



Management's Discussion and Analysis
and Financial Statements
June 30, 2021 and 2020

Tahlequah Hospital Authority

A Component Unit of the City of Tahlequah, Oklahoma

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Table of Contents
June 30, 2021 and 2020

Independent Auditor’s Report	1
Management's Discussion and Analysis	3
Financial Statements	
Statements of Net Position	9
Statements of Revenues and Expenses	11
Statements of Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	15
Supplementary Information	
Independent Auditor’s Report on Supplementary Information	45
Combining Schedules	
Statement of Net Position Information - June 30, 2021	46
Statement of Net Position Information – June 30, 2020	48
Statement of Operations and Changes in Net Position Information – Year Ended June 30, 2021	50
Statement of Operations and Changes in Net Position Information – Year Ended June 30, 2020	52
Schedules of Hospital Net Patient Service Revenue.....	54
Schedules of Hospital Other Revenue	56
Schedules of Hospital Expense.....	57
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 <i>Government Auditing Standards</i>	59



Independent Auditor's Report

The Board of Trustees
Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Tahlequah, Oklahoma

Report on the Financial Statements

We have audited the accompanying statements of net position of Tahlequah Hospital Authority (Authority), as of June 30, 2021 and 2020, and the related statements of revenues and expenses, statements of 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and preform 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.

What inspires you, inspires us. Let's talk. | eidebailly.com

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 Tahlequah 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 8 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 October 29, 2021 on our consideration of Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
October 29, 2021

This discussion and analysis of the financial performance of Tahlequah Hospital Authority (Authority) provides an overall review of the Authority's financial activities and balances as of and for the years ended June 30, 2021, 2020 and 2019. The intent of this discussion and analysis is to provide further information on the Authority's performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the Authority's financial status.

Financial Highlights

This three-year trend has fluctuations due to COVID response. The 2019 year was pre-COVID, 2020 had six months of COVID where the Authority was virtually shut down for anything other than emergencies and 2021 had the first six months where return to normal operations was slow. Due to COVID there are some unusual revenues and losses in both 2020 and 2021. Being a rural facility our number one issue is personnel recruitment for the high level of specialty services we have available locally. Due to this issue, we knew we could not take the same approach as many of the urban facilities did and have a mass layoff while the facility was virtually shut down and during the ramp up of services after the shutdown. During 2020 we used the COVID relief funds of \$13,163,017 to fund our personnel cost without any layoffs. We also realized that for the first six months of 2021 we would most likely have to continue this funding as the Authority ramped back up to full speed. During the first six months of 2021 year we lost over \$6,000,000 funding our personnel and managed to finish the year with profits in the last half of the year to only incur a small loss of \$2,022,493. This is a manageable amount with the cash flow and cash investments. This proved to be the right response to COVID for our rural market since once the patient flow came back to the Authority we have run at full capacity and we were able to handle the volumes only due to our strategy of having no layoffs and not having to recruit new staff.

This strategy resulted in operating losses in 2020 of \$13,382,280 funded by CARES ACT funds of \$13,163,017 and in 2021 of \$4,516,234 funding by internal operations. Resulting in net change in position of \$2,308,048 for 2020 and \$(2,022,493) for 2021 both of which were expected and planned for by management. Total assets grew substantially from 2019 to 2020 with a slight decrease from 2020 to 2021, mostly due to the addition of just under \$20 million in CMS advance payments in 2020 and those same funds starting to be paid back in 2021.

Using This Annual Report

The Authority's financials consist of four statements – a statement of net position; a statement of revenues and expenses; a statement of changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the 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 Statements of Net Position and Statements of Revenues and 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 Statements of Net Position and the Statements of Revenues and 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, and liabilities using the accrual basis of accounting. All 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 them. You can think of the Authority's net position the difference between assets, deferred outflows of resources, and liabilities 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. The 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 cash came from, what was cash used for and what was the change in cash balance during the reporting period.

The Authority's Net Position and Changes in Net Position

The Authority's net position is the difference between its assets, deferred outflows of resources, and liabilities reported in the Statement of Net Position. The Authority's net position decreased by \$2,054,484 or 3% in 2021 and increased \$2,256,621 or 3% in 2020, as shown in Table 1.

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Management's Discussion and Analysis

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

	2021	2020	2019
Assets			
Current assets	\$ 54,837,814	\$ 63,775,370	\$ 41,790,743
Capital assets	45,701,974	44,970,920	45,163,900
Other noncurrent assets	28,703,309	23,566,569	21,805,199
Total assets	129,243,097	132,312,859	108,759,842
Deferred Outflows of Resources	950,110	1,685,673	637,715
Total assets and deferred outflows of resources	<u>\$ 130,193,207</u>	<u>\$ 133,998,532</u>	<u>\$ 109,397,557</u>
Liabilities			
Current liabilities	\$ 31,183,736	\$ 18,195,398	\$ 14,759,350
Long-term liabilities	32,252,001	46,991,180	28,082,874
Total liabilities	63,435,737	65,186,578	42,842,224
Net Position			
Invested in capital assets, net of related debt	19,784,763	15,461,117	15,885,888
Unrestricted	46,450,035	52,796,174	50,062,355
Restricted, nonexpendable net position noncontrolling interest	522,672	554,663	607,090
Total net position	66,757,470	68,811,954	66,555,333
Total liabilities and net position	<u>\$ 130,193,207</u>	<u>\$ 133,998,532</u>	<u>\$ 109,397,557</u>

A significant component of the change in the Authority's assets are the changes in cash and cash equivalents, patient receivables and capital assets. Cash and cash equivalents decreased in 2021 by \$18,697,397 or 73% and increased in 2020 by \$18,190,304 or 247%. The decrease in 2021 is due to the purchase of investments. The increase in 2020 is due to funds received from Provider Relief Funds and CMS Advance Payments. Patient receivables increased in 2021 by \$2,356,285 or 12% and decreased in 2020 by \$2,020,572 or 9%. The increase in 2021 is due to an increase in services provided by the Authority. The decrease in 2020 is due to a decrease in services provided by the Authority. Capital assets increased in 2021 by \$731,054 or 2% and decreased in 2020 by \$192,980 or .4%. The increase in 2021 is due to the purchase of capital assets. The decrease in 2020 is due to depreciation expense being greater than the purchase of capital assets.

Significant components of the change in the Authority's liabilities is the decrease in long-term debts, CMS advance payments, accounts payable and accrued payroll taxes. Long-term debt decreased in 2021 by \$3,386,443 or 12% and increased in 2020 by \$766,039 or 3%. The decrease in 2020 is due to the Authority making scheduled debt payments. The increase in 2020 is due to the Authority signing new capital leases. CMS advance payment decreased in 2021 by \$1,817,671 or 9% and increased in 2020 by \$19,952,250 or 100%. The decrease in 2021 is due to CMS recouping the advance payments. The increase in 2020 is due the Authority receiving CMS advance payment. Accounts payable increased in 2021 by \$2,542,486 or 30% and increased in 2020 by \$505,489 or 6%. The increase in 2021 and 2020 is due to the increase in cost of supplies and timing of payments. Accrued payroll taxes increased in 2021 by \$1,124,432 or 94% and decreased in 2020 by \$334,783 or 22%. The increase in 2021 and 2020 is due to the Authority deferring payroll tax payments as allowed by the CARES Act.

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Management's Discussion and Analysis

Table 2: Operating Results

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues			
Net patient service revenue	\$ 113,102,573	\$ 98,331,956	\$ 110,109,351
Other revenue	7,294,485	6,911,899	8,726,852
Total operating revenues	<u>120,397,058</u>	<u>105,243,855</u>	<u>118,836,203</u>
Expenses			
Nursing services	35,830,601	32,014,689	27,908,754
Other professional services	56,196,873	52,405,998	55,717,277
General services	8,374,158	9,118,310	9,047,835
Administrative services	19,290,821	19,827,577	19,808,881
Other expenses	593,992	799,006	788,152
Depreciation and amortization	4,626,847	4,460,555	3,294,775
Total expenses	<u>124,913,292</u>	<u>118,626,135</u>	<u>116,565,674</u>
Operating (Loss) Income	<u>(4,516,234)</u>	<u>(13,382,280)</u>	<u>2,270,529</u>
Nonoperating Revenue (Expense)			
Investment income	1,514,328	2,049,408	1,415,036
Provider relief funds	350,961	13,163,017	-
Income from joint ventures	1,936,392	1,975,477	1,703,273
Interest expense	(1,162,260)	(1,348,083)	(1,257,444)
Gain (loss) on disposal of capital assets	5,691	(3,646)	1,046
Contributions expense	(14,400)	(38,323)	(23,300)
Nonoperating revenues, net	<u>2,630,712</u>	<u>15,797,850</u>	<u>1,838,611</u>
Revenues in Excess of (Less Than) Expenses	<u>(1,885,522)</u>	<u>2,415,570</u>	<u>4,109,140</u>
Noncontrolling Interest	<u>(136,971)</u>	<u>(107,522)</u>	<u>(241,806)</u>
Change in Net Position, Excluding Noncontrolling Interest	<u>\$ (2,022,493)</u>	<u>\$ 2,308,048</u>	<u>\$ 3,867,334</u>

Operating Income

The first component of the overall change in the Authority's net position is its operating income - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The Authority had an operating loss of \$4,516,234 in 2021 compared to operating loss of \$13,382,280 in 2020 and operating income of \$2,270,529 in 2019. The operating losses in 2021 and 2020 were offset by \$350,961 and \$13,163,017 of CARES ACT funds recorded under nonoperating revenues in 2021 and 2020.

The primary components of the operating loss are:

- Net patient service revenue increased \$14,770,617 or 15% in 2021 and decreased \$11,777,395 or 11% in 2020. The increase in 2021 is attributed to an increase in services provided by the Authority. The decrease in 2020 is attributed to decrease in services provided by the Authority as a result of the COVID-19 pandemic.
- Other professional services expenses increased \$3,790,875 or 7% in 2021 and decreased \$3,311,279 or 6% in 2020. The increase in 2021 is attributed to the increase in services provided. The decrease in 2020 is attributed to the decrease in services provided by the Authority as a result of the COVID-19 pandemic.
- Nursing services expenses increased \$3,815,912 or 12% in 2021 and increased \$4,105,935 or 15% in 2020. The increases in 2021 and 2020 is attributed to increased cost of contract labor, supplies and purchased services.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, provider relief funds, income from joint ventures and interest expense. Investment income decreased \$535,080 or 26% in 2021 and increased \$634,372 or 45% in 2020. Provider relief funds decreased \$12,812,056 or 97% in 2021 and increased \$13,163,017 or 100% in 2020. Income from joint ventures decreased \$39,085 or 2% in 2021 and increased \$272,204 or 16% in 2020. Interest expense decreased \$185,823 or 14% in 2021 and increased \$90,639 or 7% in 2020.

The Authority's Cash Flows

Changes in the Authority's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier. The principal changes in the Authority's nonoperating cash flows were as follows:

- Net cash from operating activities increased in 2021 by \$10,305,007 due to increases in services provided. Net cash from operations decreased by \$9,954,830 in 2020 due to the COVID-19 pandemic, which is mitigated by cash from provider relief funds of \$8,163,017 for lost revenues reported in non capital financing activities.
- Net cash used for capital and capital related financing activities increased in 2021 by \$5,049,338 and decreased by \$1,652,473 in 2020. The change in 2021 consisted primarily of purchase of property and equipment and payments on long-term debt. The change in 2020 consisted of a decrease in the purchase of property and equipment.
- Net cash from non-capital financing activities decreased in 2021 by \$24,558,324 and increased by \$28,167,494 in 2020. The change in 2021 consisted of payments of the CMS advance payments. The change in 2020 consisted primarily of provider relief funds of \$8,163,017 discussed in operating activities and CMS advance payments of \$19,952,520 both of which are attributable to the COVID-19 pandemic in 2020.
- Net cash from investing activities decreased in 2021 by \$16,847,658 and decreased by \$1,909,667 in 2020. The change in 2021 consisted of the purchase of investments of \$15,528,752. The change in 2020 consisted of a decrease in the purchase of investments.

Capital Assets

At the end of 2021, the Authority had \$45,701,974 invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the financial statements. In 2021, the Authority purchased new capital assets costing \$5,356,887. At the end of 2020, the Authority had \$44,970,920 invested in capital assets, net of accumulated depreciation. In 2020, the Authority purchased new capital assets costing \$4,269,531.

