Financial Statements
June 30, 2023 and 2022

Norman Regional Hospital Authority

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Independent Auditor's Report

Board of Trustees
Norman Regional Hospital Authority
Norman, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Norman Regional Hospital Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Authority as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Other Matter

The financial statements of the Authority for the year ended June 30, 2022, were audited by another auditor, who expressed unmodified opinions on those statements on September 26, 2022.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the years ended June 30, 2023 and 2022. In accordance with GASB Statement No. 96, the 2022 financial statements have been restated to reflect this change. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 through 10 and pension information on pages 56 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2023, 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.

Eide Bailly LLP

Oklahoma City, Oklahoma
September 26, 2023

Introduction

This management's discussion and analysis of the financial performance of Norman Regional Hospital Authority (the Authority) provides an overview of the Authority's financial activities for the years ended June 30, 2023 and 2022. It should be read in conjunction with the accompanying financial statements of the Authority. Unless otherwise indicated, amounts are in thousands. During 2023, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, retroactively restating the amounts reported in the 2022 financial statements. The summarized financial information as of and for the year ended June 30, 2021, included in management's discussion and analysis, was not restated for this adoption.

Financial Highlights

- Cash and cash equivalents increased in 2023 by $30,186 or 119% and decreased in 2022 by $19,516 or 43%.
- Short-term investments decreased in 2023 by $90,759 or 42% and increased in 2022 by $27,270 or 11%.
- Days cash and short-term investments on hand for operating expenses decreased in 2023 by 48 days or 28% compared to 2022. Days cash and short-term investments on hand for operating expenses at June 30, 2023 was 121 days compared to 169 days at June 30, 2022.
- Patient accounts receivable increased in 2023 by $12,203 or 18% and increased in 2022 by $2,158 or 3%.
- Days net revenue in accounts receivable at June 30, 2023 and 2022, was 53 days and 47 days, respectively.
- Current assets less current liabilities decreased in 2023 by $49,094 or 20% and decreased in 2022 by $67,576 or 21%.
- The Authority reported operating loss for 2023 and 2022 of $23,987 and $22,187, respectively. The operating loss in 2023 was $1,800 or 8% higher than the operating loss reported for 2022. The operating loss in 2022 was $27,365 lower than the operating income reported for 2021.
- The Authority reported nonoperating revenues (expenses) of $4,745 and $(31,104) for 2023 and 2022, respectively. The nonoperating revenues (expenses) in 2023 increased by $35,849 compared to the 2022 amount. The nonoperating revenues (expenses) in 2022 decreased by $76,194 compared to the 2021 amount.

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. The Authority's financial statements and the financial statements of the Authority's fiduciary fund, which is comprised of a statement of fiduciary net position and a statement of changes in fiduciary net position, 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 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about any Authority's finances is, "Is the Authority as a whole better or worse off as a result of the year's activities?" The statement of net position 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 all deferred outflows of resources, 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

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 statement of net position. The Authority's net position decreased by $18,706 or 5.5% in 2023 from 2022 and decreased by $52,665 or 13.4% in 2022 from 2021, as shown in Table 1.

Table 1: Statement of Net Position Information

	2023	2022 (as restated)	2021
Assets			
Current assets	$ 284,049	$ 332,697	$ 380,114
Capital assets (including right to use leased and subcription IT assets), net	439,418	316,910	267,461
Other assets	40,543	117,489	118,746
Total assets	$ 764,010	$ 767,096	$ 766,321
Deferred Outflows of Resources	$ 18,754	$ 23,312	$ 19,218
Liabilities			
Current liabilities	$ 84,135	$ 83,689	$ 63,530
Long-term liabilities	374,017	361,437	324,752
Total liabilities	$ 458,152	$ 445,126	$ 388,282
Deferred Inflows of Resources	$ 2,103	$ 4,067	$ 3,377
Net Position			
Net investment in capital assets	$ 92,124	$ 62,980	$ 59,587
Restricted - nonexpendable	122	129	139
Unrestricted	230,263	278,106	334,154
Total net position	$ 322,509	$ 341,215	$ 393,880

In 2023, cash, cash equivalents, and short-term investments decreased by $60,573 or 25% due to decreased cash provided by operating activities and an increase in capital spending related to the Inspire Health construction project. In 2022, cash, cash equivalents, and short-term investments decreased by $46,786 or 16% due to decreased cash provided by operating activities and decreased investment earnings compared to 2021, as well as an increase in capital spending related to the Inspire Health construction project.

Patient accounts receivable, net of allowance increased by $12,203 or 18% from 2022 to 2023. This increase was primarily the result of an increase in patient revenues in the last quarter of the fiscal year as a result of opening the Norman Regional Nine freestanding emergency department. Patient accounts receivable, net of allowance decreased by $2,158 or 3% from 2021 to 2022. This decrease was primarily the result of improved collections as compared to 2021. Days net revenue in accounts receivable at June 30, 2023 and 2022, was 53 days and 47 days, respectively.

Capital assets, excluding right to use leased assets and subscription IT assets, increased by $108,376 or 41% from 2022 to 2023 and increased by $43,970 or 20% from 2021 to 2022. The increases were primarily due to expenditures related to the Inspire Health construction project, offset by depreciation. Right to use leased assets increased by $15,061 or 32% from 2022 to 2023 primarily due to new leases related to the Inspire Health projects. Right to use leased assets increased $1,091 or 2% from 2021 to 2022.

Current liabilities increased $446 or less than 1% from 2022 to 2023 and $20,159 or 32% from 2021 to 2022. The increase in 2022 primarily related to construction payables as of June 30, 2022 related to the Inspire Health projects.

Long-term debt decreased $6,525 or 2% from 2022 to 2023 primarily due to regular payments of principal due (see Note 6). Long-term debt increased $31,334 or 11% from 2021 to 2022 due to the issuance of a master lease note payable of $38,000, less principal payments due.

Operating Results and Changes in the Authority's Net Position

The Authority's net position decreased by $18,706 or 5.5% in 2023 from 2022 and decreased by $52,665 or 13.4% in 2022 from 2021. These changes in net position are detailed in Table 2 below.

Table 2: Statement of Revenues, Expenses, and Changes in Net Position Information

	2023	2022 (as restated)	2021
Operating Revenues			
Net patient service revenue	$ 540,731	$ 522,434	$ 505,430
Other	7,379	6,076	11,677
Total operating revenue	548,110	528,510	517,107
Operating Expenses			
Salaries, wages, and employee benefits	332,087	311,304	285,160
Depreciation and amortization	29,570	29,484	27,102
Other	210,440	209,909	199,667
Total operating expenses	572,097	550,697	511,929
Operating Income (Loss)	(23,987)	(22,187)	5,178
Nonoperating Revenues (Expenses)	4,745	(31,104)	45,090
Capital Contributions	681	789	1,038
Distributions to Minority Owners	(145)	(163)	(233)
Increase (Decrease) in Net Position	(18,706)	(52,665)	51,073
Net Position, Beginning of Year	341,215	393,880	342,807
Net Position, End of Year	$ 322,509	$ 341,215	$ 393,880

Operating Income (Loss)

A major 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 2023 decreased by $1,800 or 8% as compared to 2022. The primary components of this decrease were:

- An increase in total operating revenues of $19,600 or 3.7%
- An increase in total operating expenses of $21,400 or 3.9%

Operating results for 2022 decreased by $27,365 as compared to 2021. The primary components of this decrease were:

- An increase in total operating revenues of $11,403 or 2.2%
- An increase in total operating expenses of $38,768 or 7.6%

Net patient service revenue increased during the years ended June 30, 2023 and 2022 primarily due to increased volume of patient services.

Salaries, wages, and employee benefits increased $20,783 or 7% from 2022 to 2023. This increase is due to annual increases, inflationary impacts and an increase in employees. Salaries, wages, and employee benefits increased $26,144 or 9% from 2021 to 2022. This increase is due to an increase in contract labor and other payroll expenses, as well as continuing impacts from the COVID-19 pandemic.

Supplies expense decreased $9,743 or 8% from 2022 to 2023, due to aggressive reviews of vendor contracts and transfer of certain oncology services and related drugs expense to an unrelated healthcare provider. Supplies expense increased $10,128 or 9% from 2021 to 2022, due largely to costs associated with the response to the COVID-19 pandemic.

Nonoperating Revenues and Expenses

Another major component of the Authority's change in net position is its nonoperating revenues and expenses. Nonoperating revenues and expenses consist primarily of noncapital grants and gifts, government grants, investment income, and interest expense. In 2023, net nonoperating revenues and expenses increased by $35,849. This increase was mainly related to the increase in investment income of $44,892 and decrease in government grants related to U.S. Department of Health and Human Services (HHS) Provider Relief Funds recognized in 2022 totaling $8,278 versus $0 in 2023. In 2022, net nonoperating revenues and expenses decreased by $76,194. This decrease was mainly related to the decrease in investment income of $64,719 and decrease in government grants related to HHS Provider Relief Funds of $7,034.

The Authority's Cash Flows

Net cash used for operating activities in 2023 decreased by $22,083 from 2022. In 2023, payments to and on behalf of suppliers, contractors, and employees increased $28,298 or 5%, while receipts from and on behalf of patients only increased $5,222 or 1% from 2022. Net cash used for capital and capital related financing activities totaled $151,021 and net cash from investing activities totaled $188,429 during the year ended June 30, 2023. These changes were primarily related to the Inspire Health projects and positive results from investments, consistent with the broader investment market.

Net cash provided by operating activities in 2022 decreased by $18,013 or 58% from 2021. In 2022, payments to suppliers, contractors, and employees increased $40,148 or 8%, while receipts from and on behalf of patients only increased $25,690 or 5% from 2021. Net cash used for capital and capital related financing activities totaled $40,843 and net cash used for investing activities totaled $1,254 during the year ended June 30, 2022. These changes were primarily related to the Inspire Health projects, offset by issuance of master lease note, and negative results from investments, consistent with the broader investment market.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the Authority had $374,160 invested in capital assets, net of accumulated depreciation and excluding right to use leased assets and subscription IT assets, as detailed in Note 4 to the accompanying financial statements. In 2023, the Authority constructed and purchased new capital assets and made improvements totaling $128,073, and incurred depreciation expense of $19,465. At June 30, 2023, the Authority had $61,798 in right to use leased assets, net of accumulated amortization, as detailed in Note 5 to the accompanying financial statements. In 2023, the Authority entered into new lease arrangements for right to use leased assets totaling $21,413. During 2023, the Authority adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). As of June 30, 2023, the Authority had right to use subscription IT assets of $3,460 related to this new accounting standard. During 2023, the Authority incurred depreciation and amortization expense totaling $29,569.

