The Comanche County Hospital Authority

Independent Auditor’s Reports and Financial Statements

June 30, 2022

The Comanche County Hospital Authority
June 30, 2022

Contents

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Independent Auditor's Report

Board of Trustees
The Comanche County Hospital Authority
Lawton, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of The Comanche County Hospital Authority (the Authority) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Authority as of June 30, 2022 and the changes in financial position, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, on July 1, 2021, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements.

The accompanying combining schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

FORVIS, LLP

Tulsa, Oklahoma
December 14, 2022

The Comanche County Hospital Authority
Management's Discussion and Analysis
June 30, 2022

Introduction

This management's discussion and analysis of the financial performance of The Comanche County Hospital Authority (the Authority) provides an overview of the Authority's financial activities for the year ended June 30, 2022. It should be read in conjunction with the accompanying financial statements of the Authority. Unless otherwise indicated, dollar amounts are in thousands.

As described in *Note 1* to the financial statements, the Authority's financial statements include the operations of Comanche County Memorial Hospital (CCMH), McMahon-Tomlinson Nursing Center (MTNC), and Lawton Community Health Center (LCHC), which are considered operating divisions of the Authority.

During 2022, the Authority retroactively adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The 2021 amounts included in this management's discussion and analysis were not restated for this adoption.

Financial Highlights

- Cash, cash equivalents, and investments decreased by $25,262 or 21% in 2022.
- Net patient accounts receivable increased by $3,252 or 10% in 2022.
- Capital assets, net decreased by $2,605 or 3% in 2022.
- Long-term debt decreased by $1,615 or 2% in 2022.
- The Authority reported operating income of $377 in 2022.
- The Authority's net position increased by $4,324 or 5% in 2022.

Using This Annual Report

The Authority's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Authority, including resources held by the Authority but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation. The Authority is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

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

One of the most important questions asked about any healthcare organization's finances is, "Is the organization as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses, and changes in net position report information about the Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in it. The Authority's total net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one measure of the Authority's financial health or financial position. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Authority's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors, should also be considered to assess the overall financial health of the Authority.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

The Authority's Net Position

The Authority's net position is the difference between its assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in the balance sheet. The Authority's net position increased by $4,324 or 5% in 2022, as shown in Table 1.

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

	2022	2021
Assets		
Cash, cash equivalents, and investments	$ 94,893	$ 120,155
Patient accounts receivable, net	36,113	32,861
Other current assets	19,491	14,704
Capital assets, net	87,142	89,747
Lease assets, net	8,972	-
Other assets	8,593	5,819
Total assets	255,204	263,286
Deferred Outflows of Resources	15,035	9,638
Total assets and deferred outflows of resources	$ 270,239	$ 272,924
Liabilities		
Long-term debt, including current portion	$ 65,550	$ 67,165
Lease liabilities, including current portion	9,106	-
Other liabilities	96,214	107,653
Total liabilities	170,870	174,818
Deferred Inflows of Resources	681	3,742
Net Position		
Net investment in capital assets	31,175	33,171
Restricted – expendable for debt service	8,607	7,389
Unrestricted	58,906	53,804
Total net position	98,688	94,364
Total liabilities, deferred inflows of resources, and net position	$ 270,239	$ 272,924

Cash, cash equivalents, and investments decreased in 2022 by $25,262 or 21% primarily due to the recoupment of funding from Medicare Advance Payments as provided for under the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act). Net pension liability increased in 2022 by $9,862 or 55% primarily due to diminished market conditions related to the pension plan's underlying investments.

Operating Results and Changes in the Authority's Net Position

In 2022, the Authority's net position increased by $4,324 or 5%, as shown in Table 2.

