



Financial Statements
June 30, 2021 and 2020

The Beaver County Hospital Authority

The Beaver County Hospital Authority

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June 30, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
The Beaver County Hospital Authority
Beaver, Oklahoma

Report on the Financial Statements

We have audited the accompanying statements of net position of The Beaver County Hospital Authority (the Authority), as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Beaver County Hospital Authority as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and the required supplementary information on pages 38 and 39 be presented to supplement the basic financial statements. Such information, 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 our report dated January 17, 2021 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



Oklahoma City, Oklahoma
January 17, 2021

Introduction

Our discussion and analysis for The Beaver County Hospital Authority (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2021, 2020 and 2019. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Current assets decreased in 2021 by \$648,823 or 11% and increased in 2020 by \$3,743,300 or 164%.
- Deferred outflows of resources increased in 2021 by \$641,272 or 164% and decreased in 2020 by \$273,571 or 41%.
- Current liabilities decreased in 2021 by \$1,093,746 or 29% and increased in 2020 by \$3,025,271 or 380%.
- Long-term liabilities decreased in 2021 by \$662,005 or 111% and increased in 2020 by \$325,058 or 119%.
- The Authority's net position increased in 2021 by \$1,311,283 or 31% and decreased in 2020 by \$327,944 or 7%.
- The Authority reported an operating loss in 2021 of \$1,663,968, an operating loss in 2020 of \$1,387,701, and an operating loss in 2019 of \$801,058. During 2021, the operating loss increased by \$276,267 or 20% and the operating loss increased by \$586,643 or 73% during 2020.
- Nonoperating revenues increased by \$1,915,494 or 181% in 2021 and increased by \$65,951 or 7% in 2020.
- The Authority received \$391,926 and \$2,942,745 in Provider Relief Funds during 2021 and 2020. During the years ended June 30, 2021 and 2020, the Authority recognized \$1,184,183 and \$140,819 as revenue, respectively.

Using This Annual Report

The Authority's financial statements consist of three statements – Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. These financial statements and related notes provide information about activities of the Authority, including resources held by the Authority but restricted for specific purposes by 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 the 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, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in it. You can think of the Authority's net position - the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources - as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Authority.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

The Authority's Net Position

The Authority's net position is the difference between its assets, deferred outflows of resources, liabilities and deferred inflows of resources reported in the Statement of Net Position. The Authority's net position increased by \$1,311,283 or 31% in 2021 and decreased by \$327,944 or 7% in 2020 as shown in Table 1.

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

	2021	2020	2019
Assets			
Current assets	\$ 5,381,671	\$ 6,030,494	\$ 2,287,194
Capital assets, net of accumulated depreciation	1,509,511	748,610	865,335
Other assets	1,673,698	1,633,862	2,063,231
Total assets	<u>8,564,880</u>	<u>8,412,966</u>	<u>5,215,760</u>
Deferred Outflows of Resources	<u>1,033,068</u>	<u>391,796</u>	<u>665,367</u>
Total assets and deferred outflows of resources	<u>\$ 9,597,948</u>	<u>\$ 8,804,762</u>	<u>\$ 5,881,127</u>
Liabilities			
Current liabilities	\$ 2,727,359	\$ 3,821,105	\$ 795,834
Long-term liabilities	1,260,562	598,557	273,499
Total liabilities	<u>3,987,921</u>	<u>4,419,662</u>	<u>1,069,333</u>
Deferred Inflows of Resources	<u>38,025</u>	<u>124,381</u>	<u>223,131</u>
Net Position			
Net investment in capital assets	1,509,511	748,610	865,335
Restricted:			
Expendable for capital acquisitions	3,575	3,575	3,541
Expendable for specific operating activities	275,080	602,144	493,276
Unrestricted	3,783,836	2,906,390	3,226,511
Total net position	<u>5,572,002</u>	<u>4,260,719</u>	<u>4,588,663</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,597,948</u>	<u>\$ 8,804,762</u>	<u>\$ 5,881,127</u>

A significant component of the change in the Authority's assets, liabilities, and net position are as follows:

- Current assets decreased \$648,823 or 11% in 2021 and increased \$3,743,300 or 164% in 2020.
- Cash and cash equivalents decreased \$735,662 or 38% in 2021 due to the Authority purchasing capital assets during the year and increased \$1,271,338 or 186% in 2020 due to the Authority receiving Provider Relief Funds during the year.
- Patient and resident receivables increased \$189,340 or 29% in 2021 due to an increase in services provided and decreased \$93,501 or 13% in 2020 due to a decrease in services provided.
- Noncurrent investments increased \$23,917 or 2% in 2021 and decreased \$461,496 or 23% in 2020.
- Total liabilities decreased \$431,741 or 10% in 2021 and increased \$3,350,329 or 313% in 2020. In 2021, the Authority's Paycheck Protection Program (PPP) loans were formally forgiven by the Small Business Administration (SBA) which reduced current maturities of long-term debt by \$761,012.

Table 2: Operating Results and Changes in Net Position

	2021	2020	2019
Operating Revenues			
Net patient service revenue	\$ 6,393,075	\$ 5,667,555	\$ 5,744,341
Community pharmacy revenue	1,580,928	1,390,007	1,519,443
Other operating revenue	322,659	168,121	157,377
Total operating revenue	8,296,662	7,225,683	7,421,161
Operating Expenses			
Salaries, wages, and employee benefits	5,824,980	4,967,399	4,519,084
Purchased services and professional fees	1,042,394	1,163,488	1,003,447
Supplies and other	2,963,843	2,333,479	2,480,215
Depreciation	129,413	149,018	219,473
Total operating expenses	9,960,630	8,613,384	8,222,219
Operating Loss	(1,663,968)	(1,387,701)	(801,058)
Nonoperating Revenues (Expenses)			
County appropriations - unrestricted	402,515	381,396	384,240
County appropriations - restricted	445,711	458,716	471,493
Investment income	69,092	57,442	62,530
Provider relief funds	1,184,183	140,819	-
Loss on sale of assets	-	(3,975)	-
Forgiveness of Paycheck Protection Program loans	761,012	-	-
Noncapital grants and contributions	112,738	25,359	75,543
Nonoperating revenues, net	2,975,251	1,059,757	993,806
Change in Net Position	\$ 1,311,283	\$ (327,944)	\$ 192,748

Operating Results

The first component of the overall change in the Authority's net position is its operating results. Generally, the operating income or loss is the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The Authority had operating losses in 2021, 2020, and 2019.

The operating loss for 2021 increased by \$276,267 or 20% as compared to the increase of \$586,643 or 73% in 2020. The primary components of the increases in operating loss are:

- An increase in patient and resident revenue, net of uncollectible accounts, of \$725,520 or 13% in 2021 and a decrease of \$76,786 or 1% in 2020. In 2021, the increase is a result of an increase in services provided. In 2020, the decrease is a result of the COVID-19 pandemic.
- An increase in community pharmacy revenue of \$190,921 or 14% in 2021 and a decrease of \$129,436 or 9% in 2020. In 2021, the increase is due to an increase in prescriptions filled. In 2020, the decrease is a result of the COVID-19 pandemic.

- An increase in salaries, wages and employee benefits of \$857,581 or 17% in 2021 and an increase of \$448,315 or 10% in 2020. The changes are due to the changes in the retirement pension plan.
- A decrease in purchased services and professional fees of \$121,094 or 10% in 2021 and an increase of \$160,041 or 16% in 2020. In 2021, the decrease is due to a decrease in the need of contract labor. In 2020, the increase is due to the need for contract labor as a result of the COVID-19 pandemic.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of county appropriations, Provider Relief Funds and forgiveness of the Authority's Paycheck Protection Program (PPP) loans. The county appropriations increased by \$8,114 or 1% in 2021 and decreased by \$15,621 or 2% in 2020. As a result of the COVID-19 pandemic, the Authority received Provider Relief Funds during 2020 and recognized \$1,043,364 and \$140,819 as nonoperating revenue in 2021 and 2020. In 2021, the Authority received forgiveness of its PPP loans and recognized \$761,012 as nonoperating revenue in 2021.