Debt

At June 30, 2021 and 2020, the Authority issued operating debt of \$0 and \$2,912,607 in notes and capital leases. During the year ended June 30, 2021 and 2020, the Authority was issued \$0 and \$19,952,520 in CMS Advanced Payments as part of the Pandemic response and is required to repay these funds beginning in April 2021 over 29 months.

Economic Factors and Next Year's Budget

The Authority continues to monitor costs throughout the year. The 2022 fiscal year operating budget indicates conservative net revenue of approximately \$124,888,000. The Authority's continued mission is to be a health care leader in the area, and to enhance services to customers in a fiscally responsible manner. The Authority strives to be conscientious, consumer oriented and dedicated to teamwork, leadership and education.

Contacting the Authority's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tahlequah Hospital Authority, 1400 East Downing, Tahlequah, Oklahoma 74465.

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 6,871,024	\$ 25,568,421
Board designated cash	1,107,913	398,111
Internally designated investments for CMS Advance Program	11,502,885	-
Receivables		
Patient, net of estimated uncollectibles of \$13,942,000 in 2021 and \$13,602,000 in 2020	22,194,400	19,838,115
Other	7,422,826	5,942,737
Provider relief funds	-	5,000,000
Related parties	329,684	1,568,488
Estimated third-party payor settlements	1,027,479	527,479
Supplies	3,322,224	3,112,651
Prepaid expenses	1,059,379	1,819,368
	54,837,814	63,775,370
Capital Assets, Net		
Non-depreciable capital assets	3,511,270	4,455,487
Depreciable capital assets, net	42,190,704	40,515,433
	45,701,974	44,970,920
Other Assets		
Investments in joint ventures	6,642,246	5,885,212
Assets held under deferred compensation agreement	747,296	602,697
Internally designated investments for CMS Advance Program	3,466,894	-
Investments	15,291,153	14,119,363
Investment in captive insurance	1,220,030	1,096,112
Other	1,335,690	1,863,185
	28,703,309	23,566,569
Deferred Outflows of Resources		
	950,110	1,685,673
	\$ 130,193,207	\$ 133,998,532

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 1,866,236	\$ 2,124,443
Current maturities of CMS advance program	11,502,885	2,300,577
Accounts payable	10,980,318	8,437,832
Accrued expenses		
Salaries and benefits payable	1,669,488	1,496,263
Vacation	2,827,391	2,600,590
Payroll taxes and other	2,318,933	1,194,501
Related party payable	18,485	41,192
Total current liabilities	31,183,736	18,195,398
Deferred Compensation	747,296	602,697
Long-Term Liabilities		
Long-term debt, less current maturities	23,922,631	27,050,867
CMS advance program, less current maturities	6,631,964	17,651,943
Other liabilities	950,110	1,685,673
Total long-term liabilities	31,504,705	46,388,483
Total liabilities	63,435,737	65,186,578
Net Position		
Net investment in capital assets	19,784,763	15,461,117
Unrestricted	46,450,035	52,796,174
Restricted, nonexpendable net position noncontrolling interest	522,672	554,663
Total net position	66,757,470	68,811,954
Total liabilities and net position	\$ 130,193,207	\$ 133,998,532

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Statements of Revenues and Expenses
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenue		
Net patient service revenue (net of provision for bad debts of \$20,539,244 in 2021 and \$21,442,957 in 2020)	\$ 113,102,573	\$ 98,331,956
Other revenue	7,294,485	6,911,899
Total operating revenue	120,397,058	105,243,855
Expenses		
Nursing services	35,830,601	32,014,689
Other professional services	56,196,873	52,405,998
General services	8,374,158	9,118,310
Administrative services	19,290,821	19,827,577
Other expenses	593,992	799,006
Depreciation and amortization	4,626,847	4,460,555
Total expenses	124,913,292	118,626,135
Operating Loss	(4,516,234)	(13,382,280)
Nonoperating Revenues (Expenses)		
Investment income	1,514,328	2,049,408
Provider relief funds	350,961	13,163,017
Income from joint venture	1,936,392	1,975,477
Interest expense	(1,162,260)	(1,348,083)
Gain (loss) on disposal of capital assets	5,691	(3,646)
Contributions expense	(14,400)	(38,323)
Nonoperating revenues (expenses), net	2,630,712	15,797,850
Revenues in Excess of (Less Than) Expenses	(1,885,522)	2,415,570
Less Income Attributable to Noncontrolling Interest	(136,971)	(107,522)
Change in Net Position, Excluding Noncontrolling Interest	\$ (2,022,493)	\$ 2,308,048

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Statements of Changes in Net Position
Years Ended June 30, 2021 and 2020

	<u>Noncontrolling Interest</u>	<u>Controlling Interest</u>	<u>Total</u>
Net Position, June 30, 2019	\$ 606,090	\$ 65,949,243	\$ 66,555,333
Member Distributions	(158,949)	-	(158,949)
Change in Net Position	<u>107,522</u>	<u>2,308,048</u>	<u>2,415,570</u>
Net Position, June 30, 2020	554,663	68,257,291	68,811,954
Member Distributions	(168,962)	-	(168,962)
Change in Net Position	<u>136,971</u>	<u>(2,022,493)</u>	<u>(1,885,522)</u>
Net Position, June 30, 2021	<u>\$ 522,672</u>	<u>\$ 66,234,798</u>	<u>\$ 66,757,470</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Cash received from patient services	\$ 110,246,288	\$ 101,269,023
Other operating receipts	7,053,200	5,816,702
Cash payments to suppliers for goods and services	(73,537,070)	(75,447,367)
Cash payments to and on behalf of employees for services	<u>(41,482,628)</u>	<u>(39,663,575)</u>
Net Cash from (used for) Operating Activities	<u>2,279,790</u>	<u>(8,025,217)</u>
Noncapital Financing Activities		
Contributions made	(14,400)	(38,323)
Proceeds from notes payable	-	9,000,000
Principal paid on notes payable	-	(9,000,000)
Provider relief funds	5,350,961	8,163,017
CMS advance program payments	<u>(1,817,671)</u>	<u>19,952,520</u>
Net Cash from Noncapital Financing Activities	<u>3,518,890</u>	<u>28,077,214</u>
Capital and Capital Related Financing Activities		
Payments on long-term debt	(3,386,443)	(2,146,568)
Payment of interest on long-term debt	(1,162,260)	(1,348,083)
Purchase of property and equipment	(5,357,901)	(1,356,924)
Proceeds from sale of capital assets	<u>5,691</u>	<u>-</u>
Net Cash used for Capital and Capital Related Financing Activities	<u>(9,900,913)</u>	<u>(4,851,575)</u>
Investing Activities		
Distribution to noncontrolling interest	(168,962)	(158,949)
Distributions received from joint ventures	1,179,358	2,707,437
Investment income	632,994	589,365
Purchase of investments	(15,528,752)	(386,187)
Proceeds sale of investments	<u>-</u>	<u>210,630</u>
Net Cash (used for) from Investing Activities	<u>(13,885,362)</u>	<u>2,962,296</u>
Net Change in Cash and Cash Equivalents	(17,987,595)	18,162,718
Cash and Cash Equivalents, Beginning of Year	<u>25,966,532</u>	<u>7,803,814</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,978,937</u>	<u>\$ 25,966,532</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 6,871,024	\$ 25,568,421
Board designated cash	<u>1,107,913</u>	<u>398,111</u>
Total Cash and Cash Equivalents	<u>\$ 7,978,937</u>	<u>\$ 25,966,532</u>
Reconciliation of Operating Loss to Net Cash from (used for) Operating Activities		
Operating loss	\$ (4,516,234)	\$ (13,382,280)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and amortization	4,626,847	4,460,555
Provision for bad debts	20,539,244	21,442,957
Changes in assets and liabilities		
Patient receivables	(22,895,529)	(19,422,385)
Other receivables	(1,480,089)	(859,840)
Due from related parties	1,238,804	(235,357)
Supplies	(209,573)	(481,838)
Prepays	759,989	(183,631)
Other assets	527,495	(857,730)
Accounts payable	2,542,486	505,489
Accrued expenses	1,524,458	222,673
Deferred compensation	144,599	(185,456)
Estimated third-party payor settlement	(500,000)	916,495
Due to related parties	<u>(22,707)</u>	<u>35,131</u>
Net Cash from (used for) Operating Activities	<u>\$ 2,279,790</u>	<u>\$ (8,025,217)</u>
Supplemental Disclosure of Non-cash Capital and Capital Related Financing and Investing Activities		
Income from joint venture	<u>\$ 1,936,392</u>	<u>\$ 1,975,477</u>
Capital asset purchases financed through capital lease	<u>\$ -</u>	<u>\$ 2,912,607</u>
Vested in other investments	<u>\$ 40,120</u>	<u>\$ 512,443</u>
Vested in captive insurance	<u>\$ 123,918</u>	<u>\$ 511,351</u>

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of the Tahlequah 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 Hospital are described below.

Reporting Entity

The Authority is a public trust created on June 3, 1974, under the provisions of Title 60, Oklahoma Statutes, the Oklahoma Trust Act, and other applicable laws and statutes of the State of Oklahoma. The Authority's activities include operation of a 98-bed general acute care hospital located in Tahlequah, Oklahoma and other healthcare facilities throughout Oklahoma. The Authority primarily earns revenues by providing general acute care, psychiatric, and other ancillary services to residents in and around Northeast Oklahoma. The trustees of the Authority consist of one councilman of the City of Tahlequah, Oklahoma, one physician, and five citizens and residents of Cherokee County, Oklahoma. The City of Tahlequah, Oklahoma is the beneficiary and will receive all residual trust funds and assets upon termination of the trust. In February 2014, the Authority filed a trade name report with the Oklahoma Secretary of State to do business as Northeastern Health System.

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.

Blended Component Units

Tahlequah Hospital Foundation, Inc. (Foundation), a corporation, was established in August 2001, to raise money for the Tahlequah City Hospital (Hospital), which is also known as the Tahlequah Hospital Authority. The Foundation's Board of Managers is elected entirely by the Tahlequah Hospital Authority and is under its sole control.

The Authority has a controlling interest in Northeast Oklahoma Diagnostics, LLC (NOD), formally Tahlequah Diagnostic Imaging, LLC, which was incorporated as a limited liability company in December 2002. NOD provides MRI, CT, hyperbarics, and other imaging equipment.

The Authority has a controlling interest in Northeast Oklahoma Cancer Center (NOCC), which was established as a limited liability company in September 2006. NOCC provides radiation oncology services to the residents of Cherokee County, Oklahoma and surrounding areas. During 2021, the Authority transferred the operations from NOCC to the Hospital.

The Authority has a controlling interest in Northeast Oklahoma Management Service Organization (NOMSO), which was established as a limited liability company in September 2013. NOMSO provides billing, accounting, and other various consulting services to other joint ventures of Tahlequah Hospital Authority and other Oklahoma facilities.

The Authority has a controlling interest in Northeastern Wound Management (NWM), which was established as a limited liability company in November 2015. NWM provides wound management services to the residents of Cherokee County, Oklahoma and surrounding areas.

The Authority has a controlling interest in Northeastern Vascular Services (NVS), which was established as a limited liability company in August 2015. NVS provides vascular services to the residents of Cherokee County, Oklahoma and surrounding areas.

Measurement Focus and Basis of Accounting

Basis of accounting 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 of resources and liabilities 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 and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted net position:

Restricted - expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation. The Authority had no restricted, expendable net position at June 30, 2021 and 2020.

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

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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 internally designated or 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.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Patient 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 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 receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. The Authority does maintain a material allowance for doubtful accounts from third party payors, the methodology has not changed from the previous year. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Notes Receivable

The Authority issues notes to employees and physicians as part of its recruitment process. Notes are receivable over a minimum of a one-year period to a maximum of a ten-year period and are issued at current interest rates ranging from 6% to 9%. The notes are issued with forgiveness provisions over the life of the notes to encourage retention. Based on historical analysis, it is anticipated that the balance of the notes will be forgiven.

At June 30, 2021 and 2020, notes receivable from physicians and employees totaled \$1,939,119 and \$2,045,510 and are included in other receivables and other assets on the statements of net position. Schedule of anticipated amounts to be forgiven is as follows:

Year Ending June 30,		
2022	\$	603,429
2023		505,719
2024		419,219
2025		224,386
2026		101,000
2027 to 2031		85,366
Total	\$	1,939,119

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has only one item that qualifies for reporting in this category, which is the interest rate swap.