Table 2: Operating Results and Changes in Net Position

	2022	2021
Operating Revenues		
Net patient service revenue	$ 328,928	$ 295,004
Grant revenue and other	21,481	16,397
Total operating revenues	350,409	311,401
Operating Expenses		
Salaries and wages and employee benefits	164,973	147,040
Purchased services and professional fees	86,121	80,620
Medical supplies and drugs	59,761	44,568
Supplies and other	26,136	24,182
Depreciation and amortization	13,041	11,418
Total operating expenses	350,032	307,828
Operating Income	377	3,573
Nonoperating Revenues (Expenses)		
Noncapital grants and gifts	686	529
Government grants	7,713	3,385
Gain on investments in equity investees	1,622	736
Investment income (loss)	(3,151)	4,833
Interest expense and other financing costs	(2,934)	(2,845)
Total nonoperating revenues (expenses)	3,936	6,638
Capital Grants and Gifts	11	-
Increase in Net Position	$ 4,324	$ 10,211

Operating Income (Loss)

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

Operating results for 2022 decreased by $3,196. The primary components of the change in operating results are:

- An increase in net patient service revenue of $33,924 or 12% primarily due to increased patient volumes and additional providers.
- An increase in operating expenses of $42,204 or 14%, the primary components of which are:
  - An increase in salaries and wages and employee benefits of $17,933 or 12% in connection with additional costs incurred to maintain certain staffing levels to sustain quality care, ensure proper staffing, and sufficiently respond to pandemic-related outbreaks in the community.
  - An increase in medical supplies and drugs of $15,193 or 34% as a result of increasing costs and increased drug and supply costs resulting from increased patient volumes.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) consist primarily of government grants, investment income (loss), gain on investments in equity investees, noncapital grants and gifts, and interest expense. In 2022, net nonoperating revenues and expenses decreased by $2,702 or 41%. This decrease was due to the decrease in government grants related to the U.S. Department of Health and Human Services Provider Relief Fund under the CARES Act (see *Note 16*) as well as a decrease in investment income due to diminished market returns in 2022.

The Authority's Cash Flows

Changes in the Authority's cash flows are generally consistent with changes in operating income (loss) and nonoperating revenues (expenses). Receipts from and on behalf of patients decreased by $33,306 from 2021. The decrease is consistent with the increased net patient service revenue, offset by the repayment of Medicare Advance Payments provided under the CARES Act (see *Note 16*).

Capital Asset and Debt Administration

Capital Assets

At the end of 2022, the Authority had $87,142 invested in capital assets, net of accumulated depreciation, as detailed in *Note 5* to the accompanying financial statements. In 2022, the Authority acquired capital assets costing $9,082.

Debt

At June 30, 2022, the Authority had $65,550 in revenue bonds and notes payable outstanding as detailed in *Note 8* to the accompanying financial statements. During 2022, the Authority refinanced its Series 2012 Revenue Refunding Bonds, which is further discussed in *Note 8*. At June 30, 2022, the Authority's debt rating was BB+.

Contacting the Authority's Financial Management

This financial report is designed to provide the Authority's patients, suppliers, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Authority's administration by telephoning 580.355.8620.

The Comanche County Hospital Authority

Balance Sheet

June 30, 2022

Assets and Deferred Outflows of Resources

Current Assets	
Cash and cash equivalents	$ 49,084,337
Restricted cash and investments – current	4,872,241
Patient accounts receivable, net of allowance; $59,646,359	36,113,108
Due from related parties	3,788,506
Estimated amounts due from third-party payors	1,335,436
Supplies	7,848,740
Prepaid expenses and other	6,516,020
Total current assets	109,558,388
Noncurrent Cash and Investments	
Held by trustee for debt service	19,834,126
Less amount required to meet current obligations	4,872,241
	14,961,885
Other long-term investments	25,974,992
Total noncurrent cash and investments	40,936,877
Capital Assets, Net	87,141,741
Lease Assets, Net	8,971,723
Other Assets	
Investments in and advances to equity investees	6,936,864
Other	1,657,456
Total other assets	8,594,320
Deferred Outflows of Resources	15,035,486
Total assets and deferred outflows of resources	$ 270,238,535