The Authority's Cash Flows

The Authority's overall liquidity decreased during the year with a net decrease to cash and cash equivalents, of \$735,662 when compared with 2020 and increased \$1,271,338 during 2020 when compared to 2019. Cash flows used for operating activities decreased by \$43,098 during 2021 when compared with 2020 and increased by \$4,594 during 2020 when compared with 2019. Cash from non-capital financing activities decreased by \$3,192,795 compared with 2020 and increased by \$3,605,244 during 2020 when compared with 2019 as a result of amounts received from Provider Relief Funds. Cash used for capital and capital related financing activities increased by \$854,046 when compared with 2020 and decreased by \$174,519 during 2020 when compared with 2019. Cash used for investing activities decreased by \$1,996,743 in 2021 and increased by \$1,254,146 in 2020.

Capital Assets

The Authority had \$1,509,511 invested in capital assets at the end of 2021 and \$748,610 at the end of 2020, net of accumulated depreciation, as detailed in Note 5 to the financial statements. The Authority purchased new capital assets totaling \$890,314 in 2021 and \$66,393 in 2020.

Long term Debt

The Authority received two loans under the Paycheck Protection Program (PPP) in the amount of \$761,012 during 2020, which were forgiven by the SBA in 2021. The Authority incurred no debt in 2021 and had total long-term debt of \$0 at the end of 2021. The Authority had total long-term debt of \$761,012 at the end of 2020. During 2021 and 2020, the Authority did not have any line of credit activity.

Contacting the Authority's Financial Management

This financial report is designed to provide our patients, suppliers 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 administration by calling 580-317-9500.

The Beaver County Hospital Authority
 Statements of Net Position
 June 30, 2021 and 2020

	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 1,091,469	\$ 1,648,821
Restricted cash and cash equivalents for capital acquisitions	3,575	3,575
Restricted cash and cash equivalents for Provider Relief Funds	123,616	301,926
Short-term certificates of deposit	643,441	-
Restricted short-term certificates of deposit for Provider Relief Funds	1,886,053	2,500,000
Receivables		
Patient and resident, net of estimated uncollectibles of \$270,000 in 2021 and \$262,000 in 2020	835,471	646,131
County appropriations	240,174	240,174
Estimated third-party payor settlements	225,689	360,024
Supplies	308,178	329,152
Prepaid expenses and other	24,005	691
Total current assets	5,381,671	6,030,494
Capital Assets		
Capital assets not being depreciated	52,731	52,731
Capital assets being depreciated, net	1,456,780	695,879
Total capital assets	1,509,511	748,610
Other Assets		
Noncurrent investments	1,607,456	1,583,539
Other	66,242	50,323
Total other assets	1,673,698	1,633,862
Total assets	8,564,880	8,412,966
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	\$ 9,597,948	\$ 8,804,762

The Beaver County Hospital Authority

Statements of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ -	\$ 334,694
Accounts payable	306,482	268,918
Accrued expenses	411,208	415,567
Refundable advance - provider relief funds	<u>2,009,669</u>	<u>2,801,926</u>
Total current liabilities	<u>2,727,359</u>	<u>3,821,105</u>
Long-Term Liabilities		
Long-term debt, less current maturities	-	426,318
Net pension obligations	<u>1,260,562</u>	<u>172,239</u>
Total long-term liabilities	<u>1,260,562</u>	<u>598,557</u>
Total liabilities	<u>3,987,921</u>	<u>4,419,662</u>
Deferred Inflows of Resources	<u>38,025</u>	<u>124,381</u>
Net Position		
Net investment in capital assets	1,509,511	748,610
Restricted:		
Expendable for capital acquisition	3,575	3,575
Expendable for specific operating activities	275,080	602,144
Unrestricted	<u>3,783,836</u>	<u>2,906,390</u>
Total net position	<u>5,572,002</u>	<u>4,260,719</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 9,597,948</u>	<u>\$ 8,804,762</u>

The Beaver County Hospital Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Net patient and resident service revenue, net of provision for bad debts of \$319,133 in 2021 and \$372,121 in 2020	\$ 6,393,075	\$ 5,667,555
Community pharmacy revenue	1,580,928	1,390,007
Other revenue	322,659	168,121
	8,296,662	7,225,683
Operating Expenses		
Salaries and wages	4,400,185	3,925,530
Employee benefits	1,424,795	1,041,869
Professional fees and purchased services	1,042,394	1,163,488
Supplies and other	2,963,843	2,333,479
Depreciation	129,413	149,018
	9,960,630	8,613,384
Operating Loss	(1,663,968)	(1,387,701)
Nonoperating Revenues (Expenses)		
County appropriations - unrestricted	402,515	381,396
County appropriations - restricted	445,711	458,716
Investment income	69,092	57,442
Provider relief funds	1,184,183	140,819
Loss on sale of assets	-	(3,975)
Forgiveness of Paycheck Protection Program loans	761,012	-
Noncapital grants and contributions	112,738	25,359
	2,975,251	1,059,757
Change in Net Position	1,311,283	(327,944)
Net Position, Beginning of Year	4,260,719	4,588,663
Net Position, End of Year	\$ 5,572,002	\$ 4,260,719

The Beaver County Hospital Authority

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Receipts from and on behalf of patients and residents	\$ 7,918,998	\$ 7,024,414
Payments to suppliers and contractors	(3,971,013)	(3,496,737)
Payments to and on behalf employees	(5,484,563)	(4,952,815)
Other receipts and payments, net	322,659	168,121
Net Cash used for Operating Activities	<u>(1,213,919)</u>	<u>(1,257,017)</u>
Noncapital Financing Activities		
Noncapital contributions and grants	112,738	25,359
Provider relief funds	391,926	2,942,745
Proceeds from long-term debt	-	761,012
Proceeds from county appropriations	848,226	816,569
Net Cash from Noncapital Financing Activities	<u>1,352,890</u>	<u>4,545,685</u>
Capital and Capital Related Financing Activities		
Proceeds from sale of equipment	-	30,125
Purchase of capital assets	(890,314)	(66,393)
Net Cash used for Capital and Capital Related Financing Activities	<u>(890,314)</u>	<u>(36,268)</u>
Investing Activities		
Investment income	69,092	57,442
Maturity of certificates of deposit	-	500,000
Purchase of certificates of deposit	(53,411)	(2,538,504)
Net Cash from (used for) Investing Activities	<u>15,681</u>	<u>(1,981,062)</u>
Net Change in Cash and Cash Equivalents	(735,662)	1,271,338
Cash and Cash Equivalents, Beginning of Year	<u>1,954,322</u>	<u>682,984</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,218,660</u>	<u>\$ 1,954,322</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 1,091,469	\$ 1,648,821
Restricted cash and cash equivalents for capital acquisitions	3,575	3,575
Restricted cash and cash equivalents for Provider Relief Funds	123,616	301,926
Total cash and cash equivalents	<u>\$ 1,218,660</u>	<u>\$ 1,954,322</u>

The Beaver County Hospital Authority

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities		
Operating loss	\$ (1,663,968)	\$ (1,387,701)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation on capital assets	129,413	149,018
Provision for bad debts	319,133	372,121
Changes in assets, liabilities, deferred inflows of resources and deferred outflows of resources		
Patient and resident receivables	(508,473)	(278,620)
Supplies	20,974	80,615
Prepaid expenses and other	(23,314)	4,114
Accounts payable	37,564	(84,499)
Accrued expenses	(4,359)	(26,850)
Estimated third-party payor settlements	134,335	(126,649)
Net pension and OPEB obligation	1,072,404	(133,387)
Deferred inflow of resources	(86,356)	(98,750)
Deferred outflow of resources	(641,272)	273,571
Net Cash used for Operating Activities	<u>\$ (1,213,919)</u>	<u>\$ (1,257,017)</u>
Supplemental Disclosure of Noncapital Financing Activities		
Forgiveness of Paycheck Protection Program loan	<u>\$ 761,012</u>	<u>\$ -</u>

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of The Beaver County Hospital Authority (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 was created under a trust indenture dated June 1989, as a public trust under the provisions of Title 60 of the Oklahoma State Statutes for the benefit of the Town of Beaver, Beaver County, Oklahoma.

