

Independent Accountant's Report on Application of Agreed-Upon Procedures

Board of Trustees
Blackwell Hospital Trust Authority
Blackwell, Oklahoma

We have performed the procedures enumerated in the attachment to this report, which were agreed to by Blackwell Hospital Trust Authority (the Authority), solely to assist you with respect to the Authority's compliance with Oklahoma State Statute, Title 60-180.1, *Annual Audits*, as of December 31, 2016, and for the period from September 3, 2016 through December 31, 2016. The management of the Authority is responsible for its financial statement elements, accounts and items, and compliance with Oklahoma State Statute, Title 60-180.1, *Annual Audits*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attachment to this report for the purpose for which this report has been requested or for any other purpose.

The findings obtained are described in the attachment to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Authority's compliance with Oklahoma State Statute, Title 60-180.1, *Annual Audits*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Tulsa, Oklahoma
July 21, 2017

Blackwell Hospital Trust Authority

Attachment to Report Dated July 21, 2017

Agreed-Upon Procedures

We have performed the agreed-upon procedures as indicated below as required by Oklahoma State Statute, Title 60-180.1, *Annual Audits*, as of and for the period ended December 31, 2016:

1. Obtain from the Authority a schedule of revenues, expenses and changes in net position for each fund and trace amounts to the Authority's trial balance.
2. Obtain from the Authority a listing of bank account balances, if any, in excess of \$50,000. For those accounts in excess of \$50,000, agree bank account balances to bank statements and trace deposits in transit, outstanding checks and other reconciling items in excess of \$5,000 to supporting documentation and subsequent clearance.
3. Obtain from the Authority a listing of bank accounts, if any, with balances in excess of FDIC-insured limits (\$250,000) and calculate the uninsured balance in excess of \$250,000. Obtain from the Authority documentation related to the fair value of pledged collateral on any such accounts and compare the fair value amount of pledged collateral to any balances in excess of \$250,000.
4. Obtain from the Authority a schedule of restricted revenues in excess of \$50,000, if any, with detailed descriptions of the restrictive nature of the revenues. Obtain from the Authority a detail of expenses related to restricted revenues with detailed descriptions of the nature of the expense. Obtain from the Authority the supporting document(s) describing the restriction(s) of the revenue and related expense of the restricted revenue. Compare restrictive nature of revenues to detailed descriptions of the nature of related expenses.
5. Obtain from the Authority documentation for requirements for separate funds, if any, and a listing of accounts established to track separate funds.
6. Obtain from the Authority documentation related to reserve accounts and debt service coverage requirements of bond indentures, if any, and whether any violations exist. Test the Authority's calculations of any such violations.

Findings

1. As a result of performing agreed-upon procedure number 1, we received from the Authority a schedule of revenues, expenses and changes in net position and agreed that information to the Authority's trial balance. The activity for the period ended December 31, 2016, is recapped below and resulted in a decrease in net position.

Revenues	\$ 2,377,427
Expenses	<u>2,897,856</u>
Decrease in net position	<u><u>\$ (520,429)</u></u>
Net position at December 31, 2016	<u><u>\$ 10,339,237</u></u>

Blackwell Hospital Trust Authority

Attachment to Report Dated July 21, 2017

Based on the information in the schedule of revenues, expenses and changes in net position provided by management, there was a decrease in net position of \$520,429 at December 31, 2016, resulting in a surplus of net position of \$10,339,237 at December 31, 2016. Per review of the Trust Indenture of Blackwell Hospital Trust Authority initially created July 1, 1985, and amended on September 1, 1986, and August 25, 2016, there are no prohibitions for creating a deficit in net position.

2. As a result of obtaining the listing of bank account balances from the Authority, we noted the following exceptions:
 - Four bank account reconciliations included bank transfers that were recorded into incorrect general ledger accounts. Cash in total was appropriately stated.
 - One bank account reconciliation included a reduction of cash for the payment of a December payroll liability, which was not reflected on the general ledger. The total impact of the transaction was \$70,535.
3. Based on the listing of bank accounts provided by the Authority, there were no deposits that were not covered by FDIC insurance at December 31, 2016. As there were no uninsured deposits at December 31, 2016, the Authority did not have any documentation related to pledged collateral. Therefore, we noted no exceptions as a result of performing agreed-upon procedure number 3.
4. Based on information obtained from the Authority, there were no restricted revenues for the period ended December 31, 2016. Therefore, we noted no exceptions as a result of performing agreed-upon procedure number 4.
5. Based on information obtained from the Authority, there is no documentation requiring the Authority to maintain separate funds. Therefore, we noted no exceptions as a result of performing agreed-upon procedure number 5.
6. Based on the loan documents provided by the Authority, there were no debt service coverage requirements or reserve account requirements as of and for the period ended December 31, 2016. Therefore, we noted no exceptions as a result of performing agreed-upon procedure number 6.