Supplies

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

Internally Designated Investments for CMS Advance Program

Internally designated investments for CMS Advance Program include assets set aside by the Board of Trustees to match the current obligations of the CMS advance payments, over which the Board retains control and may at its discretion subsequently use for other purposes. Internally designated investments for CMS Advance Program that are available for obligations classified as current liabilities are reported in current assets.

Capital Assets

Capital asset 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. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of capital assets are as follows:

Land improvements	3-15 years
Buildings and improvements	5-40 years
Equipment	1-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position, and are excluded from revenues in excess of (less than) expenses. 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.

Investments in Joint Ventures

Joint ventures in which the Authority has less than 20% ownership are stated at cost and dividends are recorded as investment income in the financial statements. Investments in joint ventures in which the Authority's ownership interest is 20% to 50% are generally reported using the equity method of accounting. Gains and losses are recorded as nonoperating revenues.

Investments

Investments include mutual funds, debt and equity securities. The Authority measures and reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in its statement of net position. The net increase or decreases in fair value of investments are reported in the statements of revenues and expenses as nonoperating revenue. Investments classified as current and noncurrent are based on the expected use of investments in the next twelve months.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

Investments in Captive Insurance

The Authority participates in a captive insurance company to insure risks related to malpractice liability claims. The Authority is entitled to a refund of the original investment and any excess premiums paid to the captive in the event the Authority withdraws from the insurance captive subsequent to the initial three-year commitment, the Authority will be entitled to its paid in capital and surplus account five years from the termination date. As of June 30, 2021 and 2020, the Hospital is entitled to a full refund of its investment.

Compensated Absences

The Authority's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Due to the COVID-19 pandemic, the Authority temporarily ceased the cash payment during the year ending June 30, 2021. The expense and the related liability for vacation benefits are recognized as earned whether the employee is expected to realize the benefit as time off or in cash. The expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. 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.

Estimated Health Claims Payable

The Authority provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statements of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

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 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 service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Authority provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amounts of charges foregone for services provided under the Authority's charity care policy (Hospital only) were approximately \$3,531,000 and \$6,125,000 for the years ended June 30, 2021 and 2020. Total direct and indirect cost related to those forgone charges were approximately \$1,282,000 and \$2,259,000 at June 30, 2021 and 2020, based on average ratios of cost to gross charges. The amount of charity care given depends on the number of patients that apply for charity care during the year and the cost of services provided.

Grants and Contributions

From time to time, the Authority receives 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 non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

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 generate matching funds to the state of Oklahoma from federal sources. The program is designed to assess Oklahoma hospitals, unless exempt, a supplemental hospital offset payment program fee. 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 equal or exceed the amount of the supplemental hospital offset payment program fee paid by the hospital.

The Authority made SHOPP payments totaling \$1,903,042 and \$2,093,427 included in administrative services, for the years ended June 30, 2021 and 2020. In return, the Authority received \$6,008,101 and \$4,882,630 included in net patient service revenue, for the years ended June 30, 2021 and 2020.

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

Note 2 - Net Patient Service Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The Authority is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare Administrative Contractor (MAC). The Authority's Medicare cost reports have been audited by the MAC through the year ended June 30, 2018.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services are based on a predetermined fee per visit.

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

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Concentration of gross revenues by major payor accounted for the following percentages of the Authority's patient service revenues for the years ended June 30, 2021 and 2020:

	2021	2020
Medicare	41%	46%
Medicaid	11%	11%
Blue Cross and other commercial payors	44%	37%
Self pay and other	4%	6%
	100%	100%

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.

CMS Advanced Payments

The CMS Advanced Payment balance consists of advanced payments received from the Centers for Medicare & Medicaid Services (CMS), in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The Authority received \$19,952,520 in advanced payments during April 2020, which will be recouped through the Medicare claims processed beginning 365 days after the date of issuance of each advanced payment. This recoupment process will continue until the balance of the advanced payments has been recouped or 29 months from the date each advanced payment was issued, at which point any remaining unpaid balance is due. The advanced payments balance is non-interest bearing through the 29-month repayment period. The portion expected to be recouped in the next 12 months is included in current liabilities and the portion expected to be recouped in greater than 12 months is presented in long-term liabilities in the accompanying statement of net position.

Scheduled payments on the CMS Advance Payment Program are as follows:

Year Ending June 30,	
2022	\$ 11,502,885
2023	6,631,964
	\$ 18,134,849

Note 3 - Provider Relief Funds

The Authority received \$5,350,961 and \$8,819,969 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS) in fiscal years 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 deadlines for incurring eligible expenses and lost revenues, varying based on the date the Hospital received the funds. Unspent funds will be expected to be repaid.

During the years ended June 30, 2021 and 2020, the Authority provided CHP \$0 and \$656,952 in Provider Relief Funds. As of June 30, 2021 and 2020, the Authority had a receivable of \$0 and \$5,000,000 for Provider Relief Funds, which was included in receivables on the accompanying statements of net position. During the years ended June 30, 2021 and 2020, the Authority recognized \$350,961 and \$13,163,017 as revenue, included as nonoperating revenues.

These funds are considered subsidies and recorded as a liability when received and are recognized as revenues in the accompanying statements of revenues and expenses 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 issued.

Note 4 - Deposits, Investments and Investment Income

The carrying amounts of deposits and investments as of June 30, 2021 and 2020 are as follows:

	2021	2020
Carring amount		
Cash and deposits	\$ 8,425,218	\$ 26,200,454
Investments	29,814,651	13,885,441
	\$ 38,239,869	\$ 40,085,895

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,871,024	\$ 25,568,421
Board designated cash	1,107,913	398,111
Internally designated investments for CMS Advance Program	14,969,779	-
Long-term investments	<u>15,291,153</u>	<u>14,119,363</u>
Total	<u>\$ 38,239,869</u>	<u>\$ 40,085,895</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. State statutes require that investments be made only in U.S. government obligations and that all bank balances are protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by insurance or bonds.

As of June 30, 2021 and 2020, \$6,664,855 of the Authority's bank balance of \$7,944,838 and \$25,381,047 of the Authority's bank balance of \$26,917,362 was exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Insured (FDIC)	\$ 1,329,983	\$ 1,536,315
Collateralized by securities held by the pledging financial institution's trust department in the Authority's name	6,243,718	25,381,047
Uncollateralized - non-government joint venture exempt from statute	<u>421,137</u>	<u>-</u>
Total	<u>\$ 7,994,838</u>	<u>\$ 26,917,362</u>

Investments

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

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

The Authority had the following investments and maturities at June 30, 2021:

Type	Fair Value	Ratings	Investment Maturities (in Years)		
			Less than 1	1 - 5	6-10
Domestic fixed income	\$ 2,767,435	Ba2 - Aaa	\$ 272,000	\$ 1,825,128	\$ 670,307
International fixed income	209,559	Ba2 - A2	28,659	180,900	-
	2,976,994		<u>\$ 300,659</u>	<u>\$ 2,006,028</u>	<u>\$ 670,307</u>
Closed end mutual funds and EFT's - fixed income	23,880,811				
Domestic equities	2,095,649				
International equities	861,197				
	<u>\$ 29,814,651</u>				

The Authority had the following investments and maturities at June 30, 2020:

Type	Fair Value	Ratings	Investment Maturities (in Years)		
			Less than 1	1 - 5	6-10
Domestic fixed income	\$ 2,883,056	Baa1 - Aaa	\$ 31,652	\$ 1,718,654	\$ 1,132,750
International fixed income	202,904	Baa2 - A1	-	202,904	-
	3,085,960		<u>\$ 31,652</u>	<u>\$ 1,921,558</u>	<u>\$ 1,132,750</u>
Closed end mutual funds and EFT's - fixed income	6,870,095				
Domestic equities	2,102,939				
International equities	1,826,447				
	<u>\$ 13,885,441</u>				

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy requires that the weighted average maturity of investments shall not exceed 7 years. As of June 30, 2021 and 2020, the Authority did not exceed the weighted average maturity.

Credit Risk

The Authority's investment policy limits equities not to be rated below B+ as rated by Standard & Poor's. Fixed income securities must be investment grade as determined by the major rating agencies (i.e., Moody's, Standard & Poor's and/or Fitch). As of June 30, 2021 and 2020, the Authority had no credit risk as defined above.

Concentration of Credit Risk

The Authority will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying in the investment portfolio so that potential losses on individual securities will be minimized. The Authority’s investment policy requires that equities (including mutual funds) may range from 10% to 40%, fixed income (including mutual funds) may range from 60% to 90% and cash equivalents (including mutual funds) may range from 0% to 30% of the total investment portfolio. As of June 30, 2021 and 2020, the Authority had no concentration of credit risk as defined above.

Investment Income

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividend income	\$ 637,471	\$ 1,556,335
Change in unrealized gains and losses on investments	876,857	493,073
Total	\$ 1,514,328	\$ 2,049,408

Note 5 - Fair Value Measurements

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

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

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

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

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Authority defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Authority performed a detailed analysis of the assets that are subject to fair value measurement.

The following table presents fair value measurements as of June 30, 2021:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Bonds - domestic	\$ 2,767,435	\$ -	\$ 2,767,435	\$ -
Bonds - international	209,559	-	209,559	-
Closed end mutual funds and EFT's - fixed income	23,880,811	23,880,811	-	-
Corporate stocks	2,956,846	2,277,858	-	678,988
Total investments by fair value level	<u>\$ 29,814,651</u>	<u>\$ 26,158,669</u>	<u>\$ 2,976,994</u>	<u>\$ 678,988</u>

The following table presents fair value measurements as of June 30, 2020:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Bonds - domestic	\$ 2,883,056	\$ -	\$ 2,883,056	\$ -
Bonds - international	202,904	-	202,904	-
Closed end mutual funds and EFT's - fixed income	6,870,095	6,870,095	-	-
Corporate stocks	3,929,386	3,290,519	-	638,867
Total investments by fair value level	<u>\$ 13,885,441</u>	<u>\$ 10,160,614</u>	<u>\$ 3,085,960</u>	<u>\$ 638,867</u>

The Authority's investments in prime funds and mutual funds are based on quoted market prices for identical investments in an active market. The Authority's investments in bonds are based on quoted market prices for identical investments in an inactive market or similar investments in markets that are either active or inactive. The Authority's investment in corporate stocks have been determined by management based on various market analyses.

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Note 6 - Capital Assets

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

	Balance June 30, 2020	Additions	Transfers and Retirements	Balance June 30, 2021
Non-depreciable capital assets				
Land	\$ 3,011,411	\$ -	\$ -	\$ 3,011,411
Construction in progress	<u>1,444,076</u>	<u>1,692,443</u>	<u>(2,636,660)</u>	<u>499,859</u>
Total non-depreciable capital assets	<u>\$ 4,455,487</u>	<u>\$ 1,692,443</u>	<u>\$ (2,636,660)</u>	<u>\$ 3,511,270</u>
Depreciable capital assets				
Land improvements	\$ 634,672	\$ -	\$ -	\$ 634,672
Buildings and fixed equipment	47,976,742	1,519,410	2,651,550	52,147,702
Major movable equipment	<u>36,927,191</u>	<u>2,145,034</u>	<u>(2,662,023)</u>	<u>36,410,202</u>
Total depreciable capital assets	<u>85,538,605</u>	<u>\$ 3,664,444</u>	<u>\$ (10,473)</u>	<u>89,192,576</u>
Less accumulated depreciation for				
Land and improvements	(501,622)	\$ (23,495)	\$ -	(525,117)
Buildings and fixed equipment	(18,672,425)	(1,637,942)	99,451	(20,210,916)
Major movable equipment	<u>(25,849,125)</u>	<u>(2,965,410)</u>	<u>2,548,696</u>	<u>(26,265,839)</u>
Total accumulated depreciation	<u>(45,023,172)</u>	<u>\$ (4,626,847)</u>	<u>\$ 2,648,147</u>	<u>(47,001,872)</u>
Net capital assets being depreciated	<u>\$ 40,515,433</u>			<u>\$ 42,190,704</u>
Capital assets, net	<u>\$ 44,970,920</u>			<u>\$ 45,701,974</u>

The majority of construction in progress at June 30, 2021 represents the construction of a cardiac cath lab and other minor projects. The estimated cost to complete the cardiac cath lab is \$915,000. The cardiac cath lab and other projects will be financed with internal funds and completed within a year.