At June 30, 2022, the Authority had $265,784 invested in capital assets, net of accumulated depreciation. In 2022, the Authority purchased new equipment and made improvements totaling $64,994. At June 30, 2022, the Authority had $46,737 in right to use leased assets, net of amortization. In 2022, the Authority entered into new lease arrangements totaling $6,476. At June 30, 2022, the Authority had $4,389 in right to use subscription IT assets, net of amortization. During 2022, the Authority incurred depreciation and amortization expense totaling $29,484.

Debt

At June 30, 2023, the Authority had $262,262 in bond obligations outstanding, net of related premiums, and $38,422 in notes payable, as detailed in Note 6 to the accompanying financial statements. In 2023, the Authority decreased the outstanding principal of its long-term debt by $6,022 and obtained a note payable totaling $654. At June 30, 2023, the Authority had $65,513 in lease liabilities outstanding. In 2023, the Authority entered into new lease arrangements totaling $22,370 and decreased the outstanding principal of its long-term lease liabilities by $5,367. As discussed above, the Authority adopted the provisions of GASB 96 and had subscription IT liabilities of $3,794 as of June 30, 2023.

At June 30, 2022, the Authority had $269,209 in bond obligations outstanding, net of related premiums, and $38,000 in a note payable. The Authority decreased the outstanding principal of its long-term debt by $5,510. The Authority also obtained a $38,000 note payable to purchase equipment. At June 30, 2022, the Authority had $48,509 in lease liabilities outstanding. In 2022, the Authority entered into new lease arrangements totaling $6,476 and decreased the outstanding principal of its long-term lease liabilities by $4,773. As a result of adoption of GASB 96, the Authority recognized subscription IT liabilities totaling $4,450 as of June 30, 2022.

The Authority's debt ratings by Standard & Poor's and Moody's were updated to BBB+ and Baa2, respectively, in September 2022 and November 2022, respectively.

Discussion of Conditions that May Have a Significant Effect on Net Position

The Inspire Health construction projects will mostly be completed in the next fiscal year and brought online for patient care. At that point, both inpatient campuses will be consolidated with operating expense savings. Until then, there will still be some duplication of expenses due to the multiple campus approach.

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 Business Administration by telephoning 405.307.1000.

	2023	2022 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	$ 55,635,448	$ 25,449,048
Short-term investments	124,673,837	215,433,132
Restricted cash and investments - current	1,258	103
Receivables		
Patient, net of estimated uncollectibles of $47,511,000 in 2023 and $34,681,000 in 2022	79,164,391	66,961,887
Estimated third-party payor settlements	318,804	2,176,485
Lease	251,270	-
Supplies	15,381,648	16,148,746
Prepaid expenses and other	8,621,937	6,527,872
Total current assets	284,048,593	332,697,273
Noncurrent Restricted Cash and Investments - Held by Others for Capital Acquisition	31,392,123	112,192,207
Capital Assets		
Capital assets not being depreciated	203,893,477	92,052,618
Capital assets being depreciated, net	170,266,227	173,731,144
Total capital assets	374,159,704	265,783,762
Right to Use Leased Assets, Net	61,798,470	46,737,466
Right to Use Subscription IT Assets, Net	3,459,929	4,389,195
Other Assets	9,151,202	5,296,179
Total assets	$ 764,010,021	$ 767,096,082
Deferred Outflows of Resources	$ 18,754,264	$ 23,312,288

	2023	2022 (Restated)
Liabilities		
Current Liabilities		
Current maturities of long-term debt	$ 6,661,605	$ 6,946,786
Current portion of lease liabilities	5,602,290	4,815,046
Current portion of subscription IT liabilities	1,621,377	1,219,272
Accounts payable	34,135,835	30,618,176
Accrued liabilities		
Payroll and related	26,496,892	31,240,792
Interest	3,752,327	3,863,584
Estimated self-insurance	5,864,460	4,985,817
Total current liabilities	84,134,786	83,689,473
Long-Term Debt, Less Current Maturities	294,022,350	300,261,715
Long-Term Lease Liabilities, Less Current Portion	59,910,352	43,693,763
Subscription IT Liabilities, Less Current Portion	2,172,337	3,230,450
Net Pension Liability	7,435,777	4,766,698
Other Long-Term Liabilities	10,476,428	9,484,799
Total liabilities	$ 458,152,030	$ 445,126,898
Deferred Inflows of Resources	$ 2,102,800	$ 4,066,704
Net Position		
Net investment in capital assets	$ 92,124,636	$ 62,979,936
Restricted - nonexpendable	121,925	128,701
Unrestricted	230,262,894	278,106,131
Total net position	$ 322,509,455	$ 341,214,768

	2023	2022 (Restated)
Operating Revenues		
Net patient service revenue (net of provision for bad debts of $68,232,000 in 2023 and $75,946,000 in 2022)	$ 540,730,969	$ 522,433,770
Other revenue	7,378,788	6,075,840
Total operating revenues	548,109,757	528,509,610
Operating Expenses		
Salaries, wages, and employee benefits	332,086,947	311,303,999
Professional fees	13,705,562	10,832,660
Purchased services	19,946,658	19,256,447
Supplies expense	115,618,443	125,361,442
Other expenses	61,169,459	54,457,709
Depreciation and amortization	29,569,444	29,484,422
Total operating expenses	572,096,513	550,696,679
Operating Loss	(23,986,756)	(22,187,069)
Nonoperating Revenues (Expenses)		
Noncapital grants and gifts	34,670	32,163
Government grants	563,179	8,284,693
Investment income (loss)	17,535,115	(27,356,884)
Interest expense	(13,387,630)	(12,063,938)
Net nonoperating revenues (expenses)	4,745,334	(31,103,966)
Loss Before Capital Gifts and Distributions	(19,241,422)	(53,291,035)
Gifts to Purchase Capital Assets and Other Capital Gifts	681,030	789,286
Distributions to Minority Owners	(144,921)	(163,380)
Decrease in Net Position	(18,705,313)	(52,665,129)
Net Position, Beginning of Year	341,214,768	393,879,897
Net Position, End of Year	$ 322,509,455	$ 341,214,768

	2023	2022 (Restated)
Operating Activities		
Cash received from patients and third-party payors	$ 531,881,612	$ 526,659,939
Cash paid to suppliers and contractors	(210,867,457)	(212,617,476)
Cash paid to or on behalf of employees	(334,879,477)	(304,831,309)
Other receipts and payments, net	6,046,022	5,052,328
Net Cash from (used for) Operating Activities	(7,819,300)	14,263,482
Noncapital Financing Activities		
Noncapital grants and gifts	34,670	32,163
Government grants	563,179	8,284,693
Net Cash from Noncapital Financing Activities	597,849	8,316,856
Capital and Capital Related Financing Activities		
Purchase and construction of capital assets	(125,435,848)	(55,376,988)
Proceeds from disposal of capital assets	214,256	18,379
Gifts to purchase capital assets	681,030	789,286
Principal payments on long-term debt	(6,021,600)	(5,510,000)
Interest paid on long-term debt	(11,988,499)	(10,983,862)
Proceeds from issuance of long-term debt	653,840	38,000,000
Principal paid on leases payable	(5,365,276)	(4,772,763)
Interest paid on leases payable	(2,132,659)	(1,730,709)
Principal received on lease receivables	105,462	-
Interest received on lease receivables	14,552	-
Principal paid on subscription IT liabilities	(1,546,270)	(1,235,520)
Interest paid on subscription IT liabilities	(199,748)	(40,599)
Net Cash used for Capital and Capital Related Financing Activities	(151,020,760)	(40,842,776)
Investing Activities		
Deposits to restricted investments	(2,252,275)	(37,956,955)
Proceeds from sale of restricted investments	83,051,204	37,794,989
Proceeds from sale of short-term investments	174,417,131	13,832,448
Purchases of short-term investments	(73,547,062)	(18,440,527)
Investment income received	6,504,466	3,535,899
Distributions from joint ventures	667,480	306,491
Contributions to joint ventures	(267,412)	(162,995)
Distributions to minority owners	(144,921)	(163,380)
Net Cash from (used for) Investing Activities	188,428,611	(1,254,030)
Net Change in Cash and Cash Equivalents	30,186,400	(19,516,468)
Cash and Cash Equivalents, Beginning of Year	25,449,048	44,965,516
Cash and Cash Equivalents, End of Year	$ 55,635,448	$ 25,449,048

		2023		2022
Reconciliation of Operating Loss to Net Cash from (used for) Operating Activities				
Operating loss	$	(23,986,756)	$	(22,187,069)
Adjustments to reconcile operating loss to net cash from (used for) operating activities				
Depreciation and amortization		29,569,444		29,484,422
Provision for bad debts		68,232,440		75,946,327
Amortization of lease revenue		(84,406)		-
Gain on disposal of capital assets		(214,256)		(1,023,512)
Changes in operating assets, liabilities, and deferred inflows and outflows of resources				
Patient and other receivables		(81,469,048)		(71,805,938)
Estimated third-party settlement liability		1,857,681		85,780
Supplies and prepaid expenses		(292,863)		(1,613,029)
Other assets		(561,630)		602,556
Accounts payable and accrued expenses		(1,760,819)		4,063,674
Pension liability		2,669,079		6,407,493
Deferred outflows of resources - pension		2,288,538		(6,386,948)
Deferred inflows of resources - pension		(4,066,704)		689,726
Net Cash from (used for) Operating Activities	$	(7,819,300)	$	14,263,482
Supplemental Disclosure of Noncash Financing and Investing Activities				
Accounts payable for construction in process	$	11,143,337	$	8,738,487
Lease receivable for deferred inflows of resources	$	698,060	$	-
Lease liability for right to use leased asset	$	1,629,669	$	6,476,292
Subscription IT liability for right to use subscription IT assets	$	890,262	$	2,686,151
Lease-leaseback arrangement, resulting in the following balances:				
Lease receivable	$	2,446,810	$	-
Right to use leased assets		19,783,055		-
Lease liability		20,740,719		-
Deferred inflows of resources - leases		1,489,146		-

Statements of Fiduciary Net Position

Years Ended June 30, 2023 and 2022

	2023	2022
Assets		
Investments		
Mutual funds		
Equities - domestic	$ 14,332,809	$ 14,820,405
Equities - international	4,921,345	5,859,225
Fixed income - domestic	12,277,682	13,538,213
Fixed income - international	4,087,491	4,914,276
Proprietary separate fund	1,133,776	1,347,062
Total assets	$ 36,753,103	$ 40,479,181
Net Position Restricted for Pensions	$ 36,753,103	$ 40,479,181

See Notes to Financial Statements

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Employer contributions	$ 224,606	$ 600,000
Investment loss		
Net appreciation (depreciation) in fair value of investments	(1,785,058)	(2,673,410)
Interest and dividends	1,570,599	1,807,619
Net investment loss	(214,459)	(865,791)
Total additions	10,147	(265,791)
Deductions		
Benefit payments to participants or beneficiaries	3,632,900	4,489,530
Administrative expenses	103,325	124,584
Total deductions	3,736,225	4,614,114
Decrease in Net Position Restricted for Pensions	(3,726,078)	(4,879,905)
Net Position, Beginning of Year	40,479,181	45,359,086
Net Position, End of Year	$ 36,753,103	$ 40,479,181

See Notes to Financial Statements

Note 1 - Reporting Entity and Significant Accounting Policies

The financial statements of Norman Regional Hospital Authority (the Authority) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Authority are described below.