Liabilities, Deferred Inflows of Resources, and Net Position

Current Liabilities	
Current maturities of long-term debt	$ 4,501,739
Current maturities of lease liabilities	1,740,183
Accounts payable	24,955,006
Accrued expenses	19,240,068
Accrued interest payable	524,180
Due to related parties	6,657,332
Estimated amounts due to third-party payors	1,401,362
Advances from third-party payors	14,610,011
Total current liabilities	73,629,881
Other Liabilities	
Long-term debt	61,048,749
Lease liabilities	7,366,053
Net pension liability	27,865,999
Other long-term obligations	958,851
Total other liabilities	97,239,652
Total liabilities	170,869,533
Deferred Inflows of Resources	680,697
Net Position	
Net investment in capital assets	31,175,198
Restricted – expendable for debt service	8,607,031
Unrestricted	58,906,076
Total net position	98,688,305
Total liabilities, deferred inflows of resources, and net position	$ 270,238,535

The Comanche County Hospital Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

Operating Revenues	
Net patient service revenue, net of provision for uncollectible accounts; $46,520,183	$ 328,927,693
Grant revenue	3,569,138
Other	17,912,256
Total operating revenues	350,409,087
Operating Expenses	
Salaries and wages	139,882,349
Employee benefits	25,090,709
Purchased services and professional fees	86,120,784
Medical supplies and drugs	59,760,883
Supplies and other	26,136,288
Depreciation and amortization	13,041,316
Total operating expenses	350,032,329
Operating Income	376,758
Nonoperating Revenues (Expenses)	
Noncapital grants and gifts	685,884
Government grants	7,713,025
Gain on investments in equity investees	1,621,698
Investment loss	(3,150,893)
Interest expense and other financing costs	(2,933,710)
Total nonoperating revenues (expenses)	3,936,004
Income Before Capital Grants and Gifts	4,312,762
Capital Grants and Gifts	11,500
Increase in Net Position	4,324,262
Net Position, Beginning of Year	94,364,043
Net Position, End of Year	$ 98,688,305

The Comanche County Hospital Authority
Statement of Cash Flows
Year Ended June 30, 2022

Cash Flows from Operating Activities	
Receipts from and on behalf of patients	$ 296,556,118
Payments to suppliers and contractors	(170,885,702)
Payments to or on behalf of employees	(162,787,370)
Other receipts and payments, net	21,642,441
Net cash used in operating activities	(15,474,513)
Cash Flows from Noncapital Financing Activities	
Noncapital grants and gifts	685,884
Government grants	7,713,025
Principal paid on long-term debt	(795,000)
Interest paid on long-term debt	(427,116)
Net cash provided by noncapital financing activities	7,176,793
Cash Flows from Capital and Related Financing Activities	
Capital grants and gifts	11,500
Principal paid on long-term debt	(42,663,968)
Interest paid on long-term debt	(3,409,746)
Proceeds from issuance of long-term debt	42,230,000
Principal paid on lease liabilty	(1,911,457)
Interest paid on lease liabilty	(377,213)
Purchase of capital assets	(8,161,013)
Proceeds from sale of capital assets	1,120,442
Net cash used in capital and related financing activities	(13,161,455)
Cash Flows from Investing Activities	
Interest on investments	965,551
Distributions from and investments in equity investees	(650,000)
Purchase of investments	(16,582,534)
Proceeds from disposition of investments	7,764,088
Net cash used in investing activities	(8,502,895)
Decrease in Cash and Cash Equivalents	(29,962,070)
Cash and Cash Equivalents, Beginning of Year	83,918,648
Cash and Cash Equivalents, End of Year	$ 53,956,578

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

Cash and cash equivalents in current assets	$ 49,084,337
Cash and cash equivalents in noncurrent cash and investments	
Held by trustee for debt service	4,872,241
	$ 53,956,578

Reconciliation of Operating Income to Net Cash Used in Operating Activities

Operating income	$ 376,758
Depreciation and amortization	13,041,316
Provision for uncollectible accounts	46,520,183
Changes in assets and liabilities	
Patient accounts receivable, net	(49,636,522)
Supplies and prepaid expenses	(2,245,477)
Estimated amounts due from third-party payors	(29,255,236)
Accounts payable and accrued expenses	3,587,516
Due to/from related parties	2,950,142
Net pension liability	8,930,393
Deferred outflows of resources – pension	(5,996,703)
Deferred inflows of resources – pension	(3,222,479)
Other assets and liabilities	(524,404)
Net cash used in operating activities	$ (15,474,513)