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

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

	Balance June 30, 2019	Additions	Transfers and Retirements	Balance June 30, 2020
Non-depreciable capital assets				
Land	\$ 3,011,411	\$ -	\$ -	\$ 3,011,411
Construction in progress	4,233,384	1,101,771	(3,891,079)	1,444,076
Total non-depreciable capital assets	<u>\$ 7,244,795</u>	<u>\$ 1,101,771</u>	<u>\$ (3,891,079)</u>	<u>\$ 4,455,487</u>
Depreciable capital assets				
Land improvements	\$ 634,672	\$ -	\$ -	\$ 634,672
Buildings and fixed equipment	47,615,594	367,900	(6,752)	47,976,742
Major movable equipment	30,251,363	2,799,860	3,875,968	36,927,191
Total depreciable capital assets	<u>78,501,629</u>	<u>\$ 3,167,760</u>	<u>\$ 3,869,216</u>	<u>85,538,605</u>
Less accumulated depreciation for				
Land and improvements	(477,226)	\$ (24,396)	\$ -	(501,622)
Buildings and fixed equipment	(17,229,461)	(1,446,903)	3,939	(18,672,425)
Major movable equipment	(22,875,837)	(2,987,566)	14,278	(25,849,125)
Total accumulated depreciation	<u>(40,582,524)</u>	<u>\$ (4,458,865)</u>	<u>\$ 18,217</u>	<u>(45,023,172)</u>
Net capital assets being depreciated	<u>\$ 37,919,105</u>			<u>\$ 40,515,433</u>
Capital assets, net	<u>\$ 45,163,900</u>			<u>\$ 44,970,920</u>

Note 7 - Joint Ventures and Blended Component Units

The Authority uses the equity method to account for the joint ventures listed below. At June 30, 2021 and 2020, the Authority's investment in joint ventures consisted of the following:

	2021	2020
Cherokee Health Partners, LLC	\$ 1,664,517	\$ 1,246,455
Platte Dialysis, LLC	4,977,729	4,638,757
Total investment in joint ventures	<u>\$ 6,642,246</u>	<u>\$ 5,885,212</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Joint venture activity for the years ended June 30, 2021 and 2020 are as follow:

	Balance June 30, 2020	Joint Venture Income	Distributions	Contributions/ (Sales)	Balance June 30, 2021
Cherokee Health Partners, LLC	\$ 1,246,455	\$ 618,659	\$ (200,597)	\$ -	\$ 1,664,517
Platte Dialysis, LLC	4,638,757	1,317,733	(978,761)	-	4,977,729
	<u>\$ 5,885,212</u>	<u>\$ 1,936,392</u>	<u>\$ (1,179,358)</u>	<u>\$ -</u>	<u>\$ 6,642,246</u>
	Balance June 30, 2019	Joint Venture Income	Distributions	Contributions/ (Sales)	Balance June 30, 2020
Cherokee Health Partners, LLC	\$ 1,856,014	\$ 847,583	\$ (1,457,142)	\$ -	\$ 1,246,455
Platte Dialysis, LLC	4,761,158	1,127,894	(1,250,295)	-	4,638,757
	<u>\$ 6,617,172</u>	<u>\$ 1,975,477</u>	<u>\$ (2,707,437)</u>	<u>\$ -</u>	<u>\$ 5,885,212</u>

Cherokee Health Partners, LLC

Cherokee Health Partners, LLC (CHP), a limited liability company, was incorporated as a tribal limited liability company in September 2004. CHP provides cardiac stroke and other imaging services. The Authority is a 49% owner of CHP. In its general appeal to capture all the business currently provided by the Authority, CHP solicits to serve everyone in the community. During 2021 and 2020, the Authority was paid \$728,709 and \$1,148,242 for services and building space provided to CHP. These amounts are included in operating revenues. The Authority was owed \$2,629,987 and \$2,966,942 for the years ended June 30, 2021 and 2020. The receivable is included in related party receivable. The Authority is being reimbursed for the note payable at 2.99%, located in Note 9, for the purchase of equipment. In addition, the Authority was being reimbursed for the 3.85% note payable, located in Note 9, for the purchase of equipment.

A component unit of CHP, Northeast Oklahoma Heart Center (NOHC), provides cardiovascular management services to the Tahlequah Hospital Authority. During 2021 and 2020, the Authority was paid \$11,945,190 and \$11,241,381 for services provided to NOHC. These amounts are included in operating revenues. The Authority owed \$1,874,455 and \$762,156 at June 30, 2021 and 2020. The amount is included in related party receivable.

Platte Dialysis, LLC

Platte Dialysis, LLC (Platte), a limited liability company, was established October 2009 to provide dialysis services to residents of Cherokee County, Oklahoma and surrounding areas. The Authority is a 49% owner of Platte. In its general appeal to capture all the business currently provided by the Authority, Platte solicits to serve everyone in the community. The Authority was owed \$0 and \$32,333 for services provided during the years ended June 30, 2021 and 2020. The receivables are included in other receivables.

Blended Component Units

Northeast Oklahoma Diagnostics, LLC

NOD, a limited liability company, formerly Tahlequah Diagnostic Imaging, LLC, was established in December 2002, to provide MRI, CT, hyperbarics, and other imaging equipment previously provided by Tahlequah City Hospital. NOD's Board of Managers consists of five managers divided into two classes, three Authority Managers and two Class A Managers. During the year ended June 30, 2021 and 2020, the Authority owns 70% of the outstanding units of NOD.

As the Authority has majority ownership interest and management control over NOD, the balance of the investment in NOD is eliminated in the combining process as reflected in the combining statements of net position and statements of revenues and expenses and changes in net position included in the supplementary schedules.

Tahlequah Hospital Foundation

The Foundation is a nonprofit corporation established in August 2001, to raise money for the Authority. The Foundation's Board of Managers is elected entirely by the Tahlequah Hospital Authority and is under its sole control.

As the Authority has control over the Foundation, the balance of the interest in the Foundation is eliminated in the combining process as reflected in the combining statements of net position and statements of operations and changes in net position included in the supplementary schedules.

Northeast Oklahoma Cancer Center, LLC

NOCC, a limited liability company, was established in September 2006, to provide radiation oncology services to the residents of Cherokee County, Oklahoma and the surrounding community. During the year ended June 30, 2021 and 2020, the Authority owns 100% of the outstanding units of NOCC.

As the Authority has majority ownership interest and management control over NOCC, the balance of the investment in NOCC is eliminated in the combining process as reflected in the combining statements of net position and statements of revenues and expenses and changes in net position included in the supplementary schedules. During 2021, the Authority began the process of transferring the operations of NOCC into the Authority with an inter-governmental transfer. The Authority is evaluating terminating the limited liability company.

Northeast Oklahoma Management Service Organization, LLC

NOMSO, a limited liability company, was established in September 2013, to provide management services to other companies under the Authority. During the year ended June 30, 2021 and 2020, the Authority owns a 100% share NOMSO.

As the Authority has majority ownership interest and management control over NOMSO, the balance of the investment in NOMSO is eliminated in the combining process as reflected in the combining statements of net position and statements of revenues and expenses and changes in net position included in the supplementary schedules.

Northeastern Wound Management, LLC

NWM, a limited liability company, was established in November 2015, to provide wound management services. During the years ended June 30, 2021 and 2020, the Authority owns a 60% share of NWM.

As the Authority has majority ownership interest and management control over NWM, the balance of the investment in NWM is eliminated in the combining process as reflected in the combining statements of net position and statements of revenues and expenses and changes in net position included in the supplementary schedules.

Northeastern Vascular Services, LLC

NVS, a limited liability company, was established in August 2015, to provide vascular services. There was no activity for NVS until fiscal year 2019. During the years ended June 30, 2021 and 2020, the Authority owns a 100% share NVS.

As the Authority has majority ownership interest and management control over NVS, the balance of the investment in NVS is eliminated in the combining process as reflected in the combining statements of net position and statements of revenues and expenses and changes in net position included in the supplementary schedules.

Note 8 - Leases

The Authority leases certain equipment under non-cancelable long-term lease agreements, which have been recorded as either capital or operating leases. Total lease expense in June 30, 2021 and 2020 for all operating leases was approximately \$653,000 and \$630,000. The capitalized leases assets consist of:

	2021	2020
Major moveable equipment	\$ 5,237,001	\$ 5,237,001
Accumulated depreciation	(1,884,722)	(838,456)
	\$ 3,352,279	\$ 4,398,545

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Minimum future lease payments for the leases are as follows:

<u>Year Ending June 30,</u>	<u>Capital Lease</u>	<u>Operating Lease</u>
2022	\$ 300,354	\$ 23,871
2023	313,104	15,096
2024	313,104	15,096
2025	313,104	15,096
2026	313,104	15,096
2027-2031	175,122	75,478
2032	-	15,096
Total minimum lease payments	<u>\$ 1,727,892</u>	<u>\$ 174,829</u>

Note 9 - Notes Payable and Long-Term Debt

The Authority obtained a line of credit up to \$10,000,000. The unpaid principal and accrued interest are due July 2020 with an interest rate of 3.95%. The line of credit is collateralized by cash and cash equivalents and investments. During 2020, the Authority had advances of \$9,000,000 which the Authority paid in April 2020. The line of credit was closed during 2021.

Long-term debt consists of:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Notes from					
Direct Borrowings	\$ 26,564,302	\$ -	\$ (2,503,327)	\$ 24,060,975	\$ 1,565,882
Capital lease (Note 8)	2,611,008	-	(883,116)	1,727,892	300,354
Total long-term debt	<u>\$ 29,175,310</u>	<u>\$ -</u>	<u>\$ (3,386,443)</u>	<u>\$ 25,788,867</u>	<u>\$ 1,866,236</u>
	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Notes from					
Direct Borrowings	\$ 28,335,958	\$ -	\$ (1,771,656)	\$ 26,564,302	\$ 1,785,839
Capital lease (Note 8)	73,313	2,912,607	(374,912)	2,611,008	338,604
Total long-term debt	<u>\$ 28,409,271</u>	<u>\$ 2,912,607</u>	<u>\$ (2,146,568)</u>	<u>\$ 29,175,310</u>	<u>\$ 2,124,443</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

The terms, due dates, and securing collateral of the Authority's long-term debt, including capital lease obligation, at June 30, 2021 and 2020 follow:

	2021	2020
Notes from Direct Borrowings		
Hospital 4.39% note payable, due in monthly installments of \$114,385 including interest, with an estimated balloon payment of \$6,257,000 due December 2027, secured by property and equipment	\$ 12,465,424	\$ 13,204,379
Foundation 4.75% note payable, due in monthly installments of \$3,925 including interest, through January 2027, secured by property	384,216	422,170
Foundation 4.1% note payable, due in monthly installments of \$4,268 including interest, through April 2024, secured by land	136,766	181,364
Foundation 4.1% note payable, due in monthly installments of \$6,431 including interest, through April 2024, secured by land	206,059	273,252
Foundation 4.0% note payable, due in monthly installments of \$4,878 including interest, through December 2028, secured by land	380,245	422,743
Hospital 4.5% note payable, due in monthly installments of \$29,359 including interest, through December 2031, secured by property	2,934,338	3,147,446
Foundation 5.0% note payable, due in monthly installments of \$5,876 including interest, through August 2033, secured by building	652,117	678,011
Foundation 3.87% note payable up to \$7,400,000, due in monthly installments of \$40,096 including interest, through October 2031, secured by building	6,647,824	6,914,402
NOD 2.75% note payable, due in monthly installments of \$10,258 including interest, through July 2023, secured by equipment	248,960	363,495
NWM 3.2% note payable, due in monthly installments of \$5,426 including interest, through July 2021, secured by property and equipment	5,026	68,861
Hospital 2.99% note payable	-	187,180
Hospital 3.85% note payable	-	700,999
	<u>24,060,975</u>	<u>26,564,302</u>
Total notes payable/mortgage loans		
Capital Leases		
Hospital capital lease obligation with imputed interest of 0%, with a maturity date of April 2021, collateralized by equipment	-	25,500
Hospital capital lease obligation with imputed interest of 0%, with a maturity date of January 2029, collateralized by equipment	1,727,892	2,585,508
	<u>1,727,892</u>	<u>2,611,008</u>
Total capital leases		
	25,788,867	29,175,310
Less current maturities	<u>(1,866,236)</u>	<u>(2,124,443)</u>
Long-term debt, less current maturities	<u>\$ 23,922,631</u>	<u>\$ 27,050,867</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Scheduled principal and interest payments on long-term debt are as follows:

Year Ending June 30,	Capital Lease		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 300,354	\$ -	\$ 1,565,882	\$ 901,350
2023	313,104	-	1,717,170	916,899
2024	313,104	-	1,654,929	844,900
2025	313,104	-	1,607,456	775,132
2026	313,104	-	1,874,780	704,379
2027 to 2031	175,122	-	11,282,881	1,698,478
2032 to 2036	-	-	4,357,877	62,059
Total	<u>\$ 1,727,892</u>	<u>\$ -</u>	<u>\$ 24,060,975</u>	<u>\$ 5,903,197</u>

The provisions of the 3.72% note payable, contain covenants pertaining to reporting requirements and debt service ratio.