Reporting Entity

The Authority is a public trust that, as its sole activity, operates Norman Regional Health System (the System). The System operates Norman Regional Hospital, Norman Regional Moore, Norman Regional HealthPlex, and primary and specialty clinics throughout the service area. Portions of property and equipment used by Norman Regional Hospital are subject to a 50-year lease agreement with the City of Norman, Oklahoma (the City) commencing April 1, 1970. The term of the lease was to last until March 31, 2020 or until such date as all indebtedness of the Authority secured by its revenues is paid or defeased. However, the lease agreement could be renewed for an additional 50-year term at the option of the Authority. On July 1, 2019, the Authority exercised its option, extending the term of the lease until March 31, 2070 or such date as all indebtedness of the Authority secured by its revenues is paid or defeased. On May 23, 2022, the City completed a real estate swap with the Authority, granting the land previously owned by the City to the Authority in exchange for land held by the Authority thereby terminating the lease.

The System primarily earns revenues by providing inpatient, outpatient, emergency care, and clinic services to patients in the cities of Norman and Moore, Oklahoma, and surrounding areas. The System also operates a rehabilitation unit and a psychiatric unit and provides ambulance services in the same geographic area. Additionally, the System is an investor in various health care-related entities, including a specialty hospital and surgery centers.

Blended Component Units

Oklahoma Sleep Associates, LLC (Oklahoma Sleep Associates) is a limited liability company organized in 2009 to provide diagnostic and therapeutic testing and treatment of sleep disorders. The Authority owns a 79% ownership interest in Oklahoma Sleep Associates and is responsible for its management.

NRHS ACO LLC (NRHS ACO) is a limited liability company organized in 2016 to improve the health of patients and populations served by the Authority, reduce total health care costs, integrate provision of care provided by the Authority, and contract with government and private health benefit plans on behalf of the Authority's providers as an accountable care organization. The Authority is the sole member of NRHS ACO and is responsible for its management.

NHealth, LLC (NHealth) is a limited liability company organized in 2019 to improve the health of patients and reduce total health care costs, monitor and integrate the provision of care provided by the Authority, and contract with government and private health benefit plans on behalf of the Authority's providers. The Authority is the sole member of NHealth and is responsible for its management.

Under the terms of the bond indenture discussed in Note 6, the Obligated Group does not include Oklahoma Sleep Associates, NRHS ACO, or NHealth.

The accompanying financial statements include the accounts of the Authority and its blended component units, entities for which the Authority is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government and do not issue separate audited financial statements. All intercompany transactions and balances have been eliminated.

Fiduciary Component Unit

The Norman Regional Health System Defined Benefit 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. The Plan has been determined to be a fiduciary component unit and is presented as a fiduciary fund of the Authority. During 2022, the Authority amended the plan to change the fiscal year-end from December 31 to April 30. The fiduciary fund statements are presented as of and for the year ended April 30, 2023 and the 16-month period ended April 30, 2022 in the June 30, 2023 and 2022 financial statements.

Income Taxes

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

Oklahoma Sleep Associates, NRHS ACO, and NHealth members have elected to have each company's income taxed as a partnership under provisions of the IRC and a similar section of state income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns, and no provision for federal and state income taxes is included in these financial statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statements of net position display the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories/components:

Net investment in capital assets consists of net capital assets, including right to use leased and subscription IT assets, reduced by the outstanding balances of any related debt obligations, lease liabilities, subscription IT liabilities, and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted net position:

Restricted – expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation. The Authority had no restricted – expendable net position as of June 30, 2023 and 2022.

Restricted - nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Authority.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Authority's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding restricted cash and investments and noncurrent cash and investments. At June 30, 2023 and 2022, cash equivalents consisted primarily of money market mutual fund accounts. For purposes of the statement of cash flows, the Authority considers all cash and investments with an original maturity of three months or less to be cash and cash equivalents.

Short-Term Investments

Short-term investments include mutual funds and other investments which are carried at fair value. Fair value is determined using quoted market prices or the net asset value (NAV) per share. These investments are classified as current as they are readily convertible to cash for use in current and future operations.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Lease Receivables

Lease receivables are recorded by the Authority at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Authority charges the lessee, or an imputed rate based upon the risk of the lessee. Noncurrent lease receivables are recorded in other assets on the statements of net position.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

Noncurrent Cash and Investments

Noncurrent cash and investments includes amounts restricted by trustee for debt reserve and capital asset acquisition. Investments are carried at fair value.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in non-operating activities when earned.

Capital Assets

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives are based on management's best estimates of economic lives as follows:

Land improvements	15-20 years
Buildings and leasehold improvements	20-40 years
Equipment	3-7 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from loss before capital gifts and distributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Interest cost before the end of a construction period is recognized as an expense in the period in which the cost is incurred.

Right to Use Leased Assets

Right to use leased assets are recognized at the lease commencement date and represent the Authority's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful lives of the underlying asset using the straight-line method. The amortization period varies from 2 to 30 years.

Right to Use Subscription IT Assets

Right to use subscription information technology (IT) assets are recognized at the subscription commencement date and represent the Authority's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful lives of the underlying asset using the straight-line method. The amortization period varies from 2 to 8 years.

Impairment of Long-Lived Assets

The Authority considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended June 30, 2023 and 2022.

Investments in Joint Ventures

Joint ventures in which the Authority has an equity interest and either an ongoing financial interest or an ongoing financial responsibility are reported originally at cost and adjusted for changes in the equity interest in accordance with the joint venture agreement and for any other transactions, such as a return on capital. Equity earnings from joint ventures are included in nonoperating activities. The investments in joint ventures are included in other noncurrent assets on the statements of net position.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. At June 30, 2023 and 2022, the deferred outflows of resources reported by the Authority on the accompanying statements of net position consisted of the following items:

	2023	2022
Loss on defeasance of long-term debt, net	$ 2,448,058	$ 2,782,825
Excess of cost over net position on acquisitions	12,207,796	14,142,515
Pensions	4,098,410	6,386,948
Total deferred outflows of resources	$ 18,754,264	$ 23,312,288

The deferred outflows of resources are recognized as an outflow of resources on a systematic and rational method over a relevant period. The loss on defeasance of long-term debt is amortized over periods ranging from 7 to 30 years. The excess of cost over net position on specialty clinic acquisitions is amortized over a period of 10 years. The amortization of pension-related deferred outflows of resources is discussed in Note 8.

Compensated Absences

Authority policies permit most employees to accumulate paid time 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 and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date. The liability for compensated absences is included in payroll and related liabilities on the statements of net position.

Estimated Health Claims Payable

Substantially all of the Authority's employees are eligible to participate in the Authority's workers' compensation and short-term disability plans. In addition, substantially all of the Authority's employees and their dependents are eligible to participate in the Authority's employee health insurance plan. The Authority recognizes self-insurance reserve liabilities for known claims and estimated incurred but not reported claims for these plans. These reserves, which are included in current liabilities on the statements of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Bond Premiums and Discounts

Bonds payable are reported net of applicable bond premium or discount. Bond premiums and discounts are amortized over the life of the debt using the effective interest method. Amortization is included in interest expense.

Lease Liabilities

Lease liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the percent of value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Authority.

Subscription IT Liabilities

Subscription IT liabilities represent the Authority's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Authority.

Defined Benefit Pension 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. At June 30, 2023 and 2022, the deferred inflows of resources reported by the Authority on the accompanying statements of net position consisted of the following items:

	2023	2022
Leases	$ 2,102,800	$ -
Pensions	-	4,066,704
Total deferred inflows of resources	$ 2,102,800	$ 4,066,704

The deferred inflows of resources are recognized as an inflow of resources on a systematic and rational method over a relevant period. The amortization of pension-related deferred inflows of resources is discussed in Note 8. The amortization of deferred inflows of resources related to leases is recognized on a straight-line basis over the relevant lease term, which ranges from 3 to 30 years.

Operating Revenues and Expenses

The Authority's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating activities. Operating activities of the Authority result from exchange transactions associated with providing health care services - the Authority's principal activity, and the costs of providing those services, including depreciation and amortization, and excluding interest cost. All other revenues and expenses are reported as nonoperating.

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. Payment arrangements include prospectively determined rates, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Authority provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less that established rates. Since the Authority does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was $2,567,000 and $4,395,000 for the years ended June 30, 2023 and 2022, respectively, calculated by multiplying the ratio of cost to gross charges for the Authority by the gross uncompensated charges associated with providing charity care to its patients. In addition, the Authority provides services to other medically indigent patients under the state Medicaid program. The state Medicaid program pays providers amounts that are less than established charges for the services provided to the recipients, and many times the payments are less than the cost of rendering the services provided.

In addition to uncompensated charges, 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, Norman Public Schools' nurses and sports medicine, low-income health and dental clinics, transportation program for low-income residents in Cleveland County, meals for the homebound, community educational services, and various support groups.

Grants and Contributions

The Authority may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating activities. Amounts restricted to capital acquisitions are reported after loss before capital gains and distributions.

Implementation of GASB Statement No. 96

As of July 1, 2021, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (the Statement). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract.

The Authority adopted the Statement using a retrospective method of adoption to all subscriptions in place and not yet completed at the beginning of the earliest period presented. The 2022 financial statements and disclosures were restated to reflect the impact of this adoption. See Note 16.

Reclassifications

Reclassifications, in addition to the restatement explained in Note 16, have been made to the June 30, 2022 financial information to make it conform to the current year presentation. The reclassifications had no effect on previously reported operating results or changes in net position.

Note 2 - 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. A summary of the payment arrangements with major third-party payors is as follows:

Medicare: Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient rehabilitation and psychiatric unit services are paid at prospectively determined rates that are based on the patients' acuity. The Authority is 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 (MAC). The Authority's cost reports have been audited by the MAC through the year ended June 30, 2019; however, the MAC has re-opened cost reports for the years ended 2016 through 2018. Net patient service revenue from participation in the Medicare and Medicare HMO programs during the years ended June 30, 2023 and 2022, totaled approximately 33% and 32%, respectively.

Medicaid: The Authority is reimbursed for services rendered to patients covered by the state Medicaid program at prospectively determined rates per discharge and fee schedules with no retroactive adjustment. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Net patient service revenue from participation in the Medicaid program during the years ended June 30, 2023 and 2022, totaled approximately 15% and 13%, respectively.

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

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation.

