,528,694	694,977	1,095,254	-	38,318,925
Supplies and other	20,256,002	1,636,774	1,587,655	(57,183)	23,423,248
Depreciation and amortization	10,891,720	980,168	328,702	-	12,200,590
Total operating expenses	273,418,022	11,167,169	17,988,239	(57,183)	302,516,247
Operating Income (Loss)	(14,327,833)	367,903	(18,296)	-	(13,978,226)
Nonoperating Revenues (Expenses)					
Noncapital grants and gifts	344,798	-	222,323	-	567,121
Government grants	15,891,842	679,004	687,067	-	17,257,913
Gain on investments in equity investees	477,228	-	-	-	477,228
Investment income	1,821,187	4,579	92,281	-	1,918,047
Interest expense and other financing costs	(2,591,066)	(520,665)	-	-	(3,111,731)
Total nonoperating revenues (expenses)	15,943,989	162,918	1,001,671	-	17,108,578
Income Before Capital Grants and Gifts	1,616,156	530,821	983,375	-	3,130,352
Capital Grants and Gifts	53,571	-	-	-	53,571
Increase in Net Position	1,669,727	530,821	983,375	-	3,183,923
Net Position, Beginning of Year	77,644,603	(4,371,394)	7,695,360	-	80,968,569
Net Position, End of Year	$ 79,314,330	$ (3,840,573)	$ 8,678,735	$ -	$ 84,152,492

Notes to Schedule

- The Authority's earnings on its investment in CCSO are presented in the CCMH column of these combining schedules.
- The above financial statements of CCMH, MTNC, and LCHC are intended to present the changes in financial position of only those portions of the activities of the Authority that are attributable to those respective divisions.

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
The Comanche County Hospital Authority
Lawton, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of The Comanche County Hospital Authority (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2021, which contained an *Emphasis of Matter* paragraph regarding a change in accounting principles.

Internal Control over Financial Reporting

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

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

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

Board of Trustees
The Comanche County Hospital Authority

Compliance and Other Matters

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

Purpose of This Report

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

BKD, LLP

Tulsa, Oklahoma
December 21, 2021

The Comanche County Hospital Authority
Schedule of Findings and Responses
Year Ended June 30, 2021

Reference Number	Finding
	No matters are reportable.