Interest Rate Swap

The Authority entered the interest rate swap agreement in January 2018. The Authority receives a floating rate of 1-month LIBOR, plus 184 basis points, in return for the fixed rate outlined above. The swaps expire January 2028. The objective of the swap is for the Authority to offset the variability of the overall cash flows on its fixed rate debt attributable to changes in market interest rates.

Original	Notional Value		Interest Paid
	2021	2020	
15,000,000	12,403,318	13,204,379	4.390%

The change in fair value of the swap is included as deferred outflows of resources in the statement of net position. The fair market value of the swap is determined using quoted market prices based upon observable interest rates and yield curves (Level 2 inputs), and the swap is a liability totaling \$950,110 and \$1,685,673 at June 30, 2021 and 2020 and was included in noncurrent liabilities.

Credit Risk

The Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. As of June 30, 2021 and 2020, the Authority did not have hedging derivative instruments in asset positions.

Interest Rate Risk

The Authority is exposed to interest rate risk on its interest rate swap. As the LIBOR swap index decreases, the Authority's net payment on the swap increases.

Termination Risk

The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover Risk

The Authority is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Authority will be re-exposed to the risks being hedged by the hedging derivative instrument.

Note 10 - Pension Plan

The Authority has a defined contribution pension plan 401(a) covering substantially all employees. Pension expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plan. The plan is administered by a third-party administrator. The plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan document and were established and can be amended by action of the Authority's Board of Trustees. Employee contributions to the plan fully vest at the date of contribution.

The Authority has a discretionary 401(a) contribution plan which allows the Authority to match employee contributions. Participants vest after 3 years of full-time or part-time employment and completion of at least 1,000 hours of service in each plan year.

Total pension expense for the years ended June 30, 2021, 2020, and 2019 was \$0, \$831,236, and \$1,168,831.

Note 11 - Deferred Compensation Plan

The Authority has adopted a non-qualified executive 457(f) deferred compensation plan. The Authority may make discretionary credits to the deferred compensation account of each active participant in an amount determined each plan year by the Authority. Eligible employees may elect to defer payment of federal and state income taxes on salaries deferred under this plan. Participants vest in their deferred compensation account either at a specific date as selected in writing by the Authority, upon involuntary separation from service from the Authority without cause, or upon the date of a change in a control event. At June 30, 2021 and 2020, the value of deferred compensation totaled \$747,296 and \$602,697.

Note 12 - Concentrations of Credit Risk

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

	2021	2020
Medicare	19%	24%
Medicaid	7%	8%
Other third-party payors	49%	45%
Patients	25%	23%
	100%	100%

Note 13 - Contingencies

Risk Management

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

Malpractice Insurance

The Hospital has malpractice insurance coverage through Tecumseh Health Reciprocal Risk Retention Group (THRRRG), a captive insurance company. The Hospital has an investment interest in THRRRG. The Hospital pays retrospectively rated premiums for annual medical malpractice coverage. 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.

Litigations, 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 services.

Self-Funded Health Plan

The Authority is self-funded for health benefits for eligible employees and their dependents. The Authority, in connection with this plan, recognizes health benefit expenses on an accrual basis. An accrued liability is recorded at year-end which estimates the incurred by not reported claims that will be paid by the Authority. The Authority has stop loss insurance to cover catastrophic claims in excess of \$70,000 per claim and an annual aggregate limit of \$5,100,000 for the plan year ended December 31, 2021. The Authority has stop loss insurance to cover catastrophic claims in excess of \$60,000 per claim and an annual aggregate limit of \$5,200,000 for the plan year ended December 31, 2020.

The Authority expenses amounts representing the employer’s portion of actual claims paid, adjusted for the estimates of liabilities relating to claims resulted from services provided prior to the fiscal year end not to exceed the annual aggregate expense. The estimated liability is included in accrued expenses in the financial statements. These amounts have been estimated based on historical trends and actuarial analysis. Changes in the balance of claims liabilities during the past two years are as follows:

Year	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2021	\$ 218,000	\$ 3,670,626	\$ (3,555,626)	\$ 333,000
2020	346,000	2,680,147	(2,808,147)	218,000

Note 14 - Subsequent Events

The Authority has evaluated subsequent events through October 29, 2021 the date which the financial statements are available to be issued.

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Note 15 - Condensed Combining Information

The following summarizes combining information for the Authority, and NOD, NWM, Foundation, NOCC, NOMSO, and NVS which have been presented as blended component units, as of and for the year ended June 30, 2021.

Statement of net position as of June 30, 2021:

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Assets									
Current assets	\$ 51,819,523	\$ 2,102,237	\$ 71,394	\$ 1,637,360	\$ 478	\$ 490,140	\$ 12,000	\$ (1,295,318)	\$ 54,837,814
Capital assets, net	28,226,473	621,109	33,501	16,820,891	-	-	-	-	45,701,974
Other noncurrent assets	40,020,573	-	-	58,791	-	-	-	(11,376,055)	28,703,309
Total assets	120,066,569	2,723,346	104,895	18,517,042	478	490,140	12,000	(12,671,373)	129,243,097
Deferred Outflows of Resources	950,110	-	-	-	-	-	-	-	950,110
Total assets and deferred outflows of resources	\$ 121,016,679	\$ 2,723,346	\$ 104,895	\$ 18,517,042	\$ 478	\$ 490,140	\$ 12,000	\$ (12,671,373)	\$ 130,193,207
Liabilities									
Current liabilities	\$ 30,763,274	\$ 298,668	\$ 914,283	\$ 409,110	\$ -	\$ 38,601	\$ 55,118	\$ (1,295,318)	\$ 31,183,736
Deferred compensation	747,296	-	-	-	-	-	-	-	747,296
Long-term debt, less current maturities	23,415,969	131,237	-	8,016,290	-	-	-	(58,791)	31,504,705
Total liabilities	54,926,539	429,905	914,283	8,425,400	-	38,601	55,118	(1,354,109)	63,435,737
Net Position									
Net investment in capital assets	11,034,647	372,149	28,475	8,413,664	-	-	-	(64,172)	19,784,763
Unrestricted	55,055,493	1,074,865	(514,108)	1,677,978	478	451,539	(43,118)	(11,253,092)	46,450,035
Restricted, nonexpendable net position noncontrolling interest	-	846,427	(323,755)	-	-	-	-	-	522,672
Total net position	66,090,140	2,293,441	(809,388)	10,091,642	478	451,539	(43,118)	(11,317,264)	66,757,470
Total liabilities and net position	\$ 121,016,679	\$ 2,723,346	\$ 104,895	\$ 18,517,042	\$ 478	\$ 490,140	\$ 12,000	\$ (12,671,373)	\$ 130,193,207

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

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

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Operating Revenue									
Net patient service revenue	\$ 113,091,596	\$ 1,491,517	\$ -	\$ -	\$ 10,977	\$ -	\$ -	\$ (1,491,517)	\$ 113,102,573
Other revenue	5,269,195	288,178	388,397	1,700,904	-	682,874	-	(1,035,063)	7,294,485
Total operating revenue	<u>118,360,791</u>	<u>1,779,695</u>	<u>388,397</u>	<u>1,700,904</u>	<u>10,977</u>	<u>682,874</u>	<u>-</u>	<u>(2,526,580)</u>	<u>120,397,058</u>
Expenses									
Depreciation and amortization	3,613,336	442,796	5,756	553,711	11,248	-	-	-	4,626,847
Other operating expenses	120,456,139	722,042	568,224	294,881	(527)	507,248	(87)	(2,261,475)	120,286,445
Total operating expenses	<u>124,069,475</u>	<u>1,164,838</u>	<u>573,980</u>	<u>848,592</u>	<u>10,721</u>	<u>507,248</u>	<u>(87)</u>	<u>(2,261,475)</u>	<u>124,913,292</u>
Operating Income (Loss)	(5,708,684)	614,857	(185,583)	852,312	256	175,626	87	(265,105)	(4,516,234)
Nonoperating Revenues (Expenses)	<u>3,685,627</u>	<u>89,155</u>	<u>-</u>	<u>(348,868)</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>(795,424)</u>	<u>2,630,712</u>
Revenues in Excess of (Less Than) Expenses	(2,023,057)	704,012	(185,583)	503,444	478	175,626	87	(1,060,529)	(1,885,522)
Noncontrolling Interest	<u>-</u>	<u>(211,204)</u>	<u>74,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,971)</u>
Change in Net Position, Excluding Noncontrolling Interest	(2,023,057)	492,808	(111,350)	503,444	478	175,626	87	(1,060,529)	(2,022,493)
Net Position, Beginning of Year	68,587,687	1,517,414	(374,283)	9,588,198	1,132,257	275,913	(43,205)	(12,426,690)	68,257,291
Intergovernment transfer	(474,490)	-	-	-	(1,132,257)	-	-	1,606,747	-
Members' Distributions	-	(563,208)	-	-	-	-	-	563,208	-
Noncontrolling Interest	<u>-</u>	<u>846,427</u>	<u>(323,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,672</u>
Net Position, End of Year	<u>\$ 66,090,140</u>	<u>\$ 2,293,441</u>	<u>\$ (809,388)</u>	<u>\$ 10,091,642</u>	<u>\$ 478</u>	<u>\$ 451,539</u>	<u>\$ (43,118)</u>	<u>\$ (11,317,264)</u>	<u>\$ 66,757,470</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Cash flows for the year ended June 30, 2021:

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Net cash from (used for) operating activities	\$ 146,419	\$ 959,969	\$ 54,214	\$ 1,263,769	\$ (38,354)	\$ 158,924	\$ -	\$ (265,151)	\$ 2,279,790
Net cash from (used for) noncapital financing activities	3,518,890	-	-	-	-	-	-	-	3,518,890
Net cash used for capital and related financing activities	(8,841,674)	(123,097)	(63,835)	(1,137,458)	-	-	-	265,151	(9,900,913)
Net cash from (used for) investing activities	<u>(13,430,506)</u>	<u>(465,491)</u>	<u>-</u>	<u>10,413</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,885,362)</u>
Net change in cash and cash equivalents	(18,606,871)	371,381	(9,621)	136,724	(38,132)	158,924	-	-	(17,987,595)
Cash and cash equivalents, beginning of year	<u>22,906,531</u>	<u>1,456,073</u>	<u>27,126</u>	<u>1,316,413</u>	<u>38,610</u>	<u>209,779</u>	<u>12,000</u>	<u>-</u>	<u>25,966,532</u>
Cash and cash equivalents, end of year	<u>\$ 4,299,660</u>	<u>\$ 1,827,454</u>	<u>\$ 17,505</u>	<u>\$ 1,453,137</u>	<u>\$ 478</u>	<u>\$ 368,703</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 7,978,937</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

The following summarized combining information for the Authority, NOD, NWM, Foundation, NOCC, NOMSO and NVS, which has been presented as blended component units, as of and for the year ended June 30, 2020.