Supplemental Cash Flows Information

Capital asset acquisitions included in accounts payable	$ 1,322,199

The Comanche County Hospital Authority
Comanche County Hospital Authority Employee Retirement Plan
Statement of Fiduciary Net Position
June 30, 2022

Assets	
Investments at fair value	
Money market mutual funds	$ 4,296,760
Mutual funds	
Equities – domestic	30,974,836
Equities – international	10,789,787
Fixed income	5,864,496
Corporate bonds	4,177,148
Mortgage-and asset-backed securities of U.S. agencies	1,751,953
Total investments	57,854,980
Accrued investment income	150,135
Total assets	$ 58,005,115
Fiduciary Net Position – Restricted for Pensions	$ 58,005,115

The Comanche County Hospital Authority
Comanche County Hospital Authority Employee Retirement Plan
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

Additions	
Employer contributions	$ 5,460,000
Investment income	
Net decrease in fair value of invstments	(9,008,027)
Interest, dividends, and other	1,091,126
Total investment earnings	(7,916,901)
Total additions	(2,456,901)
Deductions	
Benefit payments to participants or beneficiaries	4,188,632
Administrative expenses	246,118
Total deductions	4,434,750
Net Decrease in Plan Fiduciary Net Position	(6,891,651)
Fiduciary Net Position – Restricted for Pensions, Beginning of Year	64,896,766
Fiduciary Net Position – Restricted for Pensions, End of Year	$ 58,005,115

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The Comanche County Hospital Authority (the Authority), a public trust, was created on January 13, 1971 by the Board of Commissioners of Comanche County, Oklahoma (the County) to operate, control, and manage all matters concerning Comanche County Memorial Hospital (CCMH), McMahon-Tomlinson Nursing Center (MTNC), and the trust estate. The Board of Commissioners of the County appoints the members of the Authority's Board of Trustees.

On January 13, 1971, an indenture of lease was entered into between the County (the Lessor) and the trustees of the Authority (the Lessee) leasing to the Authority all hospital and nursing center sites, equipment, and facilities owned and subsequently constructed or acquired by the Lessor or under its custody, management, or control. The initial term of the lease was for a period of 30 years and so long thereafter as any indebtedness incurred by the Lessee and secured by the revenues of any of the leased property remains unpaid. In addition, the lease agreement provided the Authority certain renewal options. Consideration for the lease is the installation and construction of improvements to the leased property for the purpose of aiding the Lessor in the performance of its public functions. In July 2000, the Authority exercised an option to renew the lease for an additional 30-year period ending in January 2031.

CCMH primarily earns revenue by providing inpatient, outpatient, and emergency care and oncology services to patients in southwestern Oklahoma. CCMH also operates a rehabilitation unit, a psychiatric unit, outpatient clinics, a home health agency, and an ambulance service in the same geographic area.

MTNC earns revenue by providing intermediate nursing care services in a 146-bed nursing facility in Lawton, Oklahoma.

On September 1, 2007, the Authority was awarded a grant by the Health Resources and Services Administration of the U.S. Department of Health and Human Services to partially fund the operations and activities of the Lawton Community Health Center (LCHC), a federally qualified health center (FQHC). LCHC is an operating division of the Authority and operates the FQHC under a co-applicant agreement with Lawton Community Health Center, Inc., a nonprofit organization.

Under accounting principles generally accepted in the United States of America, the accompanying financial statements of the Authority are comprised of CCMH, MTNC, and LCHC, which are considered operating divisions of the Authority. All transactions and accounts between CCMH, MTNC, and LCHC have been eliminated in the accompanying financial statements.

Fiduciary Fund

The Comanche County Hospital Authority Employee Retirement Plan (the Plan) is a single-employer defined benefit pension plan included in the financial statements as a pension trust fiduciary fund. The board of the Authority performs the governing duties of the Plan, as the Plan does not have a separate board and is fiscally dependent on the Authority. The fiduciary fund statements are presented as of and for the year ended June 30, 2022, the Plan's fiscal year-end.

Basis of Accounting and Presentation

The accompanying financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and deferred outflows of resources, and liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Investment income (loss) and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Cash Equivalents

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents, excluding investments in noncurrent cash and investments. At June 30, 2022, cash equivalents consisted of money market mutual funds with brokers.