Supplemental Hospital Offset Payment Program

On January 17, 2012, the Centers for Medicare and Medicaid Services approved the State of Oklahoma's Supplemental Hospital Offset Payment Program (SHOPP). The SHOPP is currently scheduled to sunset on December 31, 2025, however, may be significantly reduced due to the State of Oklahoma's expected shift to managed care Medicaid, which is expected in fiscal year 2024. On August 16, 2023, the Authority received approximately $6,827,000 as a result of a funding provision in Oklahoma Senate Bill 32x for hospitals participating in the SHOPP program. The SHOPP is designed to assess Oklahoma hospitals a supplemental hospital offset fee that will be placed in pools after receiving federal matching funds. The total fees and matching funds will then be 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 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. The approximate amounts recognized for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
SHOPP funds received	$ 35,106,000	$ 29,625,000
SHOPP assessment fees paid	14,693,000	10,292,000
Net SHOPP benefit	$ 20,413,000	$ 19,333,000

Note 3 - Deposits and Investments

The carrying amounts of deposits and investments as of June 30, 2023 and 2022 are as follows:

	2023	2022
Deposits	$ 11,476,613	$ 856,351
Investments	200,208,603	352,200,889
Cash on hand	17,450	17,250
Total	$ 211,702,666	$ 353,074,490

Deposits and investments are reported in the following statements of net position captions:

	2023	2022
Cash and cash equivalents	$ 55,635,448	$ 25,449,048
Short-term investments	124,673,837	215,433,132
Restricted cash and investments - current	1,258	103
Noncurrent restricted cash and investments - held by others for capital acquisition	31,392,123	112,192,207
Total	$ 211,702,666	$ 353,074,490

Deposits – Custodial Credit Risk

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 in compliance with the provisions of state law.

At June 30, 2023 and 2022, none of the Authority's bank balances of approximately $11,313,000 and $906,000, respectively, were exposed to custodial credit risk as uninsured and uncollateralized.

The above amounts exclude deposits held by the Authority's blended component units with bank balances of approximately $367,000 and $383,000 and carrying values of approximately $351,000 and $366,000 at June 30, 2023 and 2022, respectively. As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2023 and 2022, the blended component units' cash accounts exceeded federally insured limits by approximately $110,000 and $126,000, respectively.

Investments

The Authority's investments are reported at fair value. The Authority may invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest in corporate bonds, equity securities, alternative investments, and real assets.

The Authority had the following investments and maturities at June 30, 2023:

Investment Type	Carrying Amount	Rating	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10
Money market mutual funds	$ 75,578,572	Aaa/AAA or Not rated	$ 75,578,572	$ -	$ -
Mutual funds					
Bond funds	22,896,804	Not rated	-	-	22,896,804
Equity and other funds	61,191,176	Not rated	61,191,176	-	-
Alternative funds	40,542,051	Not rated	40,542,051	-	-
	$ 200,208,603		$ 177,311,799	$ -	$ 22,896,804

The Authority had the following investments and maturities at June 30, 2022:

Investment Type	Carrying Amount	Rating	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10
Money market mutual funds	$ 136,767,757	Aaa/AAA or Not rated	$ 136,767,757	$ -	$ -
Mutual funds					
Bond funds	98,385,353	Not rated	-	72,099,024	26,286,329
Equity and other funds	75,814,905	Not rated	75,814,905	-	-
Alternative funds	41,232,874	Not rated	41,232,874	-	-
	$ 352,200,889		$ 253,815,536	$ 72,099,024	$ 26,286,329

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy provides guidelines for the fixed income investment portfolio to maintain an aggregate duration between three and seven years for long-term investments while not limiting the duration of individual investments. The money market mutual funds and equity and other mutual funds are presented as an investment with a maturity of less than one year because the average maturity of the funds is less than one year. Maturities of bond mutual funds are presented based on the average maturity of the underlying securities in the fund.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy provides guidelines to maintain an aggregate credit rating of A or better on fixed income securities but does not place limits on individual investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution or bank failure, the Authority would not be able to recover the value of their deposits and investments that are in possession of an outside party. The Authority's investment policy does not address how securities are to be held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an entity's investment in a single issuer. The Authority's investment in Western Asset U.S. Core Plus, L.L.C. constituted 9.3% and 5.9% of its total investments at June 30, 2023 and 2022, respectively.

Investment Income (Loss)

Investment income (loss) for the years ended June 30, 2023 and 2022, consisted of:

	2023	2022
Interest, dividends, and net realized gains and losses on sales of investments	$ 13,494,464	$ 7,312,164
Income from joint ventures	905,323	921,028
Changes in fair value of investments	3,135,328	(35,590,076)
Total	$ 17,535,115	$ (27,356,884)

Fair Value Measurement

The Authority has determined the fair value of certain investments in accordance with generally accepted accounting principles, which provides a framework for measuring fair value. A hierarchy of valuation classifications considers whether the inputs used in valuation techniques are observable or unobservable. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy prioritizes the valuation inputs into the following three broad levels:

Level 1 – Unadjusted quoted prices for identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3 – Valuations-derived from valuation techniques in which all significant inputs or significant value drivers are unobservable and may rely on the Authority's own assumptions, but the market participant's assumptions may be used in pricing the asset.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Authority defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Authority performed a detailed analysis of the assets that are subject to fair value measurement. The Authority establishes the fair value of certain investments that do not have a readily determinable fair value by using net asset value (NAV) per unit. Investments measured at NAV per unit are not categorized within the fair value hierarchy.

The fair value of money market mutual funds and other mutual funds was determined based on quoted prices for identical securities in active markets, which is considered a Level 1 input. The fair value of alternative investments totaling $19,578,599 and $20,802,351 as of June 30, 2023 and 2022, respectively, was determined based on market corroborated pricing and other observable inputs, which are considered Level 2 inputs. Alternative investments totaling $20,963,452 and $20,430,523 as of June 30, 2023 and 2022, respectively, are considered to be measured at NAV per unit. At June 30, 2023 and 2022, investments measured at NAV consisted of investments in hedge funds that take both long and short positions, primarily in common stocks (both domestic and international) and depository receipts. Management of the funds has the ability to shift investments among differing investment strategies. The Authority has no unfunded commitments with these funds, and investors may redeem shares under no restriction period with 0 to 5 days' notice.

Note 4 - Capital Assets

Capital assets additions, retirements, transfers, and balances for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Transfers and Retirements	Balance June 30, 2023
Capital assets not being depreciated				
Land	$ 22,075,885	$ -	$ 3,988,805	$ 26,064,690
Construction in progress	69,976,733	119,671,230	(11,819,176)	177,828,787
Total capital assets not being depreciated	92,052,618	119,671,230	(7,830,371)	203,893,477
Capital assets being depreciated				
Land improvements	8,377,422	-	(3,988,800)	4,388,622
Buildings and leasehold improvements	311,169,263	28,540	(53,793)	311,144,010
Equipment	253,775,505	8,373,482	11,047,436	273,196,423
Total capital assets being depreciated	573,322,190	8,402,022	7,004,843	588,729,055

	Balance June 30, 2022	Additions	Transfers and Retirements	Balance June 30, 2023
Less accumulated depreciation for				
Land improvements	$ (4,280,996)	$ (16,055)	$ -	$ (4,297,051)
Buildings and leasehold improvements	(175,674,033)	(8,094,183)	5,704,184	(178,064,032)
Equipment	(219,636,017)	(11,354,518)	(5,111,210)	(236,101,745)
Total accumulated depreciation	(399,591,046)	$ (19,464,756)	$ 592,974	(418,462,828)
Net capital assets being depreciated	$ 173,731,144			$ 170,266,227
Capital assets, net	$ 265,783,762			$ 374,159,704

Construction in progress at June 30, 2023, represents primarily construction associated with Inspire Health projects (Note 15).

Capital assets additions, retirements, transfers, and balances for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Transfers and Retirements	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 20,463,212	$ 1,612,673	$ -	$ 22,075,885
Construction in progress	17,685,337	52,810,967	(519,571)	69,976,733
Total capital assets not being depreciated	38,148,549	54,423,640	(519,571)	92,052,618
Capital assets being depreciated				
Land improvements	8,377,422	-	-	8,377,422
Buildings and leasehold improvements	311,245,022	1,098,879	(1,174,638)	311,169,263
Equipment	244,167,666	9,471,590	136,249	253,775,505
Total capital assets being depreciated	563,790,110	10,570,469	(1,038,389)	573,322,190

	Balance June 30, 2021	Additions	Transfers and Retirements	Balance June 30, 2022
Less accumulated depreciation for				
Land improvements	$ (4,264,913)	$ (16,083)	$ -	$ (4,280,996)
Buildings and leasehold improvements	(167,264,021)	(9,688,950)	1,278,938	(175,674,033)
Equipment	(208,595,394)	(11,145,704)	105,081	(219,636,017)
Total accumulated depreciation	(380,124,328)	$ (20,850,737)	$ 1,384,019	(399,591,046)
Net capital assets being depreciated	$ 183,665,782			$ 173,731,144
Capital assets, net	$ 221,814,331			$ 265,783,762

Note 5 - Investments in Joint Ventures

The Authority has entered into multiple joint ventures with other organizations which provide the Authority with ownership interests. The one significant joint venture is recapped below:

Oklahoma Heart Hospital South, LLC

The Authority has an approximate 12% ownership interest in Oklahoma Heart Hospital South, LLC (OHHS). The Authority's investment in OHHS amounted to $2,610,719 and $2,379,153 at June 30, 2023 and 2022, respectively.

Summarized audited financial information of OHHS as of and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	$ 46,808,501	$ 57,319,917
Property and equipment and other long-term assets, net	64,958,865	66,363,020
Total assets	$ 111,767,366	$ 123,682,937
Current liabilities	$ 16,834,718	$ 36,912,963
Long-term liabilities	65,318,084	65,454,362
Total liabilities	$ 82,152,802	$ 102,367,325
Members' equity	$ 29,614,564	$ 21,315,612
Total revenues	$ 154,982,995	$ 156,972,087
Net income	$ 5,636,326	$ 5,954,083

The Authority is joint guarantor on loans of OHHS. At June 30, 2023 and 2022, the Authority guaranteed approximately $6,422,000 and $6,636,000, respectively, of the outstanding balance of the loans.

