



Management's Discussion and Analysis and
Financial Statements
June 30, 2024

The Beaver County Hospital Authority

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the business-type activities of The Beaver County Hospital Authority (Authority) as of and for the year then ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2024 and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Correction of Error

As discussed in Note 13 to the financial statements, certain errors resulting in understatement of amounts previously reported for Subscription Based IT Arrangement assets and obligations as of and for the year ended June 30, 2023, were discovered by management of the Authority during the current year. Accordingly, an adjustment has been made to net position as of July 1, 2023, to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 and the required supplementary information on pages 29 and 30 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 17, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
February 17, 2025

Introduction

Our discussion and analysis for The Beaver County Hospital Authority (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2024, and 2023. It should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- Total assets increased in 2024 by \$496,372 or 6%.
- Deferred outflows of resources decreased in 2024 by \$419,492 or 27%.
- Total liabilities decreased in 2024 by \$327,258 or 15%.
- The Authority's net position increased in 2024 by \$452,313 or 6%.
- The Authority reported an operating loss in 2024 of \$359,119 and an operating loss in 2023 of \$83,650.

Using This Annual Report

The Authority's financial statements consist of three statements – Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. These financial statements and related notes provide information about activities of the Authority, including resources held by the Authority but restricted for specific purposes by contributors, grantors, or enabling legislation. The Authority is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The Statement of Cash Flows

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

The Authority's Net Position

The Authority's net position is the difference between its assets, deferred outflows of resources, liabilities and deferred inflows of resources reported in the Statement of Net Position. The Authority's net position increased by \$452,313 or 6% in 2024 as shown in Table 1 below.

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

	2024	2023 Restated
Assets		
Current assets	\$ 4,658,953	\$ 4,607,082
Capital assets, net	2,437,530	3,309,802
Other assets	1,429,651	112,878
Total assets	<u>8,526,134</u>	<u>8,029,762</u>
Deferred Outflows of Resources	<u>1,106,500</u>	<u>1,525,992</u>
Total assets and deferred outflows of resources	<u><u>\$ 9,632,634</u></u>	<u><u>\$ 9,555,754</u></u>
Liabilities		
Current liabilities	\$ 932,432	\$ 715,238
Subscription IT liabilities, net of current maturities	299,833	390,489
Net pension obligations	560,016	1,013,812
Total liabilities	<u>1,792,281</u>	<u>2,119,539</u>
Deferred Inflows of Resources	<u>36,612</u>	<u>84,787</u>
Net Position		
Net investment in capital assets	2,047,040	2,835,603
Restricted:		
Expendable for capital acquisitions	-	3,622
Unrestricted	5,756,701	4,512,203
Total net position	<u>7,803,741</u>	<u>7,351,428</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 9,632,634</u></u>	<u><u>\$ 9,555,754</u></u>

*** The amounts were restated for the Subscription Based Information Technology Arrangement (Note 13).

The Beaver County Hospital Authority
Management's Discussion and Analysis

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

- Cash and cash equivalents increased \$366,226 or 27% in 2024 due to the decrease of capital asset purchases made during the year.
- Patient and resident receivables increased \$378,682 or 50% in 2024 due increased activity in the last quarter, in addition collections were delayed due to the change healthcare data breach and the onset of the new Medicaid Managed Care program.
- Accounts payable increased \$163,817 or 51% in 2024 due to timing.

Table 2: Operating Results and Changes in Net Position

	2024	2023 Restated
Operating Revenues		
Net patient service revenue	\$ 7,926,862	\$ 7,511,905
Community pharmacy revenue	2,207,470	1,949,010
Management services	400,926	445,959
Other operating revenue	163,229	526,775
Total operating revenue	10,698,487	10,433,649
Operating Expenses		
Salaries, wages, and employee benefits	5,862,582	5,413,576
Purchased services and professional fees	1,621,709	1,781,276
Supplies and other	3,029,904	2,909,278
Depreciation and amortization	543,411	413,169
Total operating expenses	11,057,606	10,517,299
Operating Loss	(359,119)	(83,650)
Nonoperating Revenues (Expenses)		
County appropriations - unrestricted	383,288	376,986
Investment income	81,479	30,310
Interest expense	(37,001)	(8,352)
Provider relief funds	-	371,243
County appropriations - restricted	45,728	49,762
Noncapital grants and contributions	2,445	49,133
Gain on involuntary conversion	335,493	-
Nonoperating revenues, net	811,432	869,082
Change in Net Position	\$ 452,313	\$ 785,432

Operating Results

The first component of the overall change in the Authority's net position is its operating results. Generally, the operating income or loss is the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The Authority had operating losses in 2024 and 2023.