Statement of net position as of June 30, 2020:

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Assets									
Current assets	\$ 60,863,595	\$ 1,675,872	\$ 56,900	\$ 1,382,568	\$ 1,283,000	\$ 340,611	\$ 12,000	\$ (1,839,176)	\$ 63,775,370
Capital assets, net	26,417,533	1,063,906	39,257	17,339,431	110,793	-	-	-	44,970,920
Other noncurrent assets	35,575,829	-	-	64,172	-	-	248,469	(12,321,901)	23,566,569
Total assets	122,856,957	2,739,778	96,157	18,786,171	1,393,793	340,611	260,469	(14,161,077)	132,312,859
Deferred Outflows of Resources	1,685,673	-	-	-	-	-	-	-	1,685,673
Total assets and deferred outflows of resources	\$ 124,542,630	\$ 2,739,778	\$ 96,157	\$ 18,786,171	\$ 1,393,793	\$ 340,611	\$ 260,469	\$ (14,161,077)	\$ 133,998,532
Liabilities									
Current liabilities	\$ 17,564,879	\$ 338,180	\$ 714,936	\$ 786,672	\$ 261,536	\$ 64,698	\$ 303,674	\$ (1,839,177)	\$ 18,195,398
Deferred compensation	602,697	-	-	-	-	-	-	-	602,697
Long-term debt, less current maturities	37,787,367	248,961	5,026	8,411,301	-	-	-	(64,172)	46,388,483
Total liabilities	55,954,943	587,141	719,962	9,197,973	261,536	64,698	303,674	(1,903,349)	65,186,578
Net Position									
Net investment in capital assets	6,497,179	700,411	(29,604)	8,182,338	110,793	-	-	-	15,461,117
Unrestricted	62,090,508	648,041	(344,679)	1,405,860	1,021,464	275,913	(43,205)	(12,257,728)	52,796,174
Restricted, nonexpendable net position noncontrolling interest	-	804,185	(249,522)	-	-	-	-	-	554,663
Total net position	68,587,687	2,152,637	(623,805)	9,588,198	1,132,257	275,913	(43,205)	(12,257,728)	68,811,954
Total liabilities and net position	\$ 124,542,630	\$ 2,739,778	\$ 96,157	\$ 18,786,171	\$ 1,393,793	\$ 340,611	\$ 260,469	\$ (14,161,077)	\$ 133,998,532

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

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

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Operating Revenue									
Net patient service revenue	\$ 96,151,353	\$ 1,489,987	\$ -	\$ -	\$ 2,180,603	\$ -	\$ -	\$ (1,489,987)	\$ 98,331,956
Other revenue	4,871,327	303,344	345,507	2,322,802	-	536,806	-	(1,467,887)	6,911,899
Total operating revenue	<u>101,022,680</u>	<u>1,793,331</u>	<u>345,507</u>	<u>2,322,802</u>	<u>2,180,603</u>	<u>536,806</u>	<u>-</u>	<u>(2,957,874)</u>	<u>105,243,855</u>
Expenses									
Depreciation and amortization	3,423,572	463,516	549	554,912	18,006	-	-	-	4,460,555
Other operating expenses	112,301,974	757,906	572,867	530,185	1,917,536	382,124	862	(2,297,874)	114,165,580
Total operating expenses	<u>115,725,546</u>	<u>1,221,422</u>	<u>573,416</u>	<u>1,085,097</u>	<u>1,935,542</u>	<u>382,124</u>	<u>862</u>	<u>(2,297,874)</u>	<u>118,626,135</u>
Operating Income (Loss)	(14,702,866)	571,909	(227,909)	1,237,705	245,061	154,682	(862)	(660,000)	(13,382,280)
Nonoperating Revenues (Expenses)	<u>17,006,298</u>	<u>90,377</u>	<u>-</u>	<u>(364,184)</u>	<u>83,604</u>	<u>-</u>	<u>-</u>	<u>(1,018,245)</u>	<u>15,797,850</u>
Revenues in Excess of (Less Than) Expenses	2,303,432	662,286	(227,909)	873,521	328,665	154,682	(862)	(1,678,245)	2,415,570
Noncontrolling Interest	<u>-</u>	<u>(198,686)</u>	<u>91,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,522)</u>
Change in Net Position, Excluding Noncontrolling Interest	2,303,432	463,600	(136,745)	873,521	328,665	154,682	(862)	(1,678,245)	2,308,048
Net Position, Beginning of Year	66,284,255	1,414,681	(237,538)	8,714,677	803,592	121,231	(42,343)	(11,109,312)	65,949,243
Members' Distributions	-	(529,829)	-	-	-	-	-	529,829	-
Noncontrolling Interest	<u>-</u>	<u>804,185</u>	<u>(249,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,663</u>
Net Position, End of Year	<u>\$ 68,587,687</u>	<u>\$ 2,152,637</u>	<u>\$ (623,805)</u>	<u>\$ 9,588,198</u>	<u>\$ 1,132,257</u>	<u>\$ 275,913</u>	<u>\$ (43,205)</u>	<u>\$ (12,257,728)</u>	<u>\$ 68,811,954</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Notes to Financial Statements
June 30, 2021 and 2020

Cash flows for the year ended June 30, 2020:

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Net cash from (used for) operating activities	\$ (10,260,382)	\$ 1,137,407	\$ 37,467	\$ 1,916,205	\$ (332,682)	\$ 136,768	\$ -	\$ (660,000)	\$ (8,025,217)
Net cash used for noncapital financing activities	27,996,560	-	-	-	80,654	-	-	-	28,077,214
Net cash used for capital and related financing activities	(3,686,212)	(165,497)	(98,413)	(1,499,930)	(61,523)	-	-	660,000	(4,851,575)
Net cash from (used for) investing activities	3,366,243	(427,756)	-	20,859	2,950	-	-	-	2,962,296
Net change in cash and cash equivalents	17,416,209	544,154	(60,946)	437,134	(310,601)	136,768	-	-	18,162,718
Cash and cash equivalents, beginning of year	5,490,322	911,919	88,072	879,279	349,211	73,011	12,000	-	7,803,814
Cash and cash equivalents, end of year	<u>\$ 22,906,531</u>	<u>\$ 1,456,073</u>	<u>\$ 27,126</u>	<u>\$ 1,316,413</u>	<u>\$ 38,610</u>	<u>\$ 209,779</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 25,966,532</u>



Supplementary Information
June 30, 2021 and 2020

Tahlequah Hospital Authority

A Component Unit of the City of Tahlequah, Oklahoma



Independent Auditor's Report on Supplementary Information

The Board of Trustees
Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Tahlequah, Oklahoma

We have audited the financial statements of Tahlequah Hospital Authority as of and for the years ended June 30, 2021 and 2020 and our report thereon dated October 29, 2021, 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 operations and changes in net position information, and schedules of Hospital net patient service revenue, Hospital other revenue, and Hospital expenses 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
October 29, 2021

What inspires you, inspires us. Let's talk. | eidebailly.com

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Statement of Net Position Information
June 30, 2021

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Assets									
Current Assets									
Cash and cash equivalents	\$ 3,191,747	\$ 1,827,454	\$ 17,505	\$ 1,453,137	\$ 478	\$ 368,703	\$ 12,000	\$ -	\$ 6,871,024
Board designated cash	1,107,913	-	-	-	-	-	-	-	1,107,913
Internally designated investments for CMS Advance Program	11,502,885	-	-	-	-	-	-	-	11,502,885
Receivables									
Patient, net	22,194,400	-	-	-	-	-	-	-	22,194,400
Other	8,027,706	84,268	-	168,724	-	119,909	-	(977,781)	7,422,826
Current portion of lease receivable	-	-	-	5,381	-	-	-	(5,381)	-
Related parties	482,408	126,749	32,683	-	-	-	-	(312,156)	329,684
Estimated third-party payor settlements	1,027,479	-	-	-	-	-	-	-	1,027,479
Supplies	3,304,991	-	17,233	-	-	-	-	-	3,322,224
Prepaid expenses	979,994	63,766	3,973	10,118	-	1,528	-	-	1,059,379
Total current assets	51,819,523	2,102,237	71,394	1,637,360	478	490,140	12,000	(1,295,318)	54,837,814
Capital Assets, Net	28,226,473	621,109	33,501	16,820,891	-	-	-	-	45,701,974
Other Assets									
Investment in NOD	997,885	-	-	-	-	-	-	(997,885)	-
Investment in Foundation	10,115,931	-	-	-	-	-	-	(10,115,931)	-
Investment in NOMSO	451,542	-	-	-	-	-	-	(451,542)	-
Investment in CHP	1,664,517	-	-	-	-	-	-	-	1,664,517
Investment in Platte Dialysis	4,977,729	-	-	-	-	-	-	-	4,977,729
Investment in NWM	(248,094)	-	-	-	-	-	-	248,094	-
Total investments	17,959,510	-	-	-	-	-	-	(11,317,264)	6,642,246
Assets held under deferred compensation agreement	747,296	-	-	-	-	-	-	-	747,296
Internally designated investments for CMS Advance Program	3,466,894	-	-	-	-	-	-	-	3,466,894
Investments	15,291,153	-	-	-	-	-	-	-	15,291,153
Investment in captive insurance	1,220,030	-	-	-	-	-	-	-	1,220,030
Lease receivable, net of current portion	-	-	-	58,791	-	-	-	(58,791)	-
Other	1,335,690	-	-	-	-	-	-	-	1,335,690
Total other assets	40,020,573	-	-	58,791	-	-	-	(11,376,055)	28,703,309
Deferred Outflows of Resources	950,110	-	-	-	-	-	-	-	950,110
Total assets and deferred outflows of resources	\$ 121,016,679	\$ 2,723,346	\$ 104,895	\$ 18,517,042	\$ 478	\$ 490,140	\$ 12,000	\$ (12,671,373)	\$ 130,193,207

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Statement of Net Position Information
June 30, 2021

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Liabilities and Net Position									
Current Liabilities									
Current maturities of long-term debt	\$ 1,357,931	\$ 117,723	\$ 5,026	\$ 390,937	\$ -	\$ -	\$ -	\$ (5,381)	\$ 1,866,236
Current maturities of CMS advance payments	11,502,885	-	-	-	-	-	-	-	11,502,885
Accounts payable	11,086,334	180,945	909,257	-	-	38,601	-	(1,234,819)	10,980,318
Accrued expenses									
Salaries and benefits payable	1,669,488	-	-	-	-	-	-	-	1,669,488
Vacation	2,827,391	-	-	-	-	-	-	-	2,827,391
Payroll taxes and other	2,318,933	-	-	-	-	-	-	-	2,318,933
Due to related parties	312	-	-	18,173	-	-	55,118	(55,118)	18,485
Total current liabilities	30,763,274	298,668	914,283	409,110	-	38,601	55,118	(1,295,318)	31,183,736
Deferred Compensation	747,296	-	-	-	-	-	-	-	747,296
Long-Term Liabilities									
Long-term debt, less current maturities	15,833,895	131,237	-	8,016,290	-	-	-	(58,791)	23,922,631
CMS advance payments, less current maturities	6,631,964	-	-	-	-	-	-	-	6,631,964
Other liabilities	950,110	-	-	-	-	-	-	-	950,110
Total long-term liabilities	23,415,969	131,237	-	8,016,290	-	-	-	(58,791)	31,504,705
Total liabilities	54,926,539	429,905	914,283	8,425,400	-	38,601	55,118	(1,354,109)	63,435,737
Net Position									
Net investment in capital assets	11,034,647	372,149	28,475	8,413,664	-	-	-	(64,172)	19,784,763
Unrestricted	55,055,493	1,074,865	(514,108)	1,677,978	478	451,539	(43,118)	(11,253,092)	46,450,035
Restricted, nonexpendable net position noncontrolling interest	-	846,427	(323,755)	-	-	-	-	-	522,672
Total net position	66,090,140	2,293,441	(809,388)	10,091,642	478	451,539	(43,118)	(11,317,264)	66,757,470
Total liabilities and net position	\$ 121,016,679	\$ 2,723,346	\$ 104,895	\$ 18,517,042	\$ 478	\$ 490,140	\$ 12,000	\$ (12,671,373)	\$ 130,193,207

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Statement of Net Position Information
June 30, 2020