The Authority operates Beaver County Hospital (Hospital), Beaver County Nursing Home (Nursing Home), two rural health clinics and a Community Pharmacy. The Hospital, located in Beaver, Oklahoma, is a 24-bed general, short-term, Medicare-certified facility. The Nursing Home is a 62-bed residential living facility located in Beaver, Oklahoma. The two rural health clinics are located in Beaver and Turpin, Oklahoma and the Community Pharmacy is located in the hospital.

For financial reporting purposes, the Authority has included all funds, organizations, agencies, boards, commissions, and authorities. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that the exclusion would cause the Authority's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Authority.

Blended Component Unit

Beaver County Emergency Medical Services (EMS) was organized as a public trust to provide emergency medical services and transportation services to the residents of the County. On July 8, 1991, the County and EMS entered into a contract whereby EMS authorized the Authority to operate and maintain the emergency medical services for the County. The EMS has been included as blended component unit because the Authority is financially accountable for the EMS. The Authority incurs all cost of the EMS and in exchange the EMS transfers 90% of the ad valorem tax proceeds to the Authority. Separate financial statements for EMS are not publicly available.

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 statement of net position displays the Authority's assets, deferred outflows, liabilities, and deferred inflows, 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 reduced by the outstanding balances of any related debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted net position:

Expendable - Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Authority. The Authority had no restricted, nonexpendable net position at June 30, 2021 and 2020.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect 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. For purposes of the statement of cash flows, the Authority considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Restricted Cash

Cash that has restrictions which change the nature or normal understanding of availability of the asset is reported separately on the statements of net position. Restricted cash available for obligations classified as current liabilities are reported as current assets.

Short-Term Investments

Short-term investments include certificates of deposit with an original maturity of three to twelve months, excluding restricted cash and investments.

Restricted Short-Term Investments

Short-term investments that have restrictions which change the nature or normal understanding of availability of the asset is reported separately on the statements of net position. Restricted short-term investments available for obligations classified as current liabilities are reported as current assets.

Investment Income

Interest on deposits are included in nonoperating revenues when earned.

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patients, residents and third-party payor obligations. Patient and resident receivables, excluding amounts due from third-party payors, are turned over to a collection agency if the receivables remain unpaid after the Authority's collections procedures. The Authority does not charge interest on the unpaid patient receivables. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

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

Supplies

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

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 of capital assets are as follows:

Land improvements	5-15 years
Buildings and improvements	5-40 years
Equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position, and are reported after nonoperating activities. 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.

Noncurrent Investments and Investment Income

Noncurrent investments include certificates of deposit with an original maturity date greater than twelve months. Certificates of deposit are recorded at historical cost and interest income is reported as earned.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of unrecognized items not yet charged to pension and other postemployment benefits (OPEB) expense and contributions from the employer after the measurement date but before the end of the employer's reporting period related to the pension and OPEB plans. The Authority's deferred outflows of resources are recognized as a component of compensation expense in the following year related to employer contributions, compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan.

Compensated Absences

The Authority's policies permit most employees to accumulate paid time off benefits up to a specified maximum, 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.

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

The Authority participates in a cost-sharing multiple-employer defined benefit pension plan, the Oklahoma Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Investments held by OPERS are reported at fair value by OPERS.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase in net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension and OPEB plan investments, changes in assumptions and other differences between expected and actual experience, all associated with the Authority's participation in the OPERS plan. The Authority's deferred inflows of resources related to pensions and OPEB are recognized as a component of compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan.

Operating Revenues and Expenses

The Authority's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses 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 excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Patient and Resident 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, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, 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.

Community Pharmacy Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established charges. Payment arrangements include reimbursed costs and discounted charges. Community pharmacy revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others.

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 than 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 approximately \$79,000 and \$34,000 for the years ended June 30, 2021 and 2020, calculated by multiplying the ratio of cost to gross charges for the Medical Center by the gross uncompensated charges associated with providing charity care to its patients.

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 revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues.

County Appropriations

The citizens of the County approved a 1% sales tax with an expiration date of April 14, 2024, to provide unrestricted appropriations to the Authority. The County collects the sales tax and remits it monthly to the Authority. Revenue from county appropriations is recognized in the year in which the sales tax is received. The Authority received approximately 4% and 5% of its financial support from county appropriations related to sales taxes during the years ended June 30, 2021 and 2020.

Effective February 10, 2009, the citizens of the County approved an ad valorem tax for two mills on the assessed valuation of taxable property situated in the County for the purpose of continued funding and maintenance of EMS. Property taxes are assessed in October of each year and half of the assessed taxes are due December 31 with the other half due March 31 of the following year. These taxes become delinquent after January 1 and April 1, respectively. Revenue from ad valorem tax is recognized in the year for which the ad valorem tax is levied. The Authority received approximately 4% and 6% of its financial support from ad valorem tax revenue during both of the years ended June 30, 2021 and 2020.

Note 2 - Net Patient and Resident 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 follows:

Hospital

Medicare: The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital’s Medicare cost reports have been audited by the MAC through the year ended June 30, 2019. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid: Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined rate per discharge or established fee schedules.

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

Nursing Home

Medicare: Inpatient skilled care rendered to Medicare program beneficiaries are paid at prospectively determined rates.

Medicaid: Medicaid services are paid at prospectively determined rates.

Other carriers: The Nursing Home has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Nursing Home under these agreements includes prospectively determined rates and discounts from established charges.

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital, Nursing Home, and clinic’s patient and resident service revenues for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Medicare	40%	39%
Medicaid	23%	25%
Other third-party payors	23%	20%
Self pay and other	14%	16%
	<u>100%</u>	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 3 - Provider Relief Funds

The Authority received \$391,926 and \$2,843,822 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS) for the years ended June 30, 2021 and 2020. 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 a deadline to incur eligible expenses and lost revenues varying based on the date the Authority received the funds. Unspent funds will be expected to be repaid.

The Authority also received \$-0- and \$98,923 through the Paycheck Protection Program and Health Care Enhancement Act (PPPHEA) for its rural health clinics to conduct COVID-19 testing for the years ended June 30, 2021 and 2020. This funding may only be used for conducting COVID-19 testing and related expenses, including building or construction of temporary structures, leasing of properties, and retrofitting facilities as necessary to support COVID-19 testing.

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.

As of June 30, 2021 and 2020, the Authority had a liability of \$2,009,669 and \$2,801,926, which was included in current liabilities on the accompanying statements of net position refundable advance - Provider Relief Funds, as well as restricted cash and short-term certificates of deposit totaling \$2,009,669 and \$2,801,926, which is subject to the restrictions imposed by HHS. During the years ended June 30, 2021 and 2020, the Authority recognized \$1,184,183 and \$140,819 as revenue included as nonoperating revenues on the statements of revenues, expenses and changes in net position. Subsequent to year end, the Authority repaid \$1,617,651 of unspent funds.

Note 4 - Deposits

The following statement of net position captions are considered deposits:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,091,469	\$ 1,648,821
Restricted cash and cash equivalents for capital acquisitions	3,575	3,575
Restricted cash and cash equivalents for Provider Relief Funds	123,616	301,926
Short-term certificates of deposit	643,441	-
Restricted short-term certificates of deposit for Provider Relief Funds	1,886,053	2,500,000
Noncurrent investments	<u>1,607,456</u>	<u>1,583,539</u>
	<u>\$ 5,355,610</u>	<u>\$ 6,037,861</u>

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or investment company failure, the Authority's deposits may not be returned to it. State statute requires that any deposits in excess of federal depository or other insured amounts be collateralized by U.S. Government securities in the name of the Authority. Statutes also require that the market value of the collateral be at least 100% of the excess deposits. The Authority's deposit policy does not further restrict bank deposits or limit investment deposits.