The operating loss for 2024 increased by \$275,469. The primary components of the change in operating loss are:

- An increase in patient and resident revenue, net of uncollectible accounts, of \$414,957 or 6% in 2024. In 2024, the increases are the result of an increase in services provided.
- A decrease in other operating revenue of \$363,546 or 69% in 2024. In 2024, the nursing home did not receive supplemental payments.
- An increase in community pharmacy revenue of \$258,460 or 13% in 2024. The changes in 2024 are attributed to fluctuations in prescription volumes.
- An increase in salaries, wages and employee benefits of \$449,006 or 8% in 2023. The changes are due to increased number of employees, salary adjustments and the changes in the retirement pension plan.
- A decrease in purchased services and professional fees of \$159,567 or 9% in 2024. The changes are attributable to volume fluctuations.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of county appropriations and gain on involuntary conversion. The county appropriations increased by \$6,302 or 2% in 2024. Gain on involuntary conversion increased by \$335,493 or 100% in 2024 as a result of insurance proceeds received for damaged roof.

The Authority's Cash Flows

The Authority's overall liquidity increased during the year with a net increase to cash and cash equivalents, of \$366,226 when compared with 2023. Cash flows from operating activities increased by \$1,918,724 during 2024 when compared with 2023. Cash from noncapital financing activities decreased by \$43,785 compared with 2023. Cash from capital and capital related financing activities increased by \$1,376,737 when compared with 2023. Cash used for investing activities increased by \$2,319,471 due to the purchase of certificate of deposits.

Capital Assets

The Authority had \$2,047,040 invested in capital assets at the end of 2024, and \$2,835,603 at the end of 2023, net of accumulated depreciation and amortization, when restated, as detailed in Note 5 to the financial statements. The Authority purchased new capital assets totaling \$212,004 in 2024 and \$1,324,640 in 2023.

Contacting the Authority's Financial Management

This financial report is designed to provide our patients, suppliers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Authority administration by calling 580-317-9500.

The Beaver County Hospital Authority

Statement of Net Position

June 30, 2024

Assets and Deferred Outflows of Resources

Current Assets

Cash and cash equivalents	\$ 1,715,229
Short-term certificates of deposit	977,819
Receivables	
Patient and resident, net of estimated uncollectibles of \$489,000	1,138,760
County appropriations	65,989
Estimated third-party payor settlements	313,486
Other	46,061
Supplies	363,910
Prepaid expenses and other	37,699
	<hr/>
Total current assets	4,658,953

Capital Assets

Capital assets not being depreciated	128,878
Capital assets being depreciated, net	1,934,892
Right to use subscription IT assets, net	373,760
	<hr/>
Total capital assets	2,437,530

Other Assets

Noncurrent investments	1,273,379
Other	156,272
	<hr/>
Total other assets	1,429,651

Total assets	<hr/> 8,526,134 <hr/>
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Deferred Outflows of Resources - Retirement Pension Plan	<hr/> 1,106,500 <hr/>
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Total assets and deferred outflows of resources	<hr/> \$ 9,632,634 <hr/>
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The Beaver County Hospital Authority

Statement of Net Position

June 30, 2024

Liabilities, Deferred Inflows of Resources, and Net Position

Current Liabilities

Current maturities of subscription IT liabilities	\$ 90,657
Accounts payable	482,492
Accrued expenses	<u>359,283</u>

Total current liabilities	<u>932,432</u>
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Non-Current Liabilities

Subscription IT liabilities, net of current maturities	299,833
Net pension obligations	<u>560,016</u>

Total non-current liabilities	859,849
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Total liabilities	<u>1,792,281</u>
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Deferred Inflows of Resources - Retirement Pension Plan	<u>36,612</u>
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Net Position