Investments and Investment Income (Loss)

The investments in equity investees are reported on the equity method of accounting. All other investments are carried at fair value, which is determined using quoted market prices. Investment income (loss) includes dividend and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

The Authority reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The Authority provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the patient, the Authority bills third-party payors directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as uncollectible accounts based on individual credit evaluation and specific circumstances of the account.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Authority:

Land improvements	5–20 years
Buildings and improvements	10–50 years
Equipment	3–20 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital and Lease Asset Impairment

The Authority evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the year ended June 30, 2022.

Compensated Absences

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

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; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than unemployment; workers' compensation; and employee health, dental, and short-term disability. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Authority is self-insured for a portion of its exposure to risk of loss from unemployment, employee health, dental, short-term disability, and workers' compensation claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Defined Benefit Pension Plan

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

Deferred Outflows and Inflows of Resources

The Authority is required to account for certain transactions that do not qualify for treatment as either assets or liabilities as deferred outflows or inflows of resources. Deferred outflows and inflows of resources are defined as a consumption (deferred outflows) or an acquisition (deferred inflows) of net position by the Authority that is applicable to a future reporting period.

At June 30, 2022, the deferred inflows and outflows of resources reported by the Authority on the accompanying balance sheet consisted of the following items:

Lease receivable	$ 155,958
Gain on defeasance of long-term debt, net	524,739
Total deferred inflows of resources	$ 680,697
Loss on defeasance of long-term debt, net	$ 434,903
Excess consideration paid in an acquisition	2,413,285
Deferred outflows of resources related to pensions	12,187,298
Total deferred outflows of resources	$ 15,035,486

Net Position

Net position of the Authority is classified in three components:

- Net investment in capital assets consists of capital assets net of accumulated depreciation and lease assets net of accumulated amortization and reduced by the outstanding balances of borrowings and leases used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

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. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Authority provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Authority does not pursue collection of amounts determined to qualify as charity care, the amounts are not reported as net patient service revenue.

Income Taxes

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

Foundation

The Authority is the beneficiary of Comanche County Memorial Hospital Foundation, Inc. (the Foundation), a separate legal entity with its own board of directors. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the Authority and, thus, is not reflected in the accompanying financial statements.

Other Operating Revenue

Other operating revenue primarily includes grant income and revenue from the Authority's participation in the 340B Drug Pricing Program.

Supplemental Hospital Offset Payment Program

On January 17, 2012, the Centers for Medicare and Medicaid Services (CMS) approved the State of Oklahoma's Supplemental Hospital Offset Payment Program (SHOPP). The SHOPP is currently scheduled to sunset on December 31, 2025. The SHOPP is designed to assess Oklahoma hospitals a supplemental hospital offset fee, which is placed in pools after receiving federal matching funds. The total fees and matching funds are then allocated to hospitals as directed by legislation.

SHOPP revenue is recorded as part of net patient service revenue and SHOPP assessment fees are recorded as part of other expenses on the accompanying statement of revenues, expenses, and changes in net position. The amounts noted in the table below for the year ended June 30, 2022 represent the approximate amounts received and paid by the Authority.

SHOPP funds received	$ 22,455,000
SHOPP assessment fees paid	5,922,000
Net SHOPP benefit	$ 16,533,000

The annual amounts to be received and paid by the Authority over the term of the SHOPP are subject to change annually based on various factors involved in determining the amount of federal matching funds. Based on the current information available, the annual net benefit to the Authority over the term of the SHOPP is expected to be approximately $15,691,000 in 2023.

In June 2020, voters in Oklahoma passed a Medicaid expansion ballot initiative that went into effect on July 1, 2021. With the increased number of Oklahoma residents who are eligible for Medicaid benefits, the SHOPP described above increased with the additional federal funds provided to the Medicaid program.

Change in Accounting Principle

On July 1, 2021, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the earliest period presented. GASB 87 requires lessees to recognize a lease liability, measured at the present value of payments expected to be made during the lease term, and an intangible right-to-use lease asset.