The Authority's deposits in banks at June 30, 2021 and 2020 were entirely covered by federal depository insurance or by collateral held by the Authority's custodial bank in the Authority's name.

Note 5 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2021 are as follows:

	Balance June 30, 2020	Additions	Transfers and Retirements	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 52,731	\$ -	\$ -	\$ 52,731
Capital assets being depreciated				
Land improvements	\$ 23,180	\$ -	\$ -	\$ 23,180
Building and improvements	2,669,408	224,109	-	2,893,517
Equipment	3,276,377	666,205	-	3,942,582
Total capital assets being depreciated	5,968,965	\$ 890,314	\$ -	6,859,279
Less accumulated depreciation for				
Land improvements	(13,215)	\$ (1,514)	\$ -	(14,729)
Building and improvements	(1,645,072)	(39,148)	-	(1,684,220)
Equipment	(3,614,799)	(88,751)	-	(3,703,550)
Total accumulated depreciation	(5,273,086)	\$ (129,413)	\$ -	(5,402,499)
Net capital assets being depreciated	\$ 695,879			\$ 1,456,780
Capital assets, net	\$ 748,610			\$ 1,509,511

The Beaver County Hospital Authority
Notes to Financial Statements
June 30, 2021 and 2020

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2020 are as follows:

	Balance June 30, 2019	Additions	Transfers and Retirements	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 52,731	\$ -	\$ -	\$ 52,731
Capital assets being depreciated				
Land improvements	\$ 23,180	\$ -	\$ -	\$ 23,180
Building and improvements	2,669,408	-	-	2,669,408
Equipment	3,253,384	66,393	(43,400)	3,276,377
Total capital assets being depreciated	5,945,972	\$ 66,393	\$ (43,400)	5,968,965
Less accumulated depreciation for				
Land improvements	(10,057)	\$ (3,158)	\$ -	(13,215)
Building and improvements	(1,608,808)	(36,264)	-	(1,645,072)
Equipment	(3,514,503)	(109,596)	9,300	(3,614,799)
Total accumulated depreciation	(5,133,368)	\$ (149,018)	\$ 9,300	(5,273,086)
Net capital assets being depreciated	\$ 812,604			\$ 695,879
Capital assets, net	\$ 865,335			\$ 748,610

Note 6 - Debt

A schedule of changes in the Authority's long-term debt for June 30, 2021 are as follows:

	Balance June 30, 2020	Additions	Payments/ Forgiveness	Balance June 30, 2021	Due Within One Year
Notes for Direct Borrowings					
Note payable to bank (1)	\$ 477,697	\$ -	\$ (477,697)	\$ -	\$ -
Note payable to bank (2)	283,315	-	(283,315)	-	-
Total long-term debt	\$ 761,012	\$ -	\$ (761,012)	\$ -	\$ -

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

A schedule of changes in the Authority's long-term debt for June 30, 2020 are as follows:

	Balance June 30, 2019	Additions	Payments/ Forgiveness	Balance June 30, 2020	Due Within One Year
Notes for Direct Borrowings					
Note payable to bank (1)	\$ -	\$ 477,697	\$ -	\$ 477,697	\$ 210,092
Note payable to bank (2)	-	283,315	-	283,315	124,602
Total long-term debt	<u>\$ -</u>	<u>\$ 761,012</u>	<u>\$ -</u>	<u>\$ 761,012</u>	<u>\$ 334,694</u>

Note Payable to Bank (1)

The Authority was granted a \$477,697 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Authority initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA in November 2020. The Authority recognized \$477,697 of loan forgiveness income for the year ended June 30, 2021.

Note Payable to Bank (2)

The Authority was granted a \$283,315 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Authority initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA in November 2020. The Authority recognized \$283,315 of loan forgiveness income for the year ended June 30, 2021.

The Authority has a \$450,000 revolving line of credit with a variable interest rate (5.25% as of June 30, 2021) which expires in July 2022. No amounts were drawn on this line of credit for the years ending June 30, 2021 and 2020.

Note 7 - Retirement Pension Plan

Plan Description

The Authority contributes to OPERS, a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees. OPERS is administered by a board of trustees appointed by state statute. Benefit provisions are contained in the plan document and were established and can be amended by action of OPERS' governing body.

Benefits Provided

In general, OPERS provides retirement, disability and death benefits to plan members and their beneficiaries based on members' final average compensation, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. OPERS' benefits are established and amended by state statute. Retirement provisions are as follows:

Hired Prior to November 1, 2011 – Normal retirement is attained upon completing one of the following: Age of 62 with six years of credited service; 80 points or the sum of age and years of service if the employee was hired before July 1, 1992; 90 points or the sum of age and years of service if the employee was hired after July 1, 1992. Retirement benefits for employees are calculated as the average compensation during the highest three years of the last 10 years of service.

Hired After November 1, 2011 – Normal retirement is attained upon completing one of the following: Age of 65 with six years of credited service or 90 points or the sum of age and years of service with a minimum age of 60. Retirement benefits for employees are calculated as the average compensation during the highest five years of the last 10 years of service. Retirement benefits for employees are calculated as 2% of the employee's final average salary multiplied by the employee's credited years of service.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Disability retirement benefits are determined in the same manner as retirement benefits and require a minimum of eight years of service and that the member qualifies for disability under the Social Security Administration or Railroad Retirement Board.

Contributions

The authority to set and amend contribution rates is established by ordinance for OPERS' defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. Contributions for participating county and local agencies are required by statute to total 20% for employees and employers as of June 30, 2021. For the years ended June 30, 2021 and 2020, the Authority contributed 11.5% and employees contributed 8.5% of eligible compensation. For the years ended June 30, 2021 and 2020, contributions to the pension plan from the Authority were \$374,023 and \$365,245. For the years ended June 30, 2021 and 2020, contributions to the pension plan from employees were approximately \$290,000 and \$283,000.

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

At June 30, 2021 and 2020, the Authority reported a liability of \$1,260,562 and \$172,239, for its proportionate share of the net pension liability. The net pension liability as of June 30, 2021 and 2020, was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and 2019. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the pension plan during the measurement period relative to the actual contributions of all participating employers. At June 30, 2020 and 2019, the Authority's proportion was 0.14129271% and 0.12932037%.

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of \$765,651 and \$278,030, included in employee benefits on the statements of revenues, expenses and changes in net position. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPERS from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ -	\$ 6,888	\$ -	\$ 40,530
Change in proportion	14,507	6,692	7,458	17,341
Change in assumptions	450,260	-	-	-
Net difference between projected and actual earnings on pension plan investments	149,786	-	-	51,971
Contributions made since measurement date	374,023	-	365,245	-
Total	<u>\$ 988,576</u>	<u>\$ 13,580</u>	<u>\$ 372,703</u>	<u>\$ 109,842</u>

At June 30, 2021 and 2020, the Authority reported \$374,023 and \$365,245, as deferred outflows of resources related to OPERS resulting from the Authority's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the subsequent year. The remaining amounts in deferred inflows and outflows are related to OPEB plan.

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

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

<u>Years Ending June 30,</u>	<u>Total</u>
2022	\$ 245,418
2023	246,608
2024	108,947
	<u>\$ 600,973</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions applied to all periods included in the measurements:

	<u>2020</u>	<u>2019</u>
Inflation	2.50%	2.75%
Salary increase	3.25% - 9.25%	3.5% - 9.5%
Investment rate of return	6.50%	7.00%
Actuarial cost method	Entry age normal	Entry age normal

In 2020, mortality rates were based on the Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. In 2019, mortality rates were based on the RP-2014 Mortality Table projected to 2025 by Scale MP-2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study dated May 13, 2020, for the three-year period from July 1, 2016 to June 30, 2019. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study dated April 13, 2017, for the three-year period from July 1, 2013 to June 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major class, as used in the June 30, 2016 experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	38.0%	3.8%
U.S. small cap equity	6.0%	4.9%
Non-US equity	24.0%	9.2%
U.S. fixed income	32.0%	1.4%

The target asset allocation and best estimates of arithmetic real rates of return for each major class, as used in the June 30, 2019 experience study, are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
U.S. large cap equity	34.0%	4.7%
U.S. small cap equity	6.0%	5.8%
Int's developed equity	23.0%	6.5%
Emerging market equity	5.0%	8.5%
Core fixed income	25.0%	0.5%
Long term treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, net of investment expenses, for the year ended June 30, 2021 and 7.00% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability for the OPERS plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2021		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,967,467	\$ 1,260,562	\$ (181,753)
	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 1,557,312	\$ 172,239	\$ (1,002,038)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

Payable to the Pension Plan

At June 30, 2021 and 2020, the Authority reported a payable of approximately \$57,000 and \$60,000 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2021 and 2020, which was included in accounts payable on the accompanying statements of net position.