Net investment in capital assets	2,047,040
Unrestricted	<u>5,756,701</u>

Total net position	<u>7,803,741</u>
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Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 9,632,634</u></u>
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The Beaver County Hospital Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

Operating Revenues	
Net patient and resident service revenue, net of provision for bad debts of \$346,795	\$ 7,926,862
Community pharmacy revenue	2,207,470
Management services	400,926
Other revenue	163,229
	<u>10,698,487</u>
Total operating revenues	
Operating Expenses	
Salaries and wages	4,810,722
Employee benefits	1,051,860
Professional fees and purchased services	1,621,709
Supplies and other	3,029,904
Depreciation and amortization	543,411
	<u>11,057,606</u>
Total operating expenses	
Operating Loss	<u>(359,119)</u>
Nonoperating Revenues (Expenses)	
County appropriations - unrestricted	383,288
Investment income	81,479
Interest expense	(37,001)
Transfer from County	45,728
Gain on involuntary conversion	335,493
Noncapital grants and contributions	2,445
	<u>811,432</u>
Total nonoperating revenues (expenses)	
Revenues in Excess of Expenses and Change in Net Position	<u>452,313</u>
Net Position, Beginning of Year, as Previously Reported	7,354,364
Correction of error (Note 13)	<u>(2,936)</u>
Net Position, Beginning of Year, as Restated	<u>7,351,428</u>
Net Position, End of Year	<u><u>\$ 7,803,741</u></u>

The Beaver County Hospital Authority

Statement of Cash Flows

Year Ended June 30, 2024

Operating Activities	
Receipts from and on behalf of patients and residents	\$ 10,457,918
Payments to suppliers and contractors	(4,456,121)
Payments to and on behalf of employees	(5,942,025)
Other receipts and payments, net	564,155
	<u>623,927</u>
Net Cash from Operating Activities	
Noncapital Financing Activities	
Noncapital contributions and grants	2,445
Proceeds from county appropriations	383,288
	<u>385,733</u>
Net Cash from Noncapital Financing Activities	
Capital and Capital Related Financing Activity	
Grants and contributions	45,728
Principal payments of SBITA	(83,709)
Proceeds from disposal of assets	876,358
Interest paid	(37,001)
Purchase of capital assets	(212,004)
	<u>589,372</u>
Net Cash from Capital and Capital Related Financing Activities	
Investing Activities	
Investment income	81,479
Purchase of certificates of deposit	(1,314,285)
	<u>(1,232,806)</u>
Net Cash used for Investing Activities	
Net Change in Cash and Cash Equivalents	366,226
Cash and Cash Equivalents, Beginning of Year	1,349,003
Cash and Cash Equivalents, End of Year	<u>\$ 1,715,229</u>

The Beaver County Hospital Authority

Statement of Cash Flows

Year Ended June 30, 2024

Reconciliation of Operating Loss to Net Cash	
from Operating Activities	
Operating loss	\$ (359,119)
Adjustments to reconcile operating loss to net cash	
from operating activities	
Depreciation and amortization	543,411
Provision for bad debts	346,795
Changes in assets, liabilities, deferred inflows of resources	
and deferred outflows of resources	
Patient and resident receivables	(725,477)
Other receivables	2,254
Supplies	24,386
Prepaid expenses and other	5,035
Accounts payable	163,817
Accrued expenses	46,430
Estimated third-party payor settlements	702,268
Net pension and OPEB obligation	(497,190)
Deferred inflow of resources	(48,175)
Deferred outflow of resources	419,492
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Net Cash from Operating Activities	<u><u>\$ 623,927</u></u>

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

Measurement Focus and Basis of Accounting

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

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

Basis of Presentation

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

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

Restricted net position:

Restricted - expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation. The Authority had not restricted, expendable net position at June 30, 2024.

Restricted - nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Authority. The Authority had not restricted, nonexpendable net position at June 30, 2024.

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. 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.

Short-Term Investments

Short-term investments include certificates of deposit with an original maturity of three to twelve months.

Investment Income

Interest on deposits are included in nonoperating revenues when earned.

Patient and Resident Receivables

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

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

Supplies

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

Capital Assets

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of capital assets are as follows:

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

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

Right to Use Subscription IT Assets

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Authority's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period is 5 years.