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Assets									
Current Assets									
Cash and cash equivalents	\$ 22,508,420	\$ 1,456,073	\$ 27,126	\$ 1,316,413	\$ 38,610	\$ 209,779	\$ 12,000	\$ -	\$ 25,568,421
Board designated cash	398,111	-	-	-	-	-	-	-	398,111
Receivables									
Patient, net	18,751,150	-	-	-	1,086,965	-	-	-	19,838,115
Other	6,805,512	42,662	-	49,855	-	95,624	-	(1,050,916)	5,942,737
Provider relief funds	5,000,000	-	-	5,170	-	-	-	(5,170)	5,000,000
Related parties	2,178,369	124,227	15,199	-	-	33,783	-	(783,090)	1,568,488
Estimated third-party payor settlements	527,479	-	-	-	-	-	-	-	527,479
Supplies	3,097,978	-	11,725	-	2,948	-	-	-	3,112,651
Prepaid expenses	1,596,576	52,910	2,850	11,130	154,477	1,425	-	-	1,819,368
Total current assets	60,863,595	1,675,872	56,900	1,382,568	1,283,000	340,611	12,000	(1,839,176)	63,775,370
Capital Assets, Net	26,417,533	1,063,906	39,257	17,339,431	110,793	-	-	-	44,970,920
Other Assets									
Investment in NOD	899,324	-	-	-	-	-	-	(899,324)	-
Interest in Foundation	9,612,488	-	-	-	-	-	-	(9,612,488)	-
Investment in NOMSO	275,914	-	-	-	-	-	-	(275,914)	-
Investment in CHP	1,246,455	-	-	-	-	-	-	-	1,246,455
Investment in NOCC	1,606,748	-	-	-	-	-	-	(1,606,748)	-
Investment in Platte Dialysis	4,638,757	-	-	-	-	-	-	-	4,638,757
Investment in NWM	(136,745)	-	-	-	-	-	-	136,745	-
Total investments	18,142,941	-	-	-	-	-	-	(12,257,729)	5,885,212
Assets held under deferred compensation agreement	602,697	-	-	-	-	-	-	-	602,697
Investments	14,119,363	-	-	-	-	-	-	-	14,119,363
Investment in captive insurance	1,096,112	-	-	-	-	-	-	-	1,096,112
Lease receivable, net of current portion	-	-	-	64,172	-	-	-	(64,172)	-
Other	1,614,716	-	-	-	-	-	248,469	-	1,863,185
Total other assets	35,575,829	-	-	64,172	-	-	248,469	(12,321,901)	23,566,569
Deferred Outflows of Resources	1,685,673	-	-	-	-	-	-	-	1,685,673
Total assets	\$ 124,542,630	\$ 2,739,778	\$ 96,157	\$ 18,786,171	\$ 1,393,793	\$ 340,611	\$ 260,469	\$ (14,161,077)	\$ 133,998,532

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Statement of Net Position Information
June 30, 2020

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Liabilities and Net Position									
Current Liabilities									
Current maturities of long-term debt	\$ 1,470,603	\$ 114,534	\$ 63,835	\$ 745,792	\$ -	\$ -	\$ -	\$ (270,321)	\$ 2,124,443
Current maturities of CMS advance payments	2,300,577	-	-	-	-	-	-	-	2,300,577
Accounts payable	8,502,033	223,646	651,101	-	261,536	64,698	-	(1,265,182)	8,437,832
Accrued expenses	-	-	-	-	-	-	-	-	-
Salaries and benefits payable	1,496,263	-	-	-	-	-	-	-	1,496,263
Vacation	2,600,590	-	-	-	-	-	-	-	2,600,590
Payroll taxes and other	1,194,501	-	-	-	-	-	-	-	1,194,501
Due to related parties	312	-	-	40,880	-	-	303,674	(303,674)	41,192
Total current liabilities	17,564,879	338,180	714,936	786,672	261,536	64,698	303,674	(1,839,177)	18,195,398
Deferred Compensation	602,697	-	-	-	-	-	-	-	602,697
Long-Term Liabilities									
Long-term debt, less current maturities	18,449,751	248,961	5,026	8,411,301	-	-	-	(64,172)	27,050,867
CMS advance payments, less current maturities	17,651,943	-	-	-	-	-	-	-	17,651,943
Other liabilities	1,685,673	-	-	-	-	-	-	-	1,685,673
Total long-term liabilities	37,787,367	248,961	5,026	8,411,301	-	-	-	(64,172)	46,388,483
Total liabilities	55,954,943	587,141	719,962	9,197,973	261,536	64,698	303,674	(1,903,349)	65,186,578
Net Position									
Net investment in capital assets	6,497,179	700,411	(29,604)	8,182,338	110,793	-	-	-	15,461,117
Unrestricted	62,090,508	648,041	(344,679)	1,405,860	1,021,464	275,913	(43,205)	(12,257,728)	52,796,174
Restricted, nonexpendable net position noncontrolling interest	-	804,185	(249,522)	-	-	-	-	-	554,663
Total net position	68,587,687	2,152,637	(623,805)	9,588,198	1,132,257	275,913	(43,205)	(12,257,728)	68,811,954
Total liabilities and net position	\$ 124,542,630	\$ 2,739,778	\$ 96,157	\$ 18,786,171	\$ 1,393,793	\$ 340,611	\$ 260,469	\$ (14,161,077)	\$ 133,998,532

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Operations and Changes in Net Position Information
Year Ended June 30, 2021

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Operating Revenue									
Net patient service revenue	\$ 113,091,596	\$ 1,491,517	\$ -	\$ -	\$ 10,977	\$ -	\$ -	\$ (1,491,517)	\$ 113,102,573
Other revenue	<u>5,269,195</u>	<u>288,178</u>	<u>388,397</u>	<u>1,700,904</u>	<u>-</u>	<u>682,874</u>	<u>-</u>	<u>(1,035,063)</u>	<u>7,294,485</u>
Total operating revenue	<u>118,360,791</u>	<u>1,779,695</u>	<u>388,397</u>	<u>1,700,904</u>	<u>10,977</u>	<u>682,874</u>	<u>-</u>	<u>(2,526,580)</u>	<u>120,397,058</u>
Expenses									
Nursing services	37,322,118	-	-	-	-	-	-	(1,491,517)	35,830,601
Other professional services	57,303,119	34,314	-	6,377	-	-	-	(1,146,937)	56,196,873
General services	6,766,766	-	568,224	-	(574)	507,248	-	532,494	8,374,158
Administrative services	19,064,136	109,089	-	117,549	47	-	-	-	19,290,821
Other expenses	-	578,639	-	170,955	-	-	(87)	(155,515)	593,992
Depreciation and amortization	<u>3,613,336</u>	<u>442,796</u>	<u>5,756</u>	<u>553,711</u>	<u>11,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,626,847</u>
Total expenses	<u>124,069,475</u>	<u>1,164,838</u>	<u>573,980</u>	<u>848,592</u>	<u>10,721</u>	<u>507,248</u>	<u>(87)</u>	<u>(2,261,475)</u>	<u>124,913,292</u>
Operating Income (Loss)	<u>(5,708,684)</u>	<u>614,857</u>	<u>(185,583)</u>	<u>852,312</u>	<u>256</u>	<u>175,626</u>	<u>87</u>	<u>(265,105)</u>	<u>(4,516,234)</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Operations and Changes in Net Position Information
Year Ended June 30, 2021

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Nonoperating Revenues (Expenses)									
Investment income	\$ 1,411,146	\$ 97,717	\$ -	\$ 5,243	\$ 222	\$ -	\$ -	\$ -	\$ 1,514,328
Provider relief funds	350,961	-	-	-	-	-	-	-	350,961
Income from NOD	492,807	-	-	-	-	-	-	(492,807)	-
Income from Foundation	503,443	-	-	-	-	-	-	(503,443)	-
Income from NOMSO	175,628	-	-	-	-	-	-	(175,628)	-
Income from CHP	618,659	-	-	-	-	-	-	-	618,659
Income from NOCC	-	-	-	-	-	-	-	-	-
Income from Platte	1,317,733	-	-	-	-	-	-	-	1,317,733
Income from NWM	(111,349)	-	-	-	-	-	-	111,349	-
Interest expense	(799,587)	(8,562)	-	(354,111)	-	-	-	-	(1,162,260)
Gain on disposal	5,691	-	-	-	-	-	-	-	5,691
Contributions expense	(279,505)	-	-	-	-	-	-	265,105	(14,400)
Total non operating revenue (expense), net	<u>3,685,627</u>	<u>89,155</u>	<u>-</u>	<u>(348,868)</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>(795,424)</u>	<u>2,630,712</u>
Revenues in Excess of (Less Than) Expenses	(2,023,057)	704,012	(185,583)	503,444	478	175,626	87	(1,060,529)	(1,885,522)
Noncontrolling Interest		<u>(211,204)</u>	<u>74,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,971)</u>
Change in Net Position, Excluding Noncontrolling Interest	(2,023,057)	492,808	(111,350)	503,444	478	175,626	87	(1,060,529)	(2,022,493)
Net Position, Beginning of Year	68,587,687	1,517,414	(374,283)	9,588,198	1,132,257	275,913	(43,205)	(12,426,690)	68,257,291
Transfer of shares	(474,490)	-	-	-	(1,132,257)	-	-	1,606,747	-
Members' Distributions	-	(563,208)	-	-	-	-	-	563,208	-
Noncontrolling Interest	<u>-</u>	<u>846,427</u>	<u>(323,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,672</u>
Net Position, End of Year	<u>\$ 66,090,140</u>	<u>\$ 2,293,441</u>	<u>\$ (809,388)</u>	<u>\$ 10,091,642</u>	<u>\$ 478</u>	<u>\$ 451,539</u>	<u>\$ (43,118)</u>	<u>\$ (11,317,264)</u>	<u>\$ 66,757,470</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Operations and Changes in Net Position Information
Year Ended June 30, 2020

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Operating Revenue									
Net patient service revenue	\$ 96,151,353	\$ 1,489,987	\$ -	\$ -	\$ 2,180,603	\$ -	\$ -	\$ (1,489,987)	\$ 98,331,956
Other revenue	<u>4,871,327</u>	<u>303,344</u>	<u>345,507</u>	<u>2,322,802</u>	<u>-</u>	<u>536,806</u>	<u>-</u>	<u>(1,467,887)</u>	<u>6,911,899</u>
Total operating revenue	<u>101,022,680</u>	<u>1,793,331</u>	<u>345,507</u>	<u>2,322,802</u>	<u>2,180,603</u>	<u>536,806</u>	<u>-</u>	<u>(2,957,874)</u>	<u>105,243,855</u>
Expenses									
Nursing services	33,504,676	-	-	-	-	-	-	(1,489,987)	32,014,689
Other professional services	53,248,937	34,234	-	6,462	263,302	-	-	(1,146,937)	52,405,998
General services	6,039,806	-	572,867	-	1,586,955	382,124	-	536,558	9,118,310
Administrative services	19,508,555	141,069	-	110,674	67,279	-	-	-	19,827,577
Other expenses	-	582,603	-	413,049	-	-	862	(197,508)	799,006
Depreciation and amortization	<u>3,423,572</u>	<u>463,516</u>	<u>549</u>	<u>554,912</u>	<u>18,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,460,555</u>
Total expenses	<u>115,725,546</u>	<u>1,221,422</u>	<u>573,416</u>	<u>1,085,097</u>	<u>1,935,542</u>	<u>382,124</u>	<u>862</u>	<u>(2,297,874)</u>	<u>118,626,135</u>
Operating Income (Loss)	<u>(14,702,866)</u>	<u>571,909</u>	<u>(227,909)</u>	<u>1,237,705</u>	<u>245,061</u>	<u>154,682</u>	<u>(862)</u>	<u>(660,000)</u>	<u>(13,382,280)</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Combining Schedule – Operations and Changes in Net Position Information
Year Ended June 30, 2020

	Tahlequah Hospital Authority	Northeast Oklahoma Diagnostics	Northeastern Wound Management	Tahlequah Hospital Foundation	Northeast Oklahoma Cancer Center	Northeast Oklahoma Management Service Organization	Northeast Vascular Services	Reclassifications or Eliminations	Combined
Nonoperating Revenues (Expenses)									
Investment income	\$ 1,928,494	\$ 102,073	\$ -	\$ 15,891	\$ 2,950	\$ -	\$ -	\$ -	\$ 2,049,408
Provider relief funds	13,082,363	-	-	-	80,654	-	-	-	13,163,017
Income from NOD	463,601	-	-	-	-	-	-	(463,601)	-
Income from Foundation	873,523	-	-	-	-	-	-	(873,523)	-
Income from NOMSO	154,681	-	-	-	-	-	-	(154,681)	-
Income from CHP	847,583	-	-	-	-	-	-	-	847,583
Income from NOCC	323,185	-	-	-	-	-	-	(323,185)	-
Income from NWM	(136,745)	-	-	-	-	-	-	136,745	-
Income from Platte	1,127,894	-	-	-	-	-	-	-	1,127,894
Interest expense	(956,312)	(11,696)	-	(380,075)	-	-	-	-	(1,348,083)
Loss on disposal	(3,646)	-	-	-	-	-	-	-	(3,646)
Contributions expense	(698,323)	-	-	-	-	-	-	660,000	(38,323)
Total non operating revenue (expense), net	<u>17,006,298</u>	<u>90,377</u>	<u>-</u>	<u>(364,184)</u>	<u>83,604</u>	<u>-</u>	<u>-</u>	<u>(1,018,245)</u>	<u>15,797,850</u>
Revenues in Excess of (Less Than) Expenses	2,303,432	662,286	(227,909)	873,521	328,665	154,682	(862)	(1,678,245)	2,415,570
Noncontrolling Interest	-	(198,686)	91,164	-	-	-	-	-	(107,522)
Change in Net Position, Excluding Noncontrolling Interest	2,303,432	463,600	(136,745)	873,521	328,665	154,682	(862)	(1,678,245)	2,308,048
Net Position, Beginning of Year	66,284,255	1,414,681	(237,538)	8,714,677	803,592	121,231	(42,343)	(11,109,312)	65,949,243
Members' Distributions	-	(529,829)	-	-	-	-	-	529,829	-
Noncontrolling Interest	-	804,185	(249,522)	-	-	-	-	-	554,663
Net Position, End of Year	<u>\$ 68,587,687</u>	<u>\$ 2,152,637</u>	<u>\$ (623,805)</u>	<u>\$ 9,588,198</u>	<u>\$ 1,132,257</u>	<u>\$ 275,913</u>	<u>\$ (43,205)</u>	<u>\$ (12,257,728)</u>	<u>\$ 68,811,954</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Schedules of Hospital Net Patient Service Revenue
Years Ended June 30, 2021