Note 8 - Restricted and Designated Net Position

At June 30, 2021 and 2020, \$275,080 and \$602,144, of restricted expendable net position was available for the purpose of providing emergency medical services to the residents of the County. In addition, at June 30, 2021 and 2020, \$3,575 and \$3,575, was available for the purpose of capital acquisitions of the Nursing Home.

Note 9 - Concentrations of Credit Risk

The Authority grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients and residents at June 30, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Medicare	28%	33%
Medicaid	15%	14%
Commercial insurance	30%	26%
Other third-party payors and patients	<u>27%</u>	<u>27%</u>
	<u>100%</u>	<u>100%</u>

Note 10 - Supplemental Hospital Offset Payment Program Act

The Supplemental Hospital Offset Payment Program Act (SHOPP), designated as House Bill 1381 (HB 1381), was passed during 2011 implementing a fee on hospitals to generated matching funds to the state of Oklahoma from federal sources. The collected fees will be placed in pools and then allocated to hospitals as directed by legislation. The Oklahoma Health Care Authority (OHCA) does not guarantee that allocations will or equal or exceed the amount of the supplemental hospital offset payment program fee paid by the hospital.

The Authority records receipts to net patient and resident service revenue. The Authority received approximately \$69,000 and \$64,000 during the years ended June 30, 2021 and 2020.

Future changes in law or regulation at the federal or state level can adversely affect or eliminate SHOPP.

Note 11 - Contingencies

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.

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 has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.

COVID-19 Pandemic

During 2021 and 2020, the world-wide coronavirus pandemic impacted national and global economies. The Authority is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Authority is not known.

Note 12 - Management Agreement

Effective July 1, 2020, the Authority's board entered into a management contract with SSM Healthcare of Oklahoma, Inc. (SSM). The contract is for a two-year term. The Authority is to pay 2.75% of net patient service revenue reported on the most recently filed cost report payable in twelve equal monthly installments. The Authority paid SSM \$280,981 for software costs, management fees and other professional services in the year ended March 31, 2021. As of June 30, 2021, the Authority owes SSM \$2,495 for software costs, management fees and other professional services.

Note 13 - Condensed Combining Information

The following summarizes combining information for the Authority and EMS, which has been presented as a blended component unit, as of and for the year ended June 30, 2021.

Statement of net position as of June 30, 2021:

	Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Assets and deferred outflows of resources				
Assets				
Current assets	\$ 5,106,591	\$ 310,222	\$ (35,142)	\$ 5,381,671
Capital assets, net	1,340,368	169,143	-	1,509,511
Other assets	<u>1,673,698</u>	<u>-</u>	<u>-</u>	<u>1,673,698</u>
Total assets	<u>8,120,657</u>	<u>479,365</u>	<u>(35,142)</u>	<u>8,564,880</u>
Deferred outflows of resources	<u>1,033,068</u>	<u>-</u>	<u>-</u>	<u>1,033,068</u>
Total assets and deferred outflows of resources	<u>\$ 9,153,725</u>	<u>\$ 479,365</u>	<u>\$ (35,142)</u>	<u>\$ 9,597,948</u>

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

	<u>Beaver County Hospital Authority</u>	<u>Beaver County Emergency Medical Services</u>	<u>Eliminations</u>	<u>Combined Total</u>
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities	\$ 2,727,359	\$ 35,142	\$ (35,142)	\$ 2,727,359
Long-term liabilities	<u>1,260,562</u>	<u>-</u>	<u>-</u>	<u>1,260,562</u>
Total liabilities	<u>3,987,921</u>	<u>35,142</u>	<u>(35,142)</u>	<u>3,987,921</u>
Deferred inflows of resources	<u>38,025</u>	<u>-</u>	<u>-</u>	<u>38,025</u>
Net position				
Net investment in capital assets	1,340,368	169,143	-	1,509,511
Restricted - expendable for				
Capital acquisitions	3,575	-	-	3,575
Specific operating activities	-	275,080	-	275,080
Unrestricted	<u>3,783,836</u>	<u>-</u>	<u>-</u>	<u>3,783,836</u>
Total net position	<u>5,127,779</u>	<u>444,223</u>	<u>-</u>	<u>5,572,002</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 9,153,725</u>	<u>\$ 479,365</u>	<u>\$ (35,142)</u>	<u>\$ 9,597,948</u>

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

Operating results and changes in net position for the year ended June 30, 2021:

	Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Operating revenues				
Net patient and resident service revenue	\$ 6,393,075	\$ -	\$ -	\$ 6,393,075
Community pharmacy revenue	1,580,928	-	-	1,580,928
Other operating revenue	<u>322,659</u>	<u>-</u>	<u>-</u>	<u>322,659</u>
Total operating revenues	<u>8,296,662</u>	<u>-</u>	<u>-</u>	<u>8,296,662</u>
Operating expenses				
Depreciation	129,413	-	-	129,413
Other operating expenses	<u>9,831,217</u>	<u>-</u>	<u>-</u>	<u>9,831,217</u>
Total operating expenses	<u>9,960,630</u>	<u>-</u>	<u>-</u>	<u>9,960,630</u>
Operating loss	(1,663,968)	-	-	(1,663,968)
Nonoperating revenues	<u>2,547,873</u>	<u>427,378</u>	<u>-</u>	<u>2,975,251</u>
Revenues in Excess of (Less Than) Expenses	883,905	427,378	-	1,311,283
Intergovernmental Transfers	<u>710,303</u>	<u>(710,303)</u>	<u>-</u>	<u>-</u>
Change in net position	1,594,208	(282,925)	-	1,311,283
Net position, beginning of year	<u>3,533,571</u>	<u>727,148</u>	<u>-</u>	<u>4,260,719</u>
Net position, end of year	<u>\$ 5,127,779</u>	<u>\$ 444,223</u>	<u>\$ -</u>	<u>\$ 5,572,002</u>

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

Cash flows for the year ended June 30, 2021:

	Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Net cash used for operating activities	\$ (505,829)	\$ (708,090)	\$ -	\$ (1,213,919)
Net cash from noncapital financing activities	928,328	424,562	-	1,352,890
Net cash used for capital and capital related financing activities	(846,175)	(44,139)	-	(890,314)
Net cash from capital and capital investing activities	<u>12,865</u>	<u>2,816</u>	<u>-</u>	<u>15,681</u>
Net change in cash and cash equivalents	(410,811)	(324,851)	-	(735,662)
Cash and cash equivalents, beginning of year	<u>1,493,434</u>	<u>460,888</u>	<u>-</u>	<u>1,954,322</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,082,623</u></u>	<u><u>\$ 136,037</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,218,660</u></u>

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

The following summarizes combining information for the Authority and EMS, which has been presented as a blended component unit, as of and for the year ended June 30, 2020.