Impairment of Long-Lived Assets

The Authority considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. The Authority sustained damage from a natural disaster resulting in an impairment loss of \$540,865. The Authority received insurance proceeds in the amount of \$876,358. These amounts are included in the gain on involuntary conversion.

Noncurrent Investments and Investment Income

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

Deferred Outflows of Resources

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

Compensated Absences

The Authority's policies permit most employees to accumulate paid time off benefits up to a specified maximum, that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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

Deferred Inflows of Resources

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

Subscription IT Liabilities

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

Operating Revenues and Expenses

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

Net Patient and Resident Service Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments.

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

Community Pharmacy Revenue

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

Charity Care

The Authority provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Authority does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was approximately \$1,600 for the year ended June 30, 2024, calculated by multiplying the ratio of cost to gross charges for the Authority by the gross uncompensated charges associated with providing charity care to its patients.

Grants and Contributions

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

County Appropriations

The citizens of the County approved a 1% sales tax with an expiration date of March 31, 2033, to provide unrestricted appropriations to the Authority. The County collects the sales tax and remits it monthly to the Authority. Revenue from county appropriations is recognized in the year in which the sales tax is received. The Authority received approximately 3% of its financial support from county appropriations related to sales taxes during the year ended June 30, 2024.

Note 2 - Net Patient and Resident Service Revenue

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

Hospital

Medicare: The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended June 30, 2022. Clinical services are paid on a cost basis or fixed fee schedule.

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

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

Nursing Home

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

Medicaid: Medicaid services are paid at prospectively determined rates.

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

The Nursing Home recognizes resident service revenue associated with uninsured residents on the basis of its standard rates for services provided.

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital, Nursing Home, and clinic's patient and resident service revenues for the year ended June 30, 2024:

Medicare	34%
Medicaid	26%
Other third-party payors	25%
Self pay and other	15%
	<hr/>
	100%
	<hr/>

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

Note 3 - Deposits and Investments

The carrying amounts of deposits and investments as of June 30, 2024 are as follows:

Carrying Amount	
Cash and deposits	\$ 1,715,229
Short-term certificates of deposit	977,819
Long-term certificates of deposit	<hr/> 1,273,379
Total	<hr/> \$ 3,966,427

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2024

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

Cash and cash equivalents	\$ 1,715,229
Short-term certificates of deposit	977,819
Noncurrent investments	<u>1,273,379</u>
	<u>\$ 3,966,427</u>

Deposits – Custodial Credit Risk

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

The Authority's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by collateral held by the Authority's custodial bank in the Authority's name.

Note 4 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2024 are as follows:

	Balance June 30, 2023 (Restated)	Additions	Transfers and Retirements	Balance June 30, 2024
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 76,147	\$ -	\$ 76,147
Land	52,731	-	-	52,731
Total capital assets not being depreciated	<u>\$ 52,731</u>	<u>\$ 76,147</u>	<u>\$ -</u>	<u>\$ 128,878</u>
Capital assets being depreciated				
Land improvements	\$ 23,180	\$ -	\$ -	\$ 23,180
Building and improvements	3,600,993	20,876	(794,854)	2,827,015
Equipment	5,195,924	114,981	-	5,310,905
Total capital assets being depreciated	<u>8,820,097</u>	<u>\$ 135,857</u>	<u>\$ (794,854)</u>	<u>8,161,100</u>
Less accumulated depreciation for				
Land improvements	(16,244)	\$ -	\$ -	(16,244)
Building and improvements	(1,850,338)	(123,660)	253,989	(1,720,009)
Equipment	(4,167,707)	(322,248)	-	(4,489,955)
Total accumulated depreciation	<u>(6,034,289)</u>	<u>\$ (445,908)</u>	<u>\$ 253,989</u>	<u>(6,226,208)</u>
Net capital assets being depreciated	<u>\$ 2,785,808</u>			<u>\$ 1,934,892</u>
Right to use Subscription IT Assets				
Being Amortized	\$ 487,513	\$ -	\$ -	\$ 487,513
Less Accumulated Amortization	(16,250)	(97,503)	-	(113,753)
Net right to use subscription IT assets	<u>\$ 471,263</u>	<u>\$ (97,503)</u>	<u>\$ -</u>	<u>\$ 373,760</u>
Capital assets, net	<u>\$ 3,309,802</u>			<u>\$ 2,437,530</u>

Construction in progress at June 30, 2024, represents roof repairs. The estimated cost to complete this project is \$700,000, which will be financed with internal funds.