The Authority's adoption of GASB 87 did not impact previously reported net position of the Authority.

Note 2: Net Patient Service Revenue

CCMH, MTNC, and LCHC have agreements with third-party payors that provide for payments to them at amounts different from their established rates. Those payment arrangements include:

- **Medicare** – Substantially all inpatient acute care services and outpatient services rendered to Medicare program beneficiaries, including physician services, are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. CCMH, MTNC, and LCHC are reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare administrative contractor.

- **Medicaid** – CCMH, MTNC, and LCHC have also been reimbursed for services rendered to patients covered by the state Medicaid program. CCMH is reimbursed at prospectively determined rates per discharge and fee schedules with no retroactive adjustment. MTNC is reimbursed for services to residents who are Medicaid beneficiaries at prospectively determined per diem rates with no retroactive adjustment. LCHC is reimbursed for services provided to Medicaid beneficiaries at prospectively determined rates with no retroactive adjustment.

- **Other** – CCMH, MTNC, and LCHC have payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations that provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Approximately 50% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended June 30, 2022. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Grant Revenue

The Authority is the recipient of a Community Health Center (CHC) grant from the U.S. Department of Health and Human Services. The general purpose of the grant is to provide expanded healthcare service delivery in Lawton, Oklahoma, and surrounding areas. Terms of the grant generally provide for funding of LCHC's operations based on an approved budget. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the year ended June 30, 2022, the Authority received approximately $3,569,000 in CHC grant funds.

The Authority was also granted Provider Relief Fund distributions as authorized by the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act), which are reported as nonoperating government grants in the accompanying financial statements. The terms and conditions surrounding these government grant funds are further described in *Note 16*.

Note 3: Deposits, Investments, and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

At June 30, 2022, the Authority maintained approximately $47,946,000 of deposits in an Insured Cash Sweep (ICS) program. The ICS program places deposits in increments below the standard FDIC insurance maximum of $250,000 in multiple banks.

At June 30, 2022, approximately $377,000 of the Authority's bank balances of approximately $48,844,000 were exposed to custodial credit risk.

Investments

The Authority has an investment policy related to its investment portfolio. This policy does not apply to investments held under trustee agreements related to bond indentures. At June 30, 2022, the Authority had the following investments and maturities:

		Maturities in Years			
Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**	**More than 10**
Mortgage- and asset-backed securities of U.S. agencies	$ 2,569,040	$ -	$ 1,072,576	$ 511,457	$ 985,007
Corporate bonds	4,596,212	249,358	683,491	1,931,265	1,732,098
Money market mutual funds	22,009,282	22,009,282	-	-	-
Municipal bonds	1,618,704	-	369,655	1,084,228	164,821
Bond mutual funds	5,457,525	-	1,310,157	4,147,368	-
	36,250,763	$ 22,258,640	$ 3,435,879	$ 7,674,318	$ 2,881,926
Equity mutual funds	7,234,885				
Exchange-traded funds	4,498,627				
Accrued investment income	72,647				
	$ 48,056,922				

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the sale of securities on the open market prior to maturity and directly investing in securities maturing more than five years from the date of purchase. The Authority has also adopted weighted-average limitations not to exceed three years. The money market mutual funds are presented as investments with maturities of less than one year because the average maturity of the funds is less than one year.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to limit its investments to securities with a Standard & Poor's (S & P) credit rating of AAA or Moody's credit rating of Aaa. U.S. Treasury obligations, U.S. government agency and instrumentality obligations, certificates of deposit, and money market mutual funds are acceptable security types under the Authority's investment policy.

At June 30, 2022, the Authority's investments not directly guaranteed by the U.S. government were rated as follows:

Type	Moody's	S & P
Mortgage- and asset-backed securities of U.S. agencies	Aaa	AA+
Money market mutual funds	Aaa	AAA

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2022, the Authority's investments in mortgage- and asset-backed securities were held by counterparties in other than the Authority's name. The Authority's investment policy does not address how securities underlying repurchase agreements are to be held.