Statement of net position as of June 30, 2020:

	Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Assets and deferred outflows of resources				
Assets				
Current assets	\$ 5,428,350	\$ 635,073	\$ (32,929)	\$ 6,030,494
Capital assets, net	623,606	125,004	-	748,610
Other assets	1,633,862	-	-	1,633,862
Total assets	<u>7,685,818</u>	<u>760,077</u>	<u>(32,929)</u>	<u>8,412,966</u>
Deferred outflows of resources	<u>391,796</u>	<u>-</u>	<u>-</u>	<u>391,796</u>
Total assets and deferred outflows of resources	<u><u>\$ 8,077,614</u></u>	<u><u>\$ 760,077</u></u>	<u><u>\$ (32,929)</u></u>	<u><u>\$ 8,804,762</u></u>
Liabilities, deferred inflows of resources, and net position				
Liabilities				
Current liabilities	\$ 3,821,105	\$ 32,929	\$ (32,929)	\$ 3,821,105
Long-term liabilities	598,557	-	-	598,557
Total liabilities	<u>4,419,662</u>	<u>32,929</u>	<u>(32,929)</u>	<u>4,419,662</u>
Deferred inflows of resources	<u>124,381</u>	<u>-</u>	<u>-</u>	<u>124,381</u>
Net position				
Net investment in capital assets	623,606	125,004	-	748,610
Restricted - expendable for				
Capital acquisitions	3,575	-	-	3,575
Specific operating activities	-	602,144	-	602,144
Unrestricted	<u>2,906,390</u>	<u>-</u>	<u>-</u>	<u>2,906,390</u>
Total net position	<u>3,533,571</u>	<u>727,148</u>	<u>-</u>	<u>4,260,719</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 8,077,614</u></u>	<u><u>\$ 760,077</u></u>	<u><u>\$ (32,929)</u></u>	<u><u>\$ 8,804,762</u></u>

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

Operating results and changes in net position for the year ended June 30, 2020:

	Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Operating revenues				
Net patient and resident service revenue	\$ 5,667,555	\$ -	\$ -	\$ 5,667,555
Community pharmacy revenue	1,390,007	-	-	1,390,007
Other operating revenue	168,121	-	-	168,121
Total operating revenues	<u>7,225,683</u>	<u>-</u>	<u>-</u>	<u>7,225,683</u>
Operating expenses				
Depreciation	109,216	39,802	-	149,018
Other operating expenses	8,153,565	310,801	-	8,464,366
Total operating expenses	<u>8,262,781</u>	<u>350,603</u>	<u>-</u>	<u>8,613,384</u>
Operating loss	<u>(1,037,098)</u>	<u>(350,603)</u>	<u>-</u>	<u>(1,387,701)</u>
Nonoperating revenues	<u>640,088</u>	<u>419,669</u>	<u>-</u>	<u>1,059,757</u>
Change in net position	(397,010)	69,066	-	(327,944)
Net position, beginning of year	<u>3,930,581</u>	<u>658,082</u>	<u>-</u>	<u>4,588,663</u>
Net position, end of year	<u>\$ 3,533,571</u>	<u>\$ 727,148</u>	<u>\$ -</u>	<u>\$ 4,260,719</u>

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2021 and 2020

Cash flows for the year ended June 30, 2020:

	Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Net cash used for operating activities	\$ (953,203)	\$ (303,814)	\$ -	\$ (1,257,017)
Net cash from noncapital financing activities	4,146,683	399,002	-	4,545,685
Net cash used for capital and capital related financing activities	(36,268)	-	-	(36,268)
Net cash from (used for) capital and capital investing activities	<u>(1,988,365)</u>	<u>7,303</u>	<u>-</u>	<u>(1,981,062)</u>
Net change in cash and cash equivalents	1,168,847	102,491	-	1,271,338
Cash and cash equivalents, beginning of year	<u>324,587</u>	<u>358,397</u>	<u>-</u>	<u>682,984</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,493,434</u></u>	<u><u>\$ 460,888</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,954,322</u></u>



Required Supplementary Information
June 30, 2021 and 2020

The Beaver County Hospital Authority

The Beaver County Hospital Authority
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net Pension Liability (Unaudited)
 Oklahoma Public Employees Retirement System Plan

Schedule of the Authority's Proportionate Share of the Net Pension Liability

	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.14129%	0.12932%	0.14023%	0.13290%	0.09109%	0.11721%	0.14655%
Authority's proportionate share of the net pension liability	\$ 1,260,562	\$ 172,239	\$ 273,499	\$ 718,529	\$ 903,790	\$ 421,572	\$ 269,000
Authority's covered-employee payroll	\$ 3,176,043	\$ 3,052,139	\$ 3,160,417	\$ 3,298,696	\$ 3,065,209	\$ 3,769,704	\$ 3,518,838
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	39.69%	5.64%	8.65%	21.78%	29.49%	11.18%	7.64%
Plan fiduciary net position as a percentage of the total pension liability	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. Information in the schedule has been determined as of the measurement date (the June 30 twelve months immediately preceding the Authority's most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.

The Beaver County Hospital Authority
 Required Supplementary Information
 Schedule of the Authority's Contributions (Unaudited)
 Oklahoma Public Employees Retirement System Plan

Schedule of the Authority's Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 374,023	\$ 365,245	\$ 350,996	\$ 363,448	\$ 379,350	\$ 352,499	\$ 433,516
Contributions in relation to the statutorily required contribution	<u>374,023</u>	<u>365,245</u>	<u>350,996</u>	<u>363,448</u>	<u>379,350</u>	<u>352,499</u>	<u>433,516</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 3,252,374	\$ 3,176,043	\$ 3,052,139	\$ 3,160,417	\$ 3,298,696	\$ 3,065,209	\$ 3,769,704
Contributions as a percentage of covered-employee payroll	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. Information in this schedule has been determined as of the Authority's most recent fiscal year-end in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.



Supplementary Information
June 30, 2021 and 2020

The Beaver County Hospital Authority



Independent Auditor's Report on Supplementary Information

The Board of Trustees
The Beaver County Hospital Authority
Beaver, Oklahoma

We have audited the financial statements of The Beaver County Hospital Authority as of and for the years ended June 30, 2021 and 2020 and our report thereon dated January 17, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining schedules of statement of net position information and combining schedules of revenues, expenses and changes in net position information are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Oklahoma City, Oklahoma
January 17, 2021

The Beaver County Hospital Authority
Combining Schedule – Statement of Net Position Information
June 30, 2021

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and cash equivalents	\$ 480,937	\$ 474,495	\$ -	\$ 955,432	\$ 136,037	\$ -	\$ 1,091,469
Restricted cash and cash equivalents for capital acquisitions	-	3,575	-	3,575	-	-	3,575
Restricted cash and cash equivalents for Provider Relief Funds	-	123,616	-	123,616	-	-	123,616
Short-term certificates of deposit	643,441	-	-	643,441	-	-	643,441
Restricted short-term certificates of deposit for Provider Relief Funds	1,886,053	-	-	1,886,053	-	-	1,886,053
Patient and resident receivables, net of estimated uncollectibles of \$270,000	664,904	170,567	-	835,471	-	-	835,471
Due from related parties	43,403	1,599	(9,860)	35,142	-	(35,142)	-
County appropriations receivable	-	65,989	-	65,989	174,185	-	240,174
Estimated amounts due from third-party payors	225,689	-	-	225,689	-	-	225,689
Supplies	298,466	9,712	-	308,178	-	-	308,178
Prepaid expenses and other	8,520	15,485	-	24,005	-	-	24,005
Total current assets	<u>4,251,413</u>	<u>865,038</u>	<u>(9,860)</u>	<u>5,106,591</u>	<u>310,222</u>	<u>(35,142)</u>	<u>5,381,671</u>
Capital Assets							
Capital assets not being depreciated	33,231	12,000	-	45,231	7,500	-	52,731
Capital assets being depreciated, net	1,084,071	211,066	-	1,295,137	161,643	-	1,456,780
Total capital assets	<u>1,117,302</u>	<u>223,066</u>	<u>-</u>	<u>1,340,368</u>	<u>169,143</u>	<u>-</u>	<u>1,509,511</u>
Other Assets							
Noncurrent investments	1,607,456	-	-	1,607,456	-	-	1,607,456
Other	35,081	31,161	-	66,242	-	-	66,242
Total other assets	<u>1,642,537</u>	<u>31,161</u>	<u>-</u>	<u>1,673,698</u>	<u>-</u>	<u>-</u>	<u>1,673,698</u>
Total assets	<u>7,011,252</u>	<u>1,119,265</u>	<u>(9,860)</u>	<u>8,120,657</u>	<u>479,365</u>	<u>(35,142)</u>	<u>8,564,880</u>
Deferred Outflows of Resources							
	<u>547,526</u>	<u>485,542</u>	<u>-</u>	<u>1,033,068</u>	<u>-</u>	<u>-</u>	<u>1,033,068</u>
Total assets and deferred outflows of resources	<u>\$ 7,558,778</u>	<u>\$ 1,604,807</u>	<u>\$ (9,860)</u>	<u>\$ 9,153,725</u>	<u>\$ 479,365</u>	<u>\$ (35,142)</u>	<u>\$ 9,597,948</u>