Note 5 - Line of Credit

The Authority has a variable interest rate line of credit in the amount of \$450,000. The line of credit is due on demand or if no demand is made, due on October 31, 2024. The Authority did not utilize the line of credit during the year ending June 30, 2024.

Note 6 - Subscription-Based Information Technology Arrangements

The Authority has entered into a Subscription-Based Information Technology Arrangement (SBITA) contract for medical software. The Authority is required to make principal and interest payments through April 2028. The SBITA contract has an interest rate of 8.00% based on the Authority's incremental borrowing rate at the inception of the subscription.

Right to use subscription IT obligations additions, payments, and balances for the year ended June 30, 2024 are as follows:

	(Restated) Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Subscription IT liabilities	<u>\$ 474,199</u>	<u>\$ -</u>	<u>\$ (83,709)</u>	<u>\$ 390,490</u>	<u>\$ 90,657</u>

Remaining principal and interest payments on subscriptions are as follows:

Years Ending June 30	Principal	Interest
2025	\$ 90,657	\$ 27,963
2026	98,182	20,438
2027	106,331	12,289
2028	95,320	3,529
Total	<u>\$ 390,490</u>	<u>\$ 64,219</u>

Note 7 - Retirement Pension Plan**Plan Description**

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

Benefits Provided

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

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

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

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

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

Contributions

The authority to set and amend contribution rates is established by ordinance for OPERS' defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. Contributions for participating county and local agencies are required by statute to total 20% for employees and employers as of June 30, 2024. For the year ended June 30, 2024, the Authority contributed 11.5% and employees contributed 8.72% of eligible compensation. For the year ended June 30, 2024, contributions to the pension plan from the Authority were \$409,908. For the year ended June 30, 2024, contributions to the pension plan from employees were approximately \$320,000.

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

At June 30, 2024, the Authority reported a liability of \$560,016, for its proportionate share of the net pension liability. The net pension liability as of June 30, 2024, was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the pension plan during the measurement period relative to the actual contributions of all participating employers. At June 30, 2023, the Authority's proportion was 0.12240241%.

The Beaver County Hospital Authority

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the Authority recognized pension offset of \$335,021, included in employee benefits on the statement of revenues, expenses and changes in net position. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 15,364	\$ 8,483
Change in proportion	(7,480)	6,586
Change in assumptions	118,305	-
Net difference between projected and actual earnings on pension plan investments	465,524	-
Contributions made since measurement date	409,908	-
Total	<u>\$ 1,001,621</u>	<u>\$ 15,069</u>

At June 30, 2024, the Authority reported \$409,908, as deferred outflows of resources related to OPERS resulting from the Authority's contributions subsequent to the measurement date that will be recognized as an addition to the net pension asset or a reduction of the net pension liability in the subsequent year. The remaining amounts in deferred inflows and outflows are related to OPEB plan.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPERS at June 30, 2024, will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Total</u>
2025	\$ 262,050
2026	270,348
2027	44,246
	<u>\$ 576,644</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions applied to all periods included in the measurements:

	<u>2023</u>
Inflation	2.50%
Salary increase	3.25% - 9.25%
Investment rate of return	6.50%
Actuarial cost method	Entry age normal

In 2022 and 2021, mortality rates were based on the Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study dated April 12, 2023, for the three-year period ending June 30, 2022.

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

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	5.1%
U.S. Small Cap Equity	6.0%	5.1%
Global Equity ex-US	28.0%	8.2%
Core Fixed Income	25.0%	1.9%
Long Term Treasuries	3.5%	2.1%
US TIPS	3.5%	1.8%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, net of investment expenses, for the year ended June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Pension Liability Sensitivity

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,163,128	\$ 560,016	\$ (787,919)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2024, the Authority reported a payable of approximately \$67,000 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024, which was included in accounts payable on the accompanying statement of net position.