Concentration of Credit Risk – The Authority limits the types of securities purchased to U.S. Treasury obligations, U.S. government agency and instrumentality obligations, money market mutual funds, equity securities (including mutual funds and exchange-traded funds), and certificates of deposit fully covered by FDIC limits. The Authority's investment policy does not place a limit on the amount that may be invested in any one issuer. No investments exceeded 5% of the total fair value of all investments at June 30, 2022.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the accompanying balance sheet as follows:

Carrying value	
Deposits	$ 46,909,180
Investments	48,056,922
	$ 94,966,102
Included in the following balance sheet captions	
Cash and cash equivalents	$ 49,084,337
Restricted cash and investments – current	4,872,241
Noncurrent cash and investments	40,936,877
Prepaid expenses and other	72,647
	$ 94,966,102

Investment Income (Loss)

Investment income (loss) for the year ended June 30, 2022 consisted of:

Interest and dividend income	$ 966,826
Net decrease in fair value of investments	(4,117,719)
	$ (3,150,893)

Note 4: Patient Accounts Receivable

The Authority grants credit without collateral to its patients, most of whom are residents of southwestern Oklahoma and are insured under third-party payor agreements. Patient accounts receivable at June 30, 2022 consisted of:

Medicare	$ 10,390,151
Medicaid	8,132,815
Other third-party payors	39,268,531
Patients	37,967,970
	95,759,467
Less allowance for uncollectible accounts	59,646,359
	$ 36,113,108

The Comanche County Hospital Authority
Notes to Financial Statements
June 30, 2022

Note 5: Capital and Lease Assets

Capital assets activity for the year ended June 30, 2022 was:

	Beginning Balance (As Restated)	Additions	Disposals	Transfers	Ending Balance
Land	$ 4,297,371	$ -	$ -	$ -	$ 4,297,371
Land improvements	9,930,526	29,137	-	11,340	9,971,003
Buildings and improvements	168,181,756	30,474	-	3,587,216	171,799,446
Equipment	154,462,418	14,825	(2,057,024)	4,707,435	157,127,654
Construction in progress	1,410,837	9,007,258	(20,333)	(8,439,751)	1,958,011
	338,282,908	9,081,694	(2,077,357)	(133,760)	345,153,485
Less accumulated depreciation					
Land improvements	8,350,910	263,077	-	-	8,613,987
Buildings and improvements	106,680,172	5,240,544	-	-	111,920,716
Equipment	133,504,713	4,929,243	(956,915)	-	137,477,041
	248,535,795	10,432,864	(956,915)	-	258,011,744
Capital assets, net	$ 89,747,113	$ (1,351,170)	$ (1,120,442)	$ (133,760)	$ 87,141,741

Lease assets activity for the year ended June 30, 2022 was:

	Beginning Balance (As Restated)	Additions	Disposals	Transfers	Ending Balance
Buildings and leasehold improvements	$ 5,459,906	$ -	$ -	$ -	$ 5,459,906
Equipment	5,557,787	-	-	-	5,557,787
	11,017,693	-	-	-	11,017,693
Less accumulated amortization					
Buildings and leasehold improvements	-	674,525	-	-	674,525
Equipment	-	1,371,445	-	-	1,371,445
	-	2,045,970	-	-	2,045,970
Lease assets, net	$ 11,017,693	$ (2,045,970)	$ -	$ -	$ 8,971,723

Note 6: Medical Malpractice Claims

The Authority purchases medical malpractice insurance for services under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a healthcare provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable costs of such incidents. At June 30, 2022, the Authority accrued approximately $100,000 for each year based on its claims experience for these claims. It is reasonably possible that these estimates could change materially in the near term.

Because the Authority was created by the County, management believes the limit of liability for any individual tort claim not covered by insurance would be limited to $125,000 under Oklahoma state law.

Note 7: Self-Insured Claims

The Authority sponsors short-term disability, health and dental care, and workers' compensation plans for its employees. These plans are self-insured to the extent of the deductible amounts under the excess risk insurance policies the Authority has obtained. The activity under the self-insured short-term disability plan is not material to the overall financial statements. These self-insured amounts are currently as follows:

- Workers' compensation – first $450,000 per accident
- Health and dental care – first $370,000 per person per year for calendar year 2022

A provision is accrued for self-insured workers' compensation and health and dental care claim costs, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible the Authority's estimate will change by a material amount in the near term.