The Beaver County Hospital Authority
Combining Schedule – Statement of Net Position Information
June 30, 2021

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable	\$ 221,312	\$ 85,170	\$ -	\$ 306,482	\$ -	\$ -	\$ 306,482
Due to related parties	-	9,860	(9,860)	-	35,142	(35,142)	-
Accrued expense	276,352	134,856	-	411,208	-	-	411,208
Refundable advance	1,886,053	123,616	-	2,009,669	-	-	2,009,669
Total current liabilities	2,383,717	353,502	(9,860)	2,727,359	35,142	(35,142)	2,727,359
Net Pension Obligations	668,478	592,084	-	1,260,562	-	-	1,260,562
Total liabilities	3,052,195	945,586	(9,860)	3,987,921	35,142	(35,142)	3,987,921
Deferred Inflows of Resources	20,155	17,870	-	38,025	-	-	38,025
Net Position							
Net investment in capital assets	1,117,302	223,066	-	1,340,368	169,143	-	1,509,511
Restricted - expendable for							
Capital acquisitions	-	3,575	-	3,575	-	-	3,575
Specific operating activities	-	-	-	-	275,080	-	275,080
Unrestricted	3,369,126	414,710	-	3,783,836	-	-	3,783,836
Total net position	4,486,428	641,351	-	5,127,779	444,223	-	5,572,002
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,558,778</u>	<u>\$ 1,604,807</u>	<u>\$ (9,860)</u>	<u>\$ 9,153,725</u>	<u>\$ 479,365</u>	<u>\$ (35,142)</u>	<u>\$ 9,597,948</u>

The Beaver County Hospital Authority
Combining Schedule – Statement of Revenues, Expenses and Changes in Net Position Information
Year Ended June 30, 2021

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority	Beaver County Emergency Medial Services	Eliminations	Combined Total
Operating revenues							
Net patient and resident service revenue, net of provision for bad debts of \$319,133	\$ 4,155,669	\$ 2,237,406	\$ -	\$ 6,393,075	\$ -	\$ -	\$ 6,393,075
Community pharmacy revenue	1,580,928	-	-	1,580,928	-	-	1,580,928
Other	12,154	335,200	(24,695)	322,659	-	-	322,659
Total operating revenues	5,748,751	2,572,606	(24,695)	8,296,662	-	-	8,296,662
Operating Expenses							
Salaries and wages	2,777,982	1,622,203	-	4,400,185	-	-	4,400,185
Employee benefits	814,326	610,469	-	1,424,795	-	-	1,424,795
Purchased services and professional fees	948,512	93,882	-	1,042,394	-	-	1,042,394
Supplies and other	2,220,471	768,067	(24,695)	2,963,843	-	-	2,963,843
Depreciation	94,200	35,213	-	129,413	-	-	129,413
Total operating expenses	6,855,491	3,129,834	(24,695)	9,960,630	-	-	9,960,630
Operating Loss	(1,106,740)	(557,228)	-	(1,663,968)	-	-	(1,663,968)
Nonoperating Revenues (Expenses)							
County appropriations - unrestricted	-	402,515	-	402,515	-	-	402,515
County appropriations - restricted	49,665	-	-	49,665	396,046	-	445,711
Investment income	62,474	3,802	-	66,276	2,816	-	69,092
Provider relief funds	1,051,692	132,491	-	1,184,183	-	-	1,184,183
Forgiveness of Paycheck Protection Program loans	477,697	283,315	-	761,012	-	-	761,012
Noncapital grants and gifts	83,372	850	-	84,222	28,516	-	112,738
Total nonoperating revenues	1,724,900	822,973	-	2,547,873	427,378	-	2,975,251
Revenues in Excess of (Less Than) Expenses	618,160	265,745	-	883,905	427,378	-	1,311,283
Intergovernmental Transfers	710,303	-	-	710,303	(710,303)	-	-
Change in Net Position	1,328,463	265,745	-	1,594,208	(282,925)	-	1,311,283
Net Position, Beginning of Year	3,157,965	375,606	-	3,533,571	727,148	-	4,260,719
Net Position, End of Year	\$ 4,486,428	\$ 641,351	\$ -	\$ 5,127,779	\$ 444,223	\$ -	\$ 5,572,002

The Beaver County Hospital Authority
Combining Schedule – Statement of Net Position Information
June 30, 2020

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and cash equivalents	\$ 689,560	\$ 498,373	\$ -	\$ 1,187,933	\$ 460,888	\$ -	\$ 1,648,821
Restricted cash and cash equivalents for capital acquisitions	-	3,575	-	3,575	-	-	3,575
Restricted cash and cash equivalents for Provider Relief Funds	237,745	64,181	-	301,926	-	-	301,926
Restricted short-term certificates of deposit for Provider Relief Funds	2,500,000	-	-	2,500,000	-	-	2,500,000
Patient and resident receivables, net of estimated uncollectibles of \$262,000	489,983	156,148	-	646,131	-	-	646,131
Due from related parties	170,532	1,666	(139,269)	32,929	-	(32,929)	-
County appropriations receivable	-	65,989	-	65,989	174,185	-	240,174
Estimated amounts due from third-party payors	360,024	-	-	360,024	-	-	360,024
Supplies	318,254	10,898	-	329,152	-	-	329,152
Prepaid expenses and other	691	-	-	691	-	-	691
Total current assets	4,766,789	800,830	(139,269)	5,428,350	635,073	(32,929)	6,030,494
Capital Assets							
Capital assets not being depreciated	33,231	12,000	-	45,231	7,500	-	52,731
Capital assets being depreciated, net	367,909	210,466	-	578,375	117,504	-	695,879
Total capital assets	401,140	222,466	-	623,606	125,004	-	748,610
Other Assets							
Noncurrent investments	1,583,539	-	-	1,583,539	-	-	1,583,539
Other	26,644	23,679	-	50,323	-	-	50,323
Total other assets	1,610,183	23,679	-	1,633,862	-	-	1,633,862
Total assets	6,778,112	1,046,975	(139,269)	7,685,818	760,077	(32,929)	8,412,966
Deferred Outflows of Resources	207,651	184,145	-	391,796	-	-	391,796
Total assets and deferred outflows of resources	<u>\$ 6,985,763</u>	<u>\$ 1,231,120</u>	<u>\$ (139,269)</u>	<u>\$ 8,077,614</u>	<u>\$ 760,077</u>	<u>\$ (32,929)</u>	<u>\$ 8,804,762</u>

The Beaver County Hospital Authority
Combining Schedule – Statement of Net Position Information
June 30, 2020