Note 8 - Concentrations of Credit Risk

The Authority grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients and residents at June 30, 2024 was as follows:

Medicare and management care plans	27%
Medicaid and managed care plans	16%
Commercial insurance	28%
Other third-party payors and patients	29%
	<u>100%</u>

Note 9 - 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 for the state of Oklahoma from federal sources. The SHOPP is currently set to sunset on December 31, 2025. The program is designed to assess Oklahoma hospitals, unless exempt, a supplemental hospital offset payment program fee. As a critical access hospital, the Authority is exempt from the assessment 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 Authority.

Critical access hospitals are excluded from paying the supplemental hospital offset fee but are still eligible to receive SHOPP funds. The Authority records receipts as a reduction in Medicaid contractual adjustments.

The Authority received SHOPP payments totaling \$183,120 for the year ended June 30, 2024, which is included in net patient and resident service revenue.

The SHOPP is expected to change in fiscal year 2025 due to the State of Oklahoma's shift to managed care Medicaid. Future changes in law or regulation at the federal or state level can affect or eliminate SHOPP.

Note 10 - Contingencies**Risk Management**

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

Malpractice Insurance

The Authority has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigation, Claims, and Disputes

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

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

Note 11 - Emergency Medical Services Contract

The Authority has a one-year contract with Beaver County Emergency Medical Services (EMS) Board of Trustees to operate ambulance services to the County's residence. The EMS Board of Trustees transfers property tax revenues received to the Hospital as compensation for the services provided under the EMS contract. The contract may be renewed annually upon mutual consent of both parties. The Authority recognized revenue of \$400,926, included in operating revenue, for services rendered under the contract for the year ended June 30, 2024.

Note 12 - Management Agreement

Effective July 1, 2020, the Authority's board entered into a management contract with SSM Healthcare of Oklahoma, Inc. (SSM). The contract shall renew up to April 30, 2025. The Authority is to pay 2.75% of net patient service revenue reported on the most recently filed cost report payable in twelve equal monthly installments. The Authority paid SSM \$629,742 for software costs, management fees and other professional services in the year ended June 30, 2024. As of June 30, 2024, the Authority owes SSM \$49,754 for software costs, management fees and other professional services.

Note 13 - Correction of Error

During 2024, the Authority identified a misstatement within the 2023 financial statements related to subscription Based IT Arrangements that were not reflective of amounts from certain transactions.

The Authority restated its previously issued financial statements to appropriately reflect the June 30, 2023, Subscription Based IT Arrangement Right to Use Asset and Obligation, and net position for the year ended June 30, 2023:

Net Position at July 1, 2023, as previously reported	\$ 7,354,364
Recognition of right to use SBITA assets	471,263
Recognition of SBITA liabilities	<u>(474,199)</u>
Net Position at July 1, 2023, as restated	<u>\$ 7,351,428</u>

If these amounts had been properly recorded in the prior year, the change in net position would have decreased by \$2,936 for the year ended June 30, 2023 from the amount previously reported.



Required Supplementary Information
June 30, 2024

The Beaver County Hospital Authority

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.12240%	0.12061%	0.13596%	0.14129%	0.12932%	0.14023%	0.13290%	0.09109%	0.11721%	0.14655%
Authority's proportionate share of the net pension liability (asset)	\$ 560,016	\$ 1,013,812	\$ (1,824,834)	\$ 1,260,562	\$ 172,239	\$ 273,499	\$ 718,529	\$ 903,790	\$ 421,572	\$ 269,000
Authority's covered-employee payroll	\$ 3,231,539	\$ 3,040,965	\$ 3,252,374	\$ 3,176,043	\$ 3,052,139	\$ 3,160,417	\$ 3,298,696	\$ 3,065,209	\$ 3,769,704	\$ 3,518,838
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	17.33%	33.34%	-56.11%	39.69%	5.64%	8.65%	21.78%	29.49%	11.18%	7.64%
Plan fiduciary net position as a percentage of the total pension liability	95.91%	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

Information in the schedule has been determined as of the measurement date (the June 30 twelve months immediately preceding the Authority's most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.