Note 6 - Long-Term Debt

A schedule of changes in the Authority's long-term debt as of and for the year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Payments / Amortization	Balance June 30, 2023	Due Within One Year
Bonds payable					
Series 2016 Hospital Revenue Refunding Bonds (A)	$ 125,233,819	$ -	$ (5,533,119)	$ 119,700,700	$ 5,120,000
Series 2017 Hospital Revenue Refunding Bonds (B)	23,846,742	-	(1,040,852)	22,805,890	970,000
Series 2019 Hospital Revenue Bonds (C)	120,127,940	-	(372,815)	119,755,125	-
Direct borrowings					
Master lease note payable to a bank	38,000,000	-	-	38,000,000	353,324
Note payable	-	653,840	(231,600)	422,240	218,281
Total long-term debt	$ 307,208,501	$ 653,840	$ (7,178,386)	$ 300,683,955	$ 6,661,605

A schedule of changes in the Authority's long-term debt as of and for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
Bonds payable					
Series 2016 Hospital Revenue Refunding Bonds (A)	$ 130,531,939	$ -	$ (5,298,120)	$ 125,233,819	$ 5,533,119
Series 2017 Hospital Revenue Refunding Bonds (B)	24,842,594	-	(995,852)	23,846,742	1,040,852
Series 2019 Hospital Revenue Bonds (C)	120,500,755	-	(372,815)	120,127,940	372,815
Direct borrowings					
Master lease note payable to a bank	-	38,000,000	-	38,000,000	-
Total long-term debt	$ 275,875,288	$ 38,000,000	$ (6,666,787)	$ 307,208,501	$ 6,946,786

Revenue Bonds Payable

The Authority has issued Hospital Revenue Bonds and Hospital Revenue Refunding Bonds (Bonds), where the Authority pledges income derived from the Authority's revenues to pay debt service.

(A) The Series 2016 Bonds are due in semiannual interest payments and annual principal and sinking fund installments at rates ranging from 4% to 5%. The Series 2016 Bonds are callable on or after September 1, 2026. If not called, the Series 2016 Bonds mature on September 1, 2037. When the Series 2016 Bonds were issued, the bonds were sold at a premium of approximately $13,975,000, which created an effective interest rate of 3.497%. At June 30, 2023 and 2022, the outstanding balances related to the Series 2016 Bonds were as follows:

	2023	2022
Principal amount	$ 110,180,000	$ 115,045,000
Premium, net of accumulated amortization	9,520,700	10,188,819
Net amount outstanding	$ 119,700,700	$ 125,233,819

(B) The Series 2017 Bonds are due in semiannual interest payments and annual principal and sinking fund installments at an interest rate of 5%. The Series 2017 Bonds are callable on or after September 1, 2027. If not called, the Series 2017 Bonds mature on September 1, 2037. When the Series 2017 Bonds were issued, the bonds were sold at a premium of approximately $2,356,000, which created an effective interest rate of 3.998%. At June 30, 2023 and 2022, the outstanding balances related to the Series 2016 Bonds were as follows:

	2023	2022
Principal amount	$ 21,155,000	$ 22,080,000
Premium, net of accumulated amortization	1,650,890	1,766,742
Net amount outstanding	$ 22,805,890	$ 23,846,742

(C) The Series 2019 Bonds are due in semiannual interest payments at rates ranging from 3.25% to 5%, and annual principal and sinking fund installments beginning September 1, 2029. The Series 2019 Bonds are callable on or after September 1, 2038. If not called, the Series 2019 Bonds mature on September 1, 2045. The indenture agreement requires that certain funds be established with a trustee. Accordingly, these funds are included are included as noncurrent restricted cash and investments – held by others for capital acquisition in the accompanying statements of net position. These restricted amounts totaled approximately $60,000 and $74,299,000 as of June 30, 2023 and 2022, respectively. When the Series 2019 Bonds were issued, the bonds were sold at a premium of approximately $9,631,000, which created an effective interest rate of 3.598%. At June 30, 2023 and 2022, the outstanding balances related to the Series 2019 Bonds were as follows:

	2023	2022
Principal amount	$ 111,460,000	$ 111,460,000
Premium, net of accumulated amortization	8,295,125	8,667,940
Net amount outstanding	$ 119,755,125	$ 120,127,940

The Authority's Bond indentures under the Master Trust Indenture (Indenture) place limits on the incurrence of additional borrowings and require that the Authority satisfy certain measures of financial performance as long as the Bonds are outstanding. The Indenture contains a provision that, in an event of default, outstanding amounts become immediately due if the Authority is unable to cure the event of default. The Authority was not in compliance with certain financial covenants at June 30, 2023 and 2022. The Authority believes it has remedied the noncompliance under the terms of the Indenture.

In prior years, the Authority had advance refunded various 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 advance refunding mentioned above resulted in an accounting loss on the extinguishment of the long-term debt. This loss on refunding is shown as a deferred outflow of resources on the accompanying statements of net position and is being amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Notes Payable

The master lease note payable to a bank (Master Note) is payable in monthly interest only payments beginning in June 2022 at an interest rate of 2.82%. Beginning in June 2024, the Master Note is due in monthly installments of $442,624 and is secured by certain equipment. Proceeds of the Master Note are held in escrow and restricted for the purchase of certain equipment. Accordingly, these funds are included are included as noncurrent restricted cash and investments – held by others for capital acquisition in the accompanying statements of net position. These restricted amounts totaled approximately $31,332,000 and $37,893,000 as of June 30, 2023 and 2022, respectively.

The Authority's Master Note requires that the Authority satisfy certain measures of financial performance as long as the Master Note are outstanding. The Master Note contains a provision that, in an event of default, outstanding amounts may become immediately due. The Authority was not in compliance with certain financial covenants at June 30, 2023 and 2022. The Authority believes it has remedied the noncompliance under the terms of the Indenture.

The Authority's $442,000 note payable is payable in monthly annual installments of approximately $18,700, including interest at 2% until June 2025. The note payable is with an organization in which the Authority has an equity interest and is secured by the Authority's capital account in that organization.

The maturity schedule of Bonds and direct borrowings at June 30, 2023, is as follows:

Years Endng	Bonds		Other Debt		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 6,090,000	$ 10,611,900	$ 571,605	$ 1,078,051	$ 6,661,605	$ 11,689,951
2025	6,400,000	10,299,650	4,509,169	1,008,319	10,909,169	11,307,969
2026	6,730,000	9,971,400	4,428,199	883,286	11,158,199	10,854,686
2027	7,075,000	9,626,275	4,554,700	756,784	11,629,700	10,383,059
2028	7,435,000	9,263,525	4,684,816	626,668	12,119,816	9,890,193
2029-2033	43,280,000	40,221,500	19,673,751	1,129,563	62,953,751	41,351,063
2034-2038	54,325,000	29,171,875	-	-	54,325,000	29,171,875
2039-2043	65,130,000	17,267,450	-	-	65,130,000	17,267,450
2044-2048	46,330,000	3,109,250	-	-	46,330,000	3,109,250
	$ 242,795,000	$ 139,542,825	$ 38,422,240	$ 5,482,671	281,217,240	$ 145,025,496
			Less current portion		(6,661,605)	
			Add premium		19,466,715	
			Total long-term debt		$ 294,022,350	

Note 7 - Leases and Subscription IT Arrangements

Lessee Activities

The Authority leases office and clinic space and equipment, the terms of which expire in various years through 2051. The lease liability was valued using discount rates between 2.9% and 6.9%, based upon the Authority's incremental borrowing rate at the date of implementation of lease guidance, July 1, 2020, or the inception of the lease, whichever is later.

The agreements call for payments that are partially or completely variable and therefore were not included in right to use leased assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from the use of the underlying asset, variable annual increases, etc. A total of approximately $3,550,000 and $3,258,000 was recognized as expenses from these variable payments for the years ended June 30, 2023 and 2022, respectively.

In connection with the lease of certain real estate to third parties in 2023, the Authority entered into long term leaseback arrangements to retain the right to use certain portions of the property for a period of time. The lease and leaseback agreements include fixed payments that extend through the fiscal year 2043. The lease receivables totaling $2,408,178 and lease payables totaling $21,247,970 related to these agreements result in a net payable, amounted to $18,839,792 as of June 30, 2023. The assets underlying the original leases remain in capital assets, as reflected in Note 4. The incremental right to use leased assets under the leaseback agreement, amounted to $19,783,055 as of June 30, 2023.

Lessor Activities

The Authority has accrued a receivable for lease agreements that allow another party the right to use the Authority's capital assets. The remaining receivable for these leases was $3,039,408 and $0 as of June 30, 2023 and 2022, respectively. Deferred inflows of resources related to these leases were $2,102,800 and $0 as of June 30, 2023 and 2022, respectively. Interest revenue recognized on these leases was $14,552 and $0 for the years ended June 30, 2023 and 2022, respectively. Principal receipts of $104,192 and $0 were recognized during the years ended June 30, 2023 and 2022, respectively. The interest rates on the leases ranged from 3.8% to 5.1%. Finial receipt is expected in fiscal year 2072.

Subscription-Based Information Technology Arrangements (SBITAs)

The Authority entered into numerous SBITA contracts for access to various software. The Authority is required to make principal and interest payments through September 2029. The SBITA contracts have interest rates ranging from 2.8% to 3%, based upon the Authority's incremental borrowing rate at the date of implementation of SBITA guidance, July 1, 2021, or the inception of the lease, whichever is later.

Right to use lease and subscription IT assets additions, retirements, transfers, and balances for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Transfers and Retirements	Balance June 30, 2023
Right to use leased assets				
Buildings and leasehold improvements	$ 52,699,387	$ 21,005,820	$ (198,362)	$ 73,506,845
Equipment	3,693,644	406,904	-	4,100,548
	56,393,031	$ 21,412,724	$ (198,362)	77,607,393
Less accumulated amortization for				
Buildings and leasehold improvements	(8,195,187)	$ (5,428,027)	$ 197,083	(13,426,131)
Equipment	(1,460,378)	(922,414)	-	(2,382,792)
	(9,655,565)	$ (6,350,441)	$ 197,083	(15,808,923)
Net right to use leased assets	$ 46,737,466			$ 61,798,470
Right to use subscription IT assets	$ 5,685,242	$ 890,262	$ -	$ 6,575,504
Less accumulated amortization	(1,296,047)	$ (1,819,528)	$ -	(3,115,575)
Net right to use subscription IT assets	$ 4,389,195			$ 3,459,929

Right to use lease and subscription IT assets additions, retirements, transfers, and balances for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Transfers and Retirements	Balance June 30, 2022
Right to use leased assets				
Buildings and leasehold improvements	$ 47,233,509	$ 6,001,363	$ (535,485)	$ 52,699,387
Equipment	3,847,259	474,929	(628,544)	3,693,644
	51,080,768	$ 6,476,292	$ (1,164,029)	56,393,031
Less accumulated amortization for				
Buildings and leasehold improvements	(4,259,705)	$ (4,470,967)	$ 535,485	(8,195,187)
Equipment	(1,174,907)	(914,015)	628,544	(1,460,378)
	(5,434,612)	$ (5,384,982)	$ 1,164,029	(9,655,565)
Net right to use leased assets	$ 45,646,156			$ 46,737,466
Right to use subscription IT assets	$ 2,999,091	$ 2,686,151	$ -	$ 5,685,242
Less accumulated amortization	-	$ (1,296,047)	$ -	(1,296,047)
Net right to use subscription IT assets	$ 2,999,091			$ 4,389,195

Changes in lease and subscription IT liabilities during the years ended June 30, 2023 and 2022, are as follows:

	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Due Within One Year
Lease liabilities	$ 48,508,809	$ 22,370,388	$ (5,366,555)	$ 65,512,642	$ 5,602,290
Subscription IT liabilities	$ 4,449,722	$ 890,262	$ (1,546,270)	$ 3,793,714	$ 1,621,377

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
Lease liabilities	$ 46,805,280	$ 6,476,293	$ (4,772,764)	$ 48,508,809	$ 4,815,046
Subscription IT liabilities	$ 2,999,091	$ 2,686,151	$ (1,235,520)	$ 4,449,722	$ 1,219,272

Remaining principal and interest payments on leases and SBITAs at June 30, 2023, are as follows:

Years Ending June 30,	Leases Principal	Leases Interest	SBITAs Principal	SBITAs Interest
2024	$ 5,602,290	$ 2,226,171	$ 1,621,377	$ 111,825
2025	5,529,070	2,031,921	1,159,604	64,177
2026	4,358,749	1,859,716	360,637	29,489
2027	3,755,683	1,719,285	156,159	18,767
2028	3,583,842	1,591,230	160,655	14,272
2029-2033	12,948,492	6,389,167	335,282	14,570
2034-2038	11,437,046	4,265,644	-	-
2039-2043	10,395,334	2,116,851	-	-
2044-2048	4,761,206	839,200	-	-
2049-2051	3,140,930	107,908	-	-
	$ 65,512,642	$ 23,147,093	$ 3,793,714	$ 253,100

Note 8 - Defined Benefit Pension Plan

Plan Description

The Authority's Plan is a single employer defined benefit pension plan administered by the Authority's governing body. The plan benefits were frozen on December 31, 2003. No new participants were admitted to the plan after that date. Participants who were over age 60 or had 25 or more years of service as of December 31, 2003 continue to accrue benefits under the plan. The authority to establish and amend benefit provisions is vested in the Authority's governing body. There is no publicly available financial report for the defined benefit pension plan. The Authority uses an April 30 measurement date.

During 2022, the Authority amended the Plan to change the fiscal year-end from December 31 to April 30. The statements of fiduciary net position and changes in fiduciary net position are presented as of and for the year ended April 30, 2023 and as of and for the 16-month period ended April 30, 2022. The following Plan disclosures are presented as of and for the years ended June 30, 2023 and 2022 based on valuations as of April 30, 2023 and 2022.

Pension Benefits

The plan provides retirement and death benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 1.5% of the participant's average annual earnings, as defined by the plan, multiplied by the number of years of credited service at retirement or termination. Death benefits are equal to the vested balance. Disability retirement benefits are determined as the actuarial equivalent in the same manner as retirement benefits but are payable from date of disability to normal retirement date. For participants with frozen benefits, the retirement age is 65. For participants accruing benefits, the retirement age is the later of age 60 or the age upon completion of 30 years of service.

Employees Covered by Benefit Terms

As of April 30, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Active employees	259	292
Inactive employees entitled to but not yet receiving benefits	255	262
Inactive employees or beneficiaries currently receiving benefits	415	408
Total	929	962

Contributions

The Authority's governing body has the authority to establish and amend the contribution rates 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. The actuarially determined contribution was $638,342 and $153,157 for the years ended April 30, 2023 and 2022, respectively. For the years ended April 30, 2023, 2022, and 2021, the Authority actually contributed $224,606, $300,000, and $300,000, respectively, to the Plan. Participants do not contribute to the Plan.

Net Pension Liability

The Authority's net pension liability was measured as of April 30, 2023 and 2022, for the years ended June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The total pension liability in the April 30, 2023 and 2022, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Inflation	2.60%	2.60%
Salary increase	Not applicable	4.0% average, including inflation
Ad hoc cost of living adjustments	Not applicable	Not applicable
Investment rate of return	7.0%, net of Plan investment expense, including inflation	7.0%, net of Plan investment expense, including inflation

Mortality rates for the 2023 and 2022 valuations were based on the Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the April 30, 2023 and 2022, valuation were based on the results of an actuarial experience study for the period May 1, 2011 through April 30, 2017.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for the 2023 and 2022 valuations are summarized in the following table:

	Target Allocation	Expected Rate of Return (Net of Inflation)
Asset Class		
Domestic stocks	35.0%	7.4%
International stocks	10.0%	6.4%
U.S. bonds - core plus	17.5%	0.4%
International bonds	15.0%	2.4%
Real estate	7.5%	6.4%
Balanced	10.0%	4.4%
Cash	5.0%	-1.1%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023 and 2022, was 7%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The changes in the net pension liability for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
Total Pension Liability		
Service cost	$ -	$ 6,354
Interest on the total pension liability	3,040,060	3,040,928
Difference between expected and actual experience of the total pension liability	(464,159)	298,563
Changes in assumptions	-	130,676
Benefit payments to participants or beneficiaries	(3,632,900)	(3,332,247)
Net change in total pension liability	(1,056,999)	144,274
Total pension liablity, beginning of year	45,245,879	45,101,605
Total pension liability, end of year	$ 44,188,880	$ 45,245,879
Plan Fiduciary Net Position		
Contributions - employer	$ 224,606	$ 300,000
Net investment income (loss)	(214,459)	(3,106,388)
Benefit payments to participants or beneficiaries	(3,632,900)	(3,332,247)
Pension plan administrative expense	(103,325)	(124,584)
Net change in plan fiduciary net position	(3,726,078)	(6,263,219)
Plan fiduciary net position, beginning of year	40,479,181	46,742,400
Plan fiduciary net position, end of year	$ 36,753,103	$ 40,479,181
Net Pension Liability, Ending	$ 7,435,777	$ 4,766,698

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rates as of June 30, 2023 and 2022, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liablity at June 30, 2023	$ 11,366,632	$ 7,435,777	$ 4,040,653
Net Pension Liablity at June 30, 2022	$ 8,918,547	$ 4,766,698	$ 1,191,478

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

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of $1,115,519 and $1,010,271, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources of $4,098,410 and $6,386,948, respectively, related to the net difference between projected and actual earnings on pension plan investments. At June 30, 2023 and 2022, the Authority reported deferred inflows of resources of $0 and $4,066,704, respectively, related to the net difference between projected and actual earnings on pension plan investments.

The reported deferred outflows of resources as of June 30, 2023, will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2024	$ 1,180,562
2025	494,235
2026	1,838,594
2027	585,019
	$ 4,098,410

Pension Plan Fiduciary Net Position

The Plan's proprietary separate fund is considered a deposit and reported at amortized cost. The Plan's investments are reported at fair value. The Plan has an investment policy that is established and maintained by the Retirement Committee charged with overseeing the Plan, as authorized by the Authority's Board of Trustees. The Retirement 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 Plan diversifies 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.

The Plan had the following investments and maturities at April 30, 2023:

		Investment Maturities (in Years)		
Investment Type	Carrying Amount	Less Than 1	1 - 5	6 - 10
Proprietary separate fund, at amortized cost	$ 1,133,776			
Mutual funds, at fair value				
Equities - domestic	14,332,809	$ 14,332,809	$ -	$ -
Equities - international	4,921,345	4,921,345	-	-
Fixed income - domestic	12,277,682	-	-	12,277,682
Fixed income - international	4,087,491	-	-	4,087,491
Total Plan investments	$ 36,753,103	$ 19,254,154	$ -	$ 16,365,173

The Plan had the following investments and maturities at April 30, 2022:

Investment Type	Carrying Amount	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10
Proprietary separate fund, at amortized cost	$ 1,347,062			
Mutual funds, at fair value				
Equities - domestic	14,820,405	$ 14,820,405	$ -	$ -
Equities - international	5,859,225	5,859,225	-	-
Fixed income - domestic	13,538,213	-	-	13,538,213
Fixed income - international	4,914,276	-	-	4,914,276
	$ 40,479,181	$ 20,679,630	$ -	$ 18,452,489

The fair value of the Plan's investment in mutual funds was determined based on quoted prices for identical securities in active markets, which is considered a Level 1 input.

Credit Risk (See Definition in Note 3)

The Plan does not have a separate policy covering credit risk.

Custodial Credit Risk (See Definition in Note 3)

The Plan's investment policy does not address how investments are to be held.

Concentration of Credit Risk (See Definition in Note 3)

The Plan does not have a policy to limit its holdings in any one issuer. At April 30, 2023 and 2022, all of the Plan's investments are held through the Plan's investment manager, Prudential.

Note 9 - Defined Contribution and Deferred Compensation Plans

Defined Contribution Plans

The Authority contributes to a defined contribution pension plan, the Norman Regional Hospital Match Plan, covering substantially all employees who have completed a one-year period of continuous employment and elect to contribute to the plan. Pension expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plan. The plan is administered by the Authority's governing body. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit and contribution provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body. Contribution rates for the Authority expressed as a percentage of covered payroll were 1.1% for 2023 and 2022. Contributions actually made by the Authority were approximately $2,658,000, $2,576,000, and $2,393,000 during the years ended June 30, 2023, 2022, and 2021, respectively. Plan members do not contribute to the plan.

The Authority also contributes to another defined contribution pension plan, the Norman Regional Hospital Defined Contribution Plan, covering substantially all employees who have completed a one-year period of continuous full-time employment. Pension expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plan. The plan is administered by the Authority's governing body. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit and contribution provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body. Contribution rates for the Authority expressed as a percentage of covered payroll were 3.2% and 3.3% for 2023 and 2022, respectively. Contributions actually made by the Authority were approximately $7,145,000, $6,930,000, and $6,753,000 during the years ended June 30, 2023, 2022, and 2021, respectively. Plan members do not contribute to the plan.

There are no publicly available financial reports for these defined contribution pension plans.

Deferred Compensation Plans

The Authority maintains a nonqualified deferred compensation plan for certain physicians. Contributions to the plan are made by the Authority based on call hours worked. Through June 30, 2019, the plan vested after a five- or ten-year period. Effective July 1, 2019, participants vest upon enrollment. The contributions are held in a trust that carries life insurance policies on each physician. The life insurance policies are invested in mutual funds, and the cash surrender value of the policies at June 30, 2023 and 2022, was approximately $2,415,000 and $1,682,000, respectively, and is included in prepaid expenses and other in the accompanying statements of net position. The related liability as of June 30, 2023 and 2022, of approximately $2,486,000 and $2,233,000, respectively, for this plan is included in accrued payroll and expenses and other long-term liabilities in the accompanying statements of net position. Deferred compensation expense related to the plan totaled approximately $460,000 and $835,000 for the years ended June 30, 2023 and 2022, respectively.

Changes in the deferred compensation plan liability during the years ended June 30, 2023 and 2022, are as follows:

	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Due Within One Year
Deferred compensation plan	$ 2,232,917	$ 1,166,233	$ (912,674)	$ 2,486,476	$ 698,037

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
Deferred compensation plan	$ 2,395,748	$ 414,228	$ (577,059)	$ 2,232,917	$ 783,861

The Authority also provides a deferred compensation plan (457 Plan) to substantially all employees of the Authority and a nonqualified deferred contribution plan (415m Plan) to certain employees of the Authority. The Authority does not make contributions to the 457 Plan.