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority	Beaver County Emergency Medical Services	Eliminations	Combined Total
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Current maturities of long-term debt	\$ 210,092	\$ 124,602	\$ -	\$ 334,694	\$ -	\$ -	\$ 334,694
Accounts payable	177,598	91,320	-	268,918	-	-	268,918
Due to related parties	-	139,269	(139,269)	-	32,929	(32,929)	-
Accrued expense	277,169	138,398	-	415,567	-	-	415,567
Refundable advance	2,737,745	64,181	-	2,801,926	-	-	2,801,926
Total current liabilities	3,402,604	557,770	(139,269)	3,821,105	32,929	(32,929)	3,821,105
Long-Term Liabilities							
Long-term debt, less current maturities	267,605	158,713	-	426,318	-	-	426,318
Net pension obligations	91,666	80,573	-	172,239	-	-	172,239
Total long-term liabilities	359,271	239,286	-	598,557	-	-	598,557
Total liabilities	3,761,875	797,056	(139,269)	4,419,662	32,929	(32,929)	4,419,662
Deferred Inflows of Resources	65,923	58,458	-	124,381	-	-	124,381
Net Position							
Net investment in capital assets	401,140	222,466	-	623,606	125,004	-	748,610
Restricted - expendable for							
Capital acquisitions	-	3,575	-	3,575	-	-	3,575
Specific operating activities	-	-	-	-	602,144	-	602,144
Unrestricted	2,756,825	149,565	-	2,906,390	-	-	2,906,390
Total net position	3,157,965	375,606	-	3,533,571	727,148	-	4,260,719
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,985,763</u>	<u>\$ 1,231,120</u>	<u>\$ (139,269)</u>	<u>\$ 8,077,614</u>	<u>\$ 760,077</u>	<u>\$ (32,929)</u>	<u>\$ 8,804,762</u>

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

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority	Beaver County Emergency Medial Services	Eliminations	Combined Total
Operating revenues							
Net patient and resident service revenue, net of provision for bad debts of \$372,121	\$ 3,341,492	\$ 2,326,063	\$ -	\$ 5,667,555	\$ -	\$ -	\$ 5,667,555
Community pharmacy revenue	1,390,007	-	-	1,390,007	-	-	1,390,007
Other	32,510	165,163	(29,552)	168,121	-	-	168,121
Total operating revenues	4,764,009	2,491,226	(29,552)	7,225,683	-	-	7,225,683
Operating Expenses							
Salaries and wages	2,312,385	1,458,773	-	3,771,158	154,372	-	3,925,530
Employee benefits	570,396	452,370	-	1,022,766	19,103	-	1,041,869
Purchased services and professional fees	798,499	284,274	-	1,082,773	80,715	-	1,163,488
Supplies and other	1,625,264	681,156	(29,552)	2,276,868	56,611	-	2,333,479
Depreciation	73,434	35,782	-	109,216	39,802	-	149,018
Total operating expenses	5,379,978	2,912,355	(29,552)	8,262,781	350,603	-	8,613,384
Operating Loss	(615,969)	(421,129)	-	(1,037,098)	(350,603)	-	(1,387,701)
Nonoperating Revenues (Expenses)							
County appropriations - unrestricted	-	381,396	-	381,396	-	-	381,396
County appropriations - restricted	56,409	-	-	56,409	402,307	-	458,716
Investment income	48,270	1,869	-	50,139	7,303	-	57,442
Provider relief funds	-	140,819	-	140,819	-	-	140,819
Loss of sale of assets	(3,975)	-	-	(3,975)	-	-	(3,975)
Noncapital grants and gifts	11,900	3,400	-	15,300	10,059	-	25,359
Total nonoperating revenues	112,604	527,484	-	640,088	419,669	-	1,059,757
Change in Net Position	(503,365)	106,355	-	(397,010)	69,066	-	(327,944)
Net Position, Beginning of Year	3,661,330	269,251	-	3,930,581	658,082	-	4,588,663
Net Position, End of Year	\$ 3,157,965	\$ 375,606	\$ -	\$ 3,533,571	\$ 727,148	\$ -	\$ 4,260,719



**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***

The Board of Trustees
The Beaver County Hospital Authority
Beaver, 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 Beaver County Hospital Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated January 17, 2022.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2021-A through 2021-C.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2021-D.

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*.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Oklahoma City, Oklahoma
January 17, 2022

Findings – Financial Statements Audit – Internal Controls over Financial Reporting

Material Weaknesses

2021-A Segregation of Duties

Criteria: A properly designed system of internal control segregates the initiation, record keeping, and authorization of transactions.

Condition: During the course of our engagement, we noted that the Authority has limited staff completing incompatible accounting functions due to the size of the entity. The Comptroller, Hospital Business Office Manager and Nursing Home Business Office Manager prepares journal entries and also has access to assets and reconciling responsibilities. There is no review of journal entries prepared by the Comptroller.

Cause: A limited number of office personnel prevent a proper segregation of accounting functions necessary to assure optimal internal control. This is not an unusual condition in organizations of your size.

Effect: Limited segregation of duties could result in misstatements that may not be prevented or detected on a timely basis in the normal course of operations.

Auditor's Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. We also recognize that in some instances it may not be cost effective to employ additional personnel for the purpose of segregating duties. However, the Authority should continually review its internal control procedures, other compensating controls and monitoring procedures to obtain the maximum internal control possible under the circumstances. Management involvement through the review of reconciliation procedures can be an effective control to ensure these procedures are being accurately completed on a timely basis. Furthermore, the Authority should periodically evaluate its procedures to identify potential areas where the benefits of further segregation of duties or addition of other compensating controls and monitoring procedures exceed the related costs.

Views of Responsible Officials: Management agrees with the finding and has reviewed the operating procedures of the Authority. Due to the limited number of office employees, management will continue to monitor the Authority's operations and procedures. Furthermore, we will continually review the assignment of duties to obtain the maximum internal control possible under the circumstances.

2021-B Preparation of Financial Statements

Criteria: A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by personnel of the entity. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Condition: The Authority does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes as required by GAAP. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. As auditors, we cannot be considered part of the internal control system.

Cause: This weakness is due to the limited resources in the financial reporting process due to budgetary constraints.

Effect: The effect of this condition is that yearend financial reporting is prepared by a party outside of the Authority. The outside party does not have constant contact with the ongoing financial transactions that internal staff have. Furthermore, it is possible that new standards may not be adopted and applied timely to interim financial statements. Additionally, the financial statements required material adjustments.

Auditor's Recommendation: We recommend that management continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible under the circumstances to enable staff to draft the financial statements internally.

Views of Responsible Officials: Given the staffing levels of the Authority, we do not think it would be cost-effective to fully cure this deficiency at this time. In addition, given the complex and constantly changing nature of financial reporting requirements, we believe that better results can be achieved by continuing to rely on the expertise of our outside auditors regarding these matters.

2021-C Material Audit Entries

Criteria: A properly designed system of internal control over financial reporting allows entities to initiate, record, process, and report financial report data reliably in accordance with general accepted accounting principles.

Condition: During the course of our engagement, we proposed material audit adjustments to the financial statements that would not have been identified as a result of the Authority's existing internal controls, and therefore, could have resulted in material misstatement of the Authority's financial statements. The adjustments relate to deferred inflows/outflows of resources, pension liabilities, long-term debt and third-party payor settlements.

Cause: There was no control in place to estimate the amounts of cost report settlements or pension liability or a review to detect the loan posting error.

Effect: Material audit adjustments were made to deferred inflows/outflows of resources, pension liabilities, long-term debt and Medicare cost report settlements.

Auditor's Recommendation: It is recommended the Hospital implement a system that provides adequate controls over estimating cost report settlements and pension liabilities, and establish a review process to detect posting errors.

Views of Responsible Officials: Management will continue to rely on the auditor to make the necessary adjustments.

Significant Deficiency

2021-D Bank Reconciliation

Criteria: Reviewing and reconciling accounts to the general ledger is a necessary step in the Authority's internal control process.

Condition: During the course of our engagement, we identified a journal entry posted in order to properly reconcile cash. The variance was not properly investigated.

Cause: The variance in the bank reconciliation was not properly investigated resulting in an entry posted to miscellaneous revenues.

Effect: Misstatements are not identified and corrected in a timely manner.

Auditor's Recommendation: We recommend management prepare bank reconciliations on a timely basis as well as a review of these reconciliations, in order to identify potential misstatements and reconciling items. Any variances should also be reconciled on a periodic basis to ensure that these balances are fairly stated.

Views of Responsible Officials: Management will develop a process to reconcile cash account on a regular basis and investigate any variances.