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Patient Service Revenue			
Daily patient services			
Medical and surgical	\$ 21,939,293	\$ 4,430,270	\$ 26,369,563
Intensive care unit	21,032,364	1,231,491	22,263,855
Nursery	576,580	10,623	587,203
	<u>43,548,237</u>	<u>5,672,384</u>	<u>49,220,621</u>
Other nursing services			
Central service supplies	-	-	-
Emergency room	5,457,809	19,906,194	25,364,003
Wound Care	83	409,230	409,313
Observation	1,105,664	31,554	1,137,218
Operating room	22,470,335	32,263,977	54,734,312
	<u>29,033,891</u>	<u>52,610,955</u>	<u>81,644,846</u>
Other professional services			
Ambulance	13,895	4,544,366	4,558,261
Anesthesiology	3,430,846	5,603,461	9,034,307
Brain institute	-	47,475	47,475
Cardiac cath lab	12,578,088	11,032,090	23,610,178
Complex lab	6,374	1,942,263	1,948,637
Electrocardiography	777,162	448,390	1,225,552
Geriatric psychology	2,951,921	-	2,951,921
Hyperbaric	-	362,588	362,588
Laboratory	11,208,561	15,360,315	26,568,876
Nephrology	914,272	50,185	964,457
Occupational therapy	241,653	160,149	401,802
Obstetrics	2,151,819	231,955	2,383,774
Oncology	91,707	18,324,151	18,415,858
Pharmacy	13,096,043	4,124,731	17,220,774
Physical therapy	495,828	531,412	1,027,240
Physician	5,756,394	14,645,245	20,401,639
Radiology	9,662,803	30,935,503	40,598,306
Rehabilitation	2,686	473,762	476,448
Respiratory therapy	14,654,480	1,566,188	16,220,668
Sleep Study	-	7,516,390	7,516,390
Speech therapy	161,983	124,197	286,180
	<u>78,196,515</u>	<u>118,024,816</u>	<u>196,221,331</u>
	<u>\$ 150,778,643</u>	<u>\$ 176,308,155</u>	<u>327,086,798</u>
Charity care			<u>(3,530,966)</u>
Total patient service revenue			<u>323,555,832</u>
Deductions from Revenue			
Contractual Adjustments			(189,924,992)
Provision for Bad Debts			<u>(20,539,244)</u>
Total reductions from revenue			<u>(210,464,236)</u>
Net Patient Service Revenue			<u>\$ 113,091,596</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Schedules of Hospital Net Patient Service Revenue
Years Ended June 30, 2020

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Patient Service Revenue			
Daily patient services			
Medical and surgical	\$ 22,413,269	\$ 1,956,830	\$ 24,370,099
Intensive care unit	16,264,122	1,060,114	17,324,236
Nursery	766,700	-	766,700
	<u>39,444,091</u>	<u>3,016,944</u>	<u>42,461,035</u>
Other nursing services			
Central service supplies	418	-	418
Emergency room	4,398,571	20,537,110	24,935,681
Wound Care	-	282,228	282,228
Observation	466,110	949,859	1,415,969
Operating room	23,547,889	24,503,477	48,051,366
	<u>28,412,988</u>	<u>46,272,674</u>	<u>74,685,662</u>
Other professional services			
Ambulance	-	3,374,079	3,374,079
Anesthesiology	2,692,027	3,837,765	6,529,792
Brain institute	146	1,687	1,833
Cardiac cath lab	11,542,222	15,336,338	26,878,560
Complex lab	3,611	2,210,346	2,213,957
Electrocardiography	851,689	587,303	1,438,992
Geriatric psychology	3,684,866	-	3,684,866
Hyperbaric	1,054	398,600	399,654
Laboratory	10,461,940	11,025,493	21,487,433
Nephrology	686,188	83,121	769,309
Occupational therapy	86,008	133,220	219,228
Obstetrics	2,194,026	193,042	2,387,068
Oncology	-	21,348,069	21,348,069
Pharmacy	10,945,971	4,254,504	15,200,475
Physical therapy	404,924	555,376	960,300
Physician	4,490,404	14,457,957	18,948,361
Radiology	9,618,486	29,669,252	39,287,738
Rehabilitation	2,153,269	362,504	2,515,773
Respiratory therapy	9,825,026	1,189,828	11,014,854
Sleep Study	-	4,496,644	4,496,644
Speech therapy	99,703	200,807	300,510
	<u>69,741,560</u>	<u>113,715,935</u>	<u>183,457,495</u>
	<u>\$ 137,598,639</u>	<u>\$ 163,005,553</u>	<u>300,604,192</u>
Charity care			<u>(6,124,611)</u>
Total patient service revenue			<u>294,479,581</u>
Deductions from Revenue			
Contractual Adjustments			(177,227,563)
Provision for Bad Debts			<u>(21,100,665)</u>
Total reductions from revenue			<u>(198,328,228)</u>
Net Patient Service Revenue			<u>\$ 96,151,353</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Schedules of Hospital Other Revenue
Years Ended June 30, 2021 and 2020

	2021	2020
Other Revenue		
Rental income	\$ 621,370	\$ 951,792
Service contract billing	1,234,895	293,908
Cafeteria	185,709	247,790
Kiosk (The Coffee House)	536,548	469,027
340B program revenue	1,756,598	1,995,995
Miscellaneous	934,075	912,815
 Total Other Revenue	 \$ 5,269,195	 \$ 4,871,327

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Schedules of Hospital Expenses
Years Ended June 30, 2021

	Salaries	Supplies and Expenses	Total
Nursing Services			
Central service supplies	\$ 11,918	\$ -	\$ 11,918
Emergency room	1,703,722	3,067,699	4,771,421
Wound care	-	181,690	181,690
Intensive care unit	4,096,615	1,171,980	5,268,595
Labor and delivery	802,713	358,026	1,160,739
Medical and surgical	4,716,722	1,784,116	6,500,838
Nursery	-	12	12
Nursing administration	946,177	30,621	976,798
Observation	399,813	127,770	527,583
Operating room	3,393,011	14,529,513	17,922,524
	<u>16,070,691</u>	<u>21,251,427</u>	<u>37,322,118</u>
Other Professional Services			
Ambulance	1,327,262	175,139	1,502,401
Anesthesiology	-	2,148,747	2,148,747
Bio Med	197,193	9,304	206,497
Brain institute	21,685	1,978,976	2,000,661
Cardiology	103,910	1,794,267	1,898,177
Cath lab	-	9,842,893	9,842,893
Complex lab	125,810	243,312	369,122
Electrocardiography	77,095	109,872	186,967
Geriatric psychology	1,180,587	277,942	1,458,529
Health education	131,433	105,061	236,494
Hyperbarics	-	205,918	205,918
Laboratory	1,342,984	4,748,991	6,091,975
Nephrology	-	741,555	741,555
Occupational therapy	203,452	44,446	247,898
Oncology	376,212	6,141,642	6,517,854
Pharmacy	1,420,220	3,429,481	4,849,701
Physical therapy	477,792	57,988	535,780
Physician	5,295,638	4,835,477	10,131,115
Radiology	2,537,464	2,517,482	5,054,946
Rehabilitation inpatient	-	38,538	38,538
Respiratory therapy	853,824	347,404	1,201,228
Sallisaw	9,471	2,971	12,442
Social services	447,935	33,036	480,971
Speech therapy	124,416	46,644	171,060
Sleep Study	-	1,171,551	1,171,551
Vascular	-	99	99
	<u>16,254,383</u>	<u>41,048,736</u>	<u>57,303,119</u>
General Services			
Dietary	757,636	629,086	1,386,722
Housekeeping	636,130	156,572	792,702
Laundry and linen	-	341,233	341,233
Medical records	1,201,189	1,121,307	2,322,496
Plant operations	595,729	1,327,884	1,923,613
	<u>3,190,684</u>	<u>3,576,082</u>	<u>6,766,766</u>
Administrative Services			
Administration and office	7,168,686	7,198,599	14,367,285
Employee benefits	-	4,696,851	4,696,851
	<u>7,168,686</u>	<u>11,895,450</u>	<u>19,064,136</u>
Depreciation			
	-	3,613,336	3,613,336
	<u>\$ 42,684,444</u>	<u>\$ 81,385,031</u>	<u>\$ 124,069,475</u>

Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Schedules of Hospital Expenses
Years Ended June 30, 2020

	Salaries	Supplies and Expenses	Total
Nursing Services			
Central service supplies	\$ 334,110	\$ 42,108	\$ 376,218
Emergency room	1,630,578	3,096,506	4,727,084
Wound care	-	155,482	155,482
Intensive care unit	3,476,816	1,351,087	4,827,903
Labor and delivery	730,529	565,259	1,295,788
Medical and surgical	3,443,832	1,910,337	5,354,169
Nursery	-	129	129
Nursing administration	906,439	55,221	961,660
Observation	388,556	335,277	723,833
Operating room	3,161,689	11,920,721	15,082,410
	<u>14,072,549</u>	<u>19,432,127</u>	<u>33,504,676</u>
Other Professional Services			
Ambulance	1,133,997	220,195	1,354,192
Anesthesiology	-	1,942,694	1,942,694
Bio Med	180,510	12,600	193,110
Brain institute	-	2,032,328	2,032,328
Cardiology	86,451	1,668,291	1,754,742
Cath lab	2,255	9,585,426	9,587,681
Complex lab	146,003	297,043	443,046
Electrocardiography	91,691	86,669	178,360
Geriatric psychology	1,124,597	356,836	1,481,433
Health education	151,891	110,826	262,717
Hyperbarics	-	186,700	186,700
Laboratory	1,133,848	3,618,434	4,752,282
Nephrology	-	386,339	386,339
Occupational therapy	96,738	49,393	146,131
Oncology	345,396	6,426,252	6,771,648
Pharmacy	1,357,776	2,848,435	4,206,211
Physical therapy	298,765	166,825	465,590
Physician	5,342,421	3,804,305	9,146,726
Radiology	1,942,647	1,939,510	3,882,157
Rehabilitation inpatient	458,381	1,011,437	1,469,818
Respiratory therapy	861,200	470,228	1,331,428
Sallisaw	(30,099)	240	(29,859)
Social services	423,828	34,187	458,015
Speech therapy	119,296	47,801	167,097
Sleep Study	-	666,112	666,112
Vascular	-	12,239	12,239
	<u>15,267,592</u>	<u>37,981,345</u>	<u>53,248,937</u>
General Services			
Dietary	766,031	729,642	1,495,673
Housekeeping	613,335	188,403	801,738
Laundry and linen	-	318,166	318,166
Medical records	1,226,505	399,664	1,626,169
Plant operations	642,624	1,155,436	1,798,060
	<u>3,248,495</u>	<u>2,791,311</u>	<u>6,039,806</u>
Administrative Services			
Administration and office	7,112,156	8,004,198	15,116,354
Employee benefits	-	4,392,201	4,392,201
	<u>7,112,156</u>	<u>12,396,399</u>	<u>19,508,555</u>
Depreciation	<u>-</u>	<u>3,423,572</u>	<u>3,423,572</u>
	<u>\$ 39,700,792</u>	<u>\$ 76,024,754</u>	<u>\$ 115,725,546</u>



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
Tahlequah Hospital Authority
A Component Unit of the City of Tahlequah, Oklahoma
Tahlequah, 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 Tahlequah 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 October 29, 2021.

Internal Control over Financial Reporting

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

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

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

What inspires you, inspires us. Let's talk. | eidebailly.com

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
October 29, 2021