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

Schedule of the Authority's Contributions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 409,908	\$ 371,627	\$ 349,711	\$ 374,023	\$ 365,245	\$ 350,996	\$ 363,448	\$ 379,350	\$ 352,499	\$ 433,516
Contributions in relation to the statutorily required contribution	<u>409,908</u>	<u>371,627</u>	<u>349,711</u>	<u>374,023</u>	<u>365,245</u>	<u>350,996</u>	<u>363,448</u>	<u>379,350</u>	<u>352,499</u>	<u>433,516</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 3,564,417	\$ 3,231,539	\$ 3,040,965	\$ 3,252,374	\$ 3,176,043	\$ 3,052,139	\$ 3,160,417	\$ 3,298,696	\$ 3,065,209	\$ 3,769,704
Contributions as a percentage of covered-employee payroll	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%

Information in this schedule has been determined as of the Authority's most recent fiscal year-end in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.



Supplementary Information
June 30, 2024

The Beaver County Hospital Authority



Independent Auditor's Report on Supplementary Information

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

We have audited the financial statements of The Beaver County Hospital Authority as of and for the year ended June 30, 2024 and have issued our report thereon dated February 17, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining schedule of statement of net position information and combining schedule of revenues, expenses and changes in net position information are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma
February 17, 2025

The Beaver County Hospital Authority
Combining Schedule – Statement of Net Position Information
June 30, 2024

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 1,031,312	\$ 683,917	\$ -	\$ 1,715,229
Short-term certificates of deposit	977,819	-	-	977,819
Receivables				
Patient and resident receivables, net of estimated uncollectibles of \$489,000	951,641	187,119	-	1,138,760
Due from related parties	-	424,385	(424,385)	-
County appropriations	-	65,989	-	65,989
Other receivable	33,110	12,951	-	46,061
Estimated amounts due from third-party payors	313,486	-	-	313,486
Supplies	340,146	23,764	-	363,910
Prepaid expenses and other	37,699	-	-	37,699
Total current assets	<u>3,685,213</u>	<u>1,398,125</u>	<u>(424,385)</u>	<u>4,658,953</u>
Capital Assets				
Capital assets not being depreciated	116,878	12,000	-	128,878
Capital assets being depreciated, net	1,793,621	141,271	-	1,934,892
Right to use subscription IT assets, net of accumulated amortization	373,760	-	-	373,760
Total capital assets	<u>2,284,259</u>	<u>153,271</u>	<u>-</u>	<u>2,437,530</u>
Other Assets				
Noncurrent investments	1,273,379	-	-	1,273,379
Other	82,797	73,475	-	156,272
Total other assets	<u>1,356,176</u>	<u>73,475</u>	<u>-</u>	<u>1,429,651</u>
Total assets	<u>7,325,648</u>	<u>1,624,871</u>	<u>(424,385)</u>	<u>8,526,134</u>
Deferred Outflows of Resources	586,445	520,055	-	1,106,500
Total assets and deferred outflows of resources	<u>\$ 7,912,093</u>	<u>\$ 2,144,926</u>	<u>\$ (424,385)</u>	<u>\$ 9,632,634</u>

The Beaver County Hospital Authority
Combining Schedule – Statement of Net Position Information
June 30, 2024

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Current maturities of subscription IT liabilities	\$ 90,657	\$ -	\$ -	\$ 90,657
Accounts payable	373,494	108,998	-	482,492
Due to related parties	418,054	6,331	(424,385)	-
Accrued expense	220,884	138,399	-	359,283
Total current liabilities	<u>1,103,089</u>	<u>253,728</u>	<u>(424,385)</u>	<u>932,432</u>
Non-Current Liabilities				
Subscription IT liabilities, net of current maturities	299,833	-	-	299,833
Net pension obligations	297,188	262,828	-	560,016
Total non-current liabilities	<u>597,021</u>	<u>262,828</u>	<u>-</u>	<u>859,849</u>
Total liabilities	<u>1,700,110</u>	<u>516,556</u>	<u>(424,385)</u>	<u>1,792,281</u>
Deferred Inflows of Resources	<u>19,406</u>	<u>17,206</u>	<u>-</u>	<u>36,612</u>
Net Position				
Net investment in capital assets	1,893,769	153,271	-	2,047,040
Unrestricted	4,298,808	1,457,893	-	5,756,701
Total net position	<u>6,192,577</u>	<u>1,611,164</u>	<u>-</u>	<u>7,803,741</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,912,093</u>	<u>\$ 2,144,926</u>	<u>\$ (424,385)</u>	<u>\$ 9,632,634</u>