Note 10 - Self-Insured Claims

Substantially all of the Authority's employees are eligible to participate in the Authority's workers' compensation. In addition, substantially all of the Authority's employees and their dependents are eligible to participate in the Authority's employee health insurance plan. The Authority is self-insured for workers' compensation claims up to $750,000 for both 2023 and 2022 and for health claims of participating employees and dependents up to an annual aggregate amount of $700,000 for 2023 and 2022. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amounts.

A provision is accrued for self-insured employee health and workers' compensation claims, including both claims reported and claims incurred but not yet reported, and is included in accrued estimated self-insurance liabilities – current and other long-term liabilities on the accompanying statements of net position. The accruals are estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Authority's estimate will change by a material amount in the near term.

Changes in the self-insured claims liabilities during the years ended June 30, 2023 and 2022, are as follows:

	Workers' Compensation	Employee Health
Balance, July 1, 2021	$ 1,850,797	$ 1,306,040
Current year claims incurred and changes in estimates for claims incurred in prior years	979,434	12,672,954
Claims and expenses paid	(892,620)	(12,303,377)
Balance, June 30, 2022	1,937,611	1,675,617
Current year claims incurred and changes in estimates for claims incurred in prior years	1,189,046	15,519,955
Claims and expenses paid	(833,702)	(15,154,225)
Balance, June 30, 2023	$ 2,292,955	$ 2,041,347

Note 11 - Transactions with Norman Regional Health Foundation, Inc.

Norman Regional Health Foundation, Inc. (the Foundation) is a nonprofit corporation organized to serve as the legal conduit for receiving and distributing gifts for the support of the Authority. During the years ended June 30, 2023 and 2022, the Foundation contributed approximately $35,000 and $18,000, respectively, in noncapital-related contributions and approximately $681,000 and $462,000, respectively, in capital-related contributions to the Authority.

Note 12 - Provider Relief Funds

The Authority received $0 and $8,278,402 of Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution program funds administered by the Department of Health and Human Services (HHS) during the year ended June 30, 2023 and 2022, respectively. The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines for incurring eligible expenses and lost revenues, varying based on the date the Authority received the funds. Unspent funds will be expected to be repaid.

These funds are considered subsidies and recorded as a liability when received and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

During the years ended June 30, 2023 and 2022, the Authority recognized $0 and $8,278,402, respectively, as revenue, included as nonoperating activities on the statements of revenues, expenses, and changes in net position.

Note 13 - Concentration of Credit Risk

The Authority grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2023 and 2022, was as follows:

	2023	2022
Medicare and Medicare HMO	25%	25%
Medicaid	10%	6%
Other third-party payors	51%	57%
Patients	14%	12%
	100%	100%

Note 14 - Contingent Liabilities

Risk Management

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

Malpractice Insurance

The Authority has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. 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 ultimate costs of the incidents. Annual estimated provisions are accrued based on actuarially determined amounts. At June 30, 2023 and 2022, the Authority recorded an accrual of approximately $10,218,000 and $9,408,000, respectively, for pending malpractice claims, which is included in estimated self-insurance costs – current and other long-term liabilities on the accompanying statements of net position. It is reasonably possible that this estimate could change materially in the near term.

Litigation, Claims and Disputes

The Authority is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Authority.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 15 - Commitments – Inspire Health

The Authority has approved a master plan for capital improvements known as Inspire Health, which was expected to cost approximately $300 million in total. Funding for the projects, including equipment, is being financed from the proceeds of the Series 2019 Hospital Revenue Bonds and the Master Lease Note Payable as detailed in Note 6, as well as unrestricted cash and investments. As of June 30, 2023, the estimated remaining cost of the Inspire Health projects is $90 million. The construction projects (Note 4) are expected to be completed in fiscal years 2024 and 2025 and brought online for patient care.

The Inspire Health plan consists of four main pillars to modernize the Authority's healthcare delivery. The Norman Regional HealthPlex will be expanded to consolidate all acute care services. The existing Norman Regional Hospital campus on Porter (Porter campus) will be changing its focus from sickness to wellness by offering mixed-use health and lifestyle services once acute care services are moved. A standalone behavioral health hospital will be added to the Porter campus to meet the mental health needs of the community. Finally, Norman Regional Nine is a new freestanding emergency department in southeast Norman, Oklahoma.

Note 16 - Adoption of New Accounting Standard

On July 1, 2021, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (the Statement) using a retrospective method of adoption to all SBITAs in place and not yet completed at the beginning of the earliest period presented. The Statement requires entities to recognize a subscription IT liability, measured at the present value of payments expected to be made during the subscription term, and an intangible right-to-use subscription IT asset. The 2022 financial statements and disclosures were restated to reflect the impact of this adoption.

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Statement of Net Position			
Right to use subscription IT assets, net	$ -	4,389,195	$ 4,389,195
Total assets	762,706,887	4,389,195	767,096,082
Current portion of subscription IT liabilities	-	1,219,272	1,219,272
Accrued interest payable	3,785,779	77,805	3,863,584
Total current liabilities	82,392,396	1,297,077	83,689,473
Subscription IT liabilities, less current portion	-	3,230,450	3,230,450
Total liabilities	440,599,371	4,527,527	445,126,898
Net investment in capital assets	63,040,463	(60,527)	62,979,936
Unrestricted net position	278,183,936	(77,805)	278,106,131
Total net position	341,353,100	(138,332)	341,214,768
Statement of Revenues, Expenses, and Changes in Net Position			
Other operating expenses	55,733,828	(1,276,119)	54,457,709
Depreciation and amortization	28,188,375	1,296,047	29,484,422
Total operating expenses	550,676,751	19,928	550,696,679
Operating loss	(22,167,141)	(19,928)	(22,187,069)
Interest expense	(11,945,534)	(118,404)	(12,063,938)
Net nonoperating revenues (expenses)	(30,985,562)	(118,404)	(31,103,966)
Loss before capital gifts and distributions	(53,152,703)	(138,332)	(53,291,035)
Decrease in net position	(52,526,797)	(138,332)	(52,665,129)
Net position, end of year	341,353,100	(138,332)	341,214,768

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Statement of Cash Flows			
Cash paid to suppliers and contractors	$ (213,893,595)	$ 1,276,119	$ (212,617,476)
Net cash from operating activities	12,987,363	1,276,119	14,263,482
Principal paid on subscription IT liabilities	-	(1,235,520)	(1,235,520)
Interest paid on subscription IT liabilities	-	(40,599)	(40,599)
Net cash used for capital and capital related financing activities	(39,566,657)	(1,276,119)	(40,842,776)
Reconciliation of operating loss to net cash from (used for) operating activities			
Operating loss	(22,167,141)	(19,928)	(22,187,069)
Depreciation and amortization	28,188,375	1,296,047	29,484,422
Net cash from operating activities	12,987,363	1,276,119	14,263,482
Supplemental disclosure of noncash financing and investing activities			
Subscription IT liability for right to use subscription IT assets	-	2,686,151	2,686,151

Note 17 - Condensed Combining Information

The following summarizes combining information for the Authority and Oklahoma Sleep Associates, NHRA ACO, and NHealth, which have been presented as blended component units, as of and for the year ended June 30, 2023:

Condensed statements of net position information as of June 30, 2023:

	System	Oklahoma Sleep Associates	NRHS ACO	NHealth	Eliminations	Combined
Assets						
Current assets	$ 283,684,167	$ 457,267	$ 6,955	$ 320,761	$ (420,557)	$ 284,048,593
Capital assets (including right to use leased and subcription IT assets), net	439,273,984	144,119	-	-	-	439,418,103
Other assets	41,006,041	2,911	-	-	(465,627)	40,543,325
Total assets	$ 763,964,192	$ 604,297	$ 6,955	$ 320,761	$ (886,184)	$ 764,010,021
Deferred Outflows of Resources	$ 18,754,264	$ -	$ -	$ -	$ -	$ 18,754,264
Liabilities						
Current liabilities	$ 83,753,747	$ 23,700	$ -	$ 777,896	$ (420,557)	$ 84,134,786
Long-term liabilities	374,017,244	-	-	-	-	374,017,244
Total liabilities	$ 457,770,991	$ 23,700	$ -	$ 777,896	$ (420,557)	$ 458,152,030
Deferred Inflows of Resources	$ 2,102,800	$ -	$ -	$ -	$ -	$ 2,102,800
Net Position						
Net investment in capital assets	$ 91,980,517	$ 144,119	$ -	$ -	$ -	$ 92,124,636
Restricted - nonexpendable	-	-	-	-	121,925	121,925
Unrestricted	230,864,148	436,478	6,955	(457,135)	(587,552)	230,262,894
Total net position	$ 322,844,665	$ 580,597	$ 6,955	$ (457,135)	$ (465,627)	$ 322,509,455

Condensed statement of revenues, expenses, and changes in net position information for the year ended June 30, 2023:

	System	Oklahoma Sleep Associates	NRHS ACO	NHealth	Eliminations	Combined
Operating Revenues						
Net patient service revenue, net	$ 540,730,969	$ -	$ -	$ -	$ -	$ 540,730,969
Other revenue	7,008,184	2,278,690	-	327,779	(2,235,865)	7,378,788
Total operating revenues	547,739,153	2,278,690	-	327,779	(2,235,865)	548,109,757
Operating Expenses						
Salaries, wages, and employee benefits	331,067,311	900,050	-	119,586	-	332,086,947
Depreciation and amortization	29,553,010	16,434	-	-	-	29,569,444
Other	211,603,080	704,371	590	367,946	(2,235,865)	210,440,122
Total operating expenses	572,223,401	1,620,855	590	487,532	(2,235,865)	572,096,513
Operating Income (Loss)	(24,484,248)	657,835	(590)	(159,753)	-	(23,986,756)
Nonoperating Revenues (Expenses)	5,264,434	-	-	-	(519,100)	4,745,334
Gifts to Purchase Capital Assets and Other Capital Gifts	681,030	-	-	-	-	681,030
Distributions to Minority Owners	-	(690,100)	-	-	545,179	(144,921)
Increase (Decrease) in Net Position	(18,538,784)	(32,265)	(590)	(159,753)	26,079	(18,705,313)
Net Position, Beginning of Year	341,383,449	612,862	7,545	(297,382)	(491,706)	341,214,768
Net Position, End of Year	$ 322,844,665	$ 580,597	$ 6,955	$ (457,135)	$ (465,627)	$ 322,509,455

Condensed statement of cash flows information for the year ended June 30, 2023:

	System	Oklahoma Sleep Associates	NRHS ACO	NHealth	Eliminations	Combined
Net Cash from (used for):						
Opearting activities	$ (8,493,998)	$ 675,288	$ (590)	$ -	$ -	$ (7,819,300)
Noncapital financing activities	597,849	-	-	-	-	597,849
Capital and capital related financing activities	(151,020,760)	-	-	-	-	(151,020,760)
Investing activities	189,118,711	(690,100)	-	-	-	188,428,611
Net Change in Cash and Cash Equivalents	30,201,802	(14,812)	(590)	-	-	30,186,400
Cash and Cash Equivalents, Beginning of Year	25,082,988	358,515	7,545	-	-	
Cash and Cash Equivalents, End of Year	$ 55,284,790	$ 343,703	$ 6,955	$ -	$ -	$ 30,186,400

The following summarizes combining information for the Authority and Oklahoma Sleep Associates, NHRA ACO, and NHealth, which have been presented as blended component units, as of and for the year ended June 30, 2022:

Condensed statements of net position information as of June 30, 2022:

	System	Oklahoma Sleep Associates	NRHS ACO	NHealth	Eliminations	Combined
Assets						
Current assets	$ 332,317,444	$ 485,447	$ 7,545	$ 213,489	$ (326,652)	$ 332,697,273
Capital assets (including right to use leased and subcription IT assets), net	316,749,870	160,553	-	-	-	316,910,423
Other assets	117,977,181	2,911	-	-	(491,706)	117,488,386
Total assets	$ 767,044,495	$ 648,911	$ 7,545	$ 213,489	$ (818,358)	$ 767,096,082
Deferred Outflows of Resources	$ 23,312,288	$ -	$ -	$ -	$ -	$ 23,312,288
Liabilities						
Current liabilities	$ 83,469,205	$ 36,049	$ -	$ 510,871	$ (326,652)	$ 83,689,473
Long-term liabilities	361,437,425	-	-	-	-	361,437,425
Total liabilities	$ 444,906,630	$ 36,049	$ -	$ 510,871	$ (326,652)	$ 445,126,898
Deferred Inflows of Resources	$ 4,066,704	$ -	$ -	$ -	$ -	$ 4,066,704
Net Position						
Net investment in capital assets	$ 62,819,383	$ 160,553	$ -	$ -	$ -	$ 62,979,936
Restricted - nonexpendable	-	-	-	-	128,701	128,701
Unrestricted	278,564,066	452,309	7,545	(297,382)	(620,407)	278,106,131
Total net position	$ 341,383,449	$ 612,862	$ 7,545	$ (297,382)	$ (491,706)	$ 341,214,768

Condensed statement of revenues, expenses, and changes in net position information for the year ended June 30, 2022:

	System	Oklahoma Sleep Associates	NRHS ACO	NHealth	Eliminations	Combined
Operating Revenues						
Net patient service revenue, net	$ 522,433,770	$ -	$ -	$ -	$ -	$ 522,433,770
Other revenue	5,995,395	2,425,751	-	263,031	(2,608,337)	6,075,840
Total operating revenues	528,429,165	2,425,751	-	263,031	(2,608,337)	528,509,610
Operating Expenses						
Salaries, wages, and employee benefits	310,261,471	926,915	-	115,613	-	311,303,999
Depreciation and amortization	29,467,382	17,040	-	-	-	29,484,422
Other	211,464,330	754,140	-	298,125	(2,608,337)	209,908,258
Total operating expenses	551,193,183	1,698,095	-	413,738	(2,608,337)	550,696,679
Operating Income (Loss)	(22,764,018)	727,656	-	(150,707)	-	(22,187,069)
Nonoperating Revenues (Expenses)	(30,529,118)	-	-	-	(574,848)	(31,103,966)
Gifts to Purchase Capital Assets and Other Capital Gifts	789,286	-	-	-	-	789,286
Distributions to Minority Owners	-	(778,000)	-	-	614,620	(163,380)
Increase (Decrease) in Net Position	(52,503,850)	(50,344)	-	(150,707)	39,772	(52,665,129)
Net Position, Beginning of Year	393,887,299	663,206	7,545	(146,675)	(531,478)	393,879,897
Net Position, End of Year	$ 341,383,449	$ 612,862	$ 7,545	$ (297,382)	$ (491,706)	$ 341,214,768

Condensed statement of cash flows information for the year ended June 30, 2022:

	System	Oklahoma Sleep Associates	NRHS ACO	NHealth	Eliminations	Combined
Net Cash from (used for):						
Opearting activities	$ 13,508,839	$ 754,643	$ -	$ -	$ -	$ 14,263,482
Noncapital financing activities	8,316,856	-	-	-	-	8,316,856
Capital and capital related financing activities	(40,844,332)	1,556	-	-	-	(40,842,776)
Investing activities	(476,030)	(778,000)				(1,254,030)
Net Change in Cash and Cash Equivalents	(19,494,667)	(21,801)	-	-	-	(19,516,468)
Cash and Cash Equivalents, Beginning of Year	44,577,655	380,316	7,545	-	-	44,965,516
Cash and Cash Equivalents, End of Year	$ 25,082,988	$ 358,515	$ 7,545	$ -	$ -	$ 25,449,048

Required Supplementary Information
June 30, 2023 and 2022

Norman Regional Hospital Authority

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ -	$ 6,354	$ 6,131	$ 6,012	$ 5,817	$ 9,540	$ -	$ -	$ -
Interest on the total pension liability	3,040,060	3,040,928	3,054,349	3,055,858	3,038,862	2,992,485	2,921,547	2,759,356	2,653,341
Difference between expected and actual experience of the total pension liability	(464,159)	298,563	138,885	263,224	(52,140)	199,448	(233,458)	324,236	617,508
Changes in assumptions	-	130,676	(179,079)	(431,344)	(103,038)	(65,143)	575,643	1,280,401	61,885
Benefit payments to participants or beneficiaries	(3,632,900)	(3,332,247)	(3,092,215)	(2,738,639)	(2,555,164)	(2,384,990)	(2,134,753)	(1,959,198)	(1,677,270)
Net change in total pension liability	(1,056,999)	144,274	(71,929)	155,111	334,337	751,340	1,128,979	2,404,795	1,655,464
Total pension liablity, beginning of year	45,245,879	45,101,605	45,173,534	45,018,423	44,684,086	43,932,746	42,803,767	40,398,972	38,743,508
Total pension liability, end of year (a)	$ 44,188,880	$ 45,245,879	$ 45,101,605	$ 45,173,534	$ 45,018,423	$ 44,684,086	$ 43,932,746	$ 42,803,767	$ 40,398,972
Plan Fiduciary Net Position									
Contributions - employer	$ 224,606	$ 300,000	$ 300,000	$ 400,000	$ 1,000,000	$ 2,000,000	$ 3,000,000	$ 4,500,000	$ 8,000,000
Net investment income (loss)	(214,459)	(3,106,388)	9,435,151	(494,505)	3,006,756	2,652,453	3,331,627	(1,081,343)	1,439,097
Benefit payments to participants or beneficiaries	(3,632,900)	(3,332,247)	(3,092,215)	(2,738,639)	(2,555,164)	(2,384,990)	(2,134,753)	(1,959,198)	(1,677,270)
Pension plan administrative expense	(103,325)	(124,584)	(118,036)	(155,343)	(149,201)	(144,434)	-	-	-
Other	-	-	-	-	-	-	(119,139)	-	-
Net change in plan fiduciary net position	(3,726,078)	(6,263,219)	6,524,900	(2,988,487)	1,302,391	2,123,029	4,077,735	1,459,459	7,761,827
Plan fiduciary net position, beginning of year	40,479,181	46,742,400	40,217,500	43,205,987	41,903,596	39,780,567	35,702,832	34,243,373	26,481,546
Plan fiduciary net position, end of year (b)	$ 36,753,103	$ 40,479,181	$ 46,742,400	$ 40,217,500	$ 43,205,987	$ 41,903,596	$ 39,780,567	$ 35,702,832	$ 34,243,373
Net Pension Liability, Ending (a) - (b)	$ 7,435,777	$ 4,766,698	$ (1,640,795)	$ 4,956,034	$ 1,812,436	$ 2,780,490	$ 4,152,179	$ 7,100,935	$ 6,155,599
Plan fiduciary net position as a percentage of the total pension liability	83.17%	89.46%	103.64%	89.03%	95.97%	93.78%	90.55%	83.41%	84.76%
Covered payroll	$ -	$ 145,579	$ 145,579	$ 145,579	$ 219,835	$ 213,824	$ 275,122	$ 384,738	$ 573,539
Net pension liability as a percentage of covered payroll	N/A	3274.30%	-1127.08%	3404.36%	824.45%	1300.36%	1509.21%	1845.65%	1073.27%

Notes to Schedule

The Authority is required to present ten years of information in this schedule. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Data reported is measured as of the pension valuation dates.

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 638,342	$ 153,157	$ 680,959	$ 355,176	$ 435,030	$ 411,890	$ 641,966	$ 546,089	$ 274,651
Contributions in relation to the actuarially determined contributions	224,606	300,000	300,000	400,000	1,000,000	2,000,000	3,000,000	4,500,000	8,000,000
Contribution deficiency (excess)	$ 413,736	$ (146,843)	$ 380,959	$ (44,824)	$ (564,970)	$ (1,588,110)	$ (2,358,034)	$ (3,953,911)	$ (7,725,349)
Covered payroll	$ -	$ 145,579	$ 145,579	$ 145,579	$ 219,835	$ 213,824	$ 275,122	$ 384,738	$ 573,539
Contributions as a percentage of covered payroll	N/A	206.07%	206.07%	274.76%	454.89%	935.35%	1090.43%	1169.63%	1394.85%

Notes to Schedule

The Authority is required to present ten years of information in this schedule. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Data reported is measured as of the pension valuation dates.

Methods and assumptions used to determine contribution rates:

Valuation date: April 30, 2023

Remaining amortization period: 16 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial cost method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age metho
Amortization method	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption	Annual interest rate assumption
Asset valuation method	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market valu
Inflation	2.6%	2.6%	2.75%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Salary increases	Not applicable	4.0% annually	4.0% annually	4.0% annually	4.0% annually	4.0% annually	4.0% annually	4.0% annually	4.0% annually
Investment rate of return	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses	7.0% net of investment expenses
Retirement age	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits, the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.	For participants accruing benefits the later of age 60 or the age upon completion of 30 years of service. For participants with frozen benefits, age 65.
Mortality	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2021	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2021	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2020	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2019	Pri-2014 Blue Collar Mortality Table	Pri-2014 Blue Collar Mortality Table	Pri-2014 Blue Collar Mortality Table	Pri-2014 Blue Collar Mortality Table	RP-2000 Combined Healthy Mortality Table projected to 2015 using scale AA

Other information: Plan is frozen to new participants effective December 31, 2003.

Notes to Schedule

The Authority is required to present ten years of information in this schedule. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

CPAs & BUSINESS ADVISORS

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

Board of Trustees
Norman Regional Hospital Authority
Norman, 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 Norman Regional Hospital Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity'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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Eide Bailly LLP

Oklahoma City, Oklahoma
September 26, 2023