The Beaver County Hospital Authority
Combining Schedule – Statement of Revenues, Expenses and Changes in Net Position Information
Year Ended June 30, 2024

	Beaver County Memorial Hospital	Beaver County Nursing Home	Eliminations	The Beaver County Hospital Authority
Operating revenues				
Net patient and resident service revenue, net of provision for bad debts of \$346,795	\$ 4,962,346	\$ 2,964,516	\$ -	\$ 7,926,862
Community pharmacy revenue	2,207,470	-	-	2,207,470
Management services	400,926	-	-	400,926
Other	21,676	162,887	(21,334)	163,229
Total operating revenues	<u>7,592,418</u>	<u>3,127,403</u>	<u>(21,334)</u>	<u>10,698,487</u>
Operating Expenses				
Salaries and wages	3,076,614	1,734,108	-	4,810,722
Employee benefits	613,368	438,492	-	1,051,860
Professional fees and purchased services	1,376,337	245,372	-	1,621,709
Supplies and other	2,279,035	772,203	(21,334)	3,029,904
Depreciation and amortization	464,942	78,469	-	543,411
Total operating expenses	<u>7,810,296</u>	<u>3,268,644</u>	<u>(21,334)</u>	<u>11,057,606</u>
Operating Loss	<u>(217,878)</u>	<u>(141,241)</u>	<u>-</u>	<u>(359,119)</u>
Nonoperating Revenues (Expenses)				
County appropriations - unrestricted	220,000	163,288	-	383,288
Interest expense	(37,001)	-	-	(37,001)
Investment income	65,451	16,028	-	81,479
Transfer from County	45,728	-	-	45,728
Gain on involuntary conversion	210,720	124,773	-	335,493
Noncapital grants and gifts	1,607	838	-	2,445
Total nonoperating revenues (expenses)	<u>506,505</u>	<u>304,927</u>	<u>-</u>	<u>811,432</u>
Revenues in Excess of Expenses and Change in Net Position	288,627	163,686	-	452,313
Net Position, Beginning of Year, as Previously Reported	5,906,886	1,447,478	-	7,354,364
Correction of error (Note 13)	<u>(2,936)</u>	<u>-</u>	<u>-</u>	<u>(2,936)</u>
Net Position, Beginning of Year, as Restated	<u>5,903,950</u>	<u>1,447,478</u>	<u>-</u>	<u>7,351,428</u>
Net Position, End of Year	<u>\$ 6,192,577</u>	<u>\$ 1,611,164</u>	<u>\$ -</u>	<u>\$ 7,803,741</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
The Beaver County Hospital Authority
Beaver, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of The Beaver County Hospital Authority (Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 17, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses to be material weaknesses: 2024-001 through 2024-003.

Compliance and Other Matters

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

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Oklahoma City, Oklahoma
February 17, 2025

Findings – Financial Statements Audit – Internal Controls over Financial Reporting

Material Weaknesses

2024-001 Segregation of Duties

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

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

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

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

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

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

2024-002 Preparation of Financial Statements and Correction of Error

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

Condition: The Authority does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes as required by GAAP. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. As auditors, we cannot be considered part of the internal control system. In addition, it was identified that the entity failed to properly account for a subscription-based information technology arrangement in accordance with GASB Statement No. 96. Specifically, a right-to-use subscription asset and the related liability were omitted from the financial statements. This oversight resulted in the need for a material restatement to correct the understatement of total assets and liabilities.

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

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

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

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

2024-003 Cost Report Estimate

Criteria: Accounting standards require an entity to estimate the settlement related to the Medicare cost report. The estimated settlement should be based on historical data as well as a review of the specific financial situation and payment factors related to individual accounts.

Condition: The estimated settlement calculation for the Medicare cost report settlement was not properly estimated during the year.

Cause: There was no control in place to estimate the amounts of cost report settlements.

Effect: Interim financial statements may not be properly stated. Material audit adjustments were made to estimated third-party payor settlements.

Auditor's Recommendation: It is recommended that the Authority implement a system that provides adequate controls over estimating cost report settlements.

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