Activity in the Authority's accrued liability for self-insured plans, included in accrued expenses and other long-term obligations on the accompanying balance sheet, during the year ended June 30, 2022 is summarized as follows:

	Employee Health and Dental Benefits	Workers' Compensation
Balance, beginning of year	$ 1,841,707	$ 888,902
Current year claims incurred and changes in estimates for claims incurred in prior years	10,157,713	915,620
Claims and expenses paid	(10,386,718)	(547,994)
Balance, end of year	$ 1,612,702	$ 1,256,528

In June 2022, the Oklahoma Workers' Compensation Court required the Authority to post collateral for self-insured claims in the form of letters of credit with a bank in the amount of $740,000 in the event the Authority was unable to pay its claims. As of the date of the independent auditor's report, no amounts have been drawn on these letters of credit.

Note 8: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Authority for the year ended June 30, 2022:

	Beginning Balance (As Restated)	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Revenue bonds payable					
Series 2012A Revenue Bonds	$ 30,226,794	$ -	$ (30,226,794)	$ -	$ -
Series 2012B Revenue Bonds	6,335,000	-	(6,335,000)	-	-
Series 2015 Revenue Bonds	24,763,323	-	(3,729,200)	21,034,123	3,855,649
Notes from direct borrowing and direct placement					
Note payable to bank (A)	2,028,727	-	(1,939,387)	89,340	89,340
Note payable to bank (B)	2,326,307	-	(398,847)	1,927,460	412,028
Note payable to bank (C)	407,844	-	(138,279)	269,565	144,722
Note payable to bank (D)	-	32,230,000	-	32,230,000	-
Note payable to bank (E)	-	10,000,000	-	10,000,000	-
Total long-term debt	66,087,995	42,230,000	(42,767,507)	65,550,488	4,501,739
Other long-term liabilities					
Lease liability	11,017,693	-	(1,911,457)	9,106,236	1,740,183
Estimated self-insurance costs	888,902	915,620	(547,994)	1,256,528	665,528
Deferred compensation plans	451,625	-	(35,000)	416,625	48,774
Total long-term obligations	$ 78,446,215	$ 43,145,620	$ (45,261,958)	$ 76,329,877	$ 6,956,224

Revenue Bonds Payable

The revenue bonds payable consist of the following:

- Series 2012A Hospital Revenue Refunding Bonds (the Series 2012A Revenue Bonds), in the original amount of $36,790,000 dated December 14, 2012, bear interest at 3.00% to 5.00%, payable semiannually. Principal is payable in annual installments through July 2042. The principal of these bonds was split between CCMH and MTNC. Outstanding Series 2012A Revenue Bonds were refinanced during the year with the issuance of the Series 2022A note payable in April 2022 (see Note Payable to Bank (D) below).

- Series 2012B Hospital Revenue Refunding Bonds (the Series 2012B Revenue Bonds), in the original amount of $9,830,000 dated December 14, 2012, bear interest at 3.43% to

5.90%, payable semiannually. Principal is payable in annual installments. All of the bonds still outstanding may be redeemed at the Authority's option on or after July 1, 2022 at a redemption price of 100%. The bonds are secured by the net revenues of the Authority and the assets restricted under the bond indenture agreement. Outstanding Series 2012A Revenue Bonds were refinanced during the year with the issuance of the Series 2022A note payable in April 2022 (see Note Payable to Bank (D) below).

- Series 2015 Hospital Revenue Refunding Bonds (the Series 2015 Revenue Bonds), in the original amount of $41,575,000 dated April 7, 2015, bear interest at 3.13% to 5.00%, payable semiannually. Principal is payable in annual installments through July 2029 and was used to refund the Series 2005 Revenue Bonds and a portion of one of the notes payable to bank. The Authority is required to make monthly deposits to the debt service fund held by the trustee. All of the bonds still outstanding may be redeemed at the Authority's option on or after July 1, 2025 at a redemption price of 100%. The bonds are secured by the net revenues of the Authority and the assets restricted under the bond indenture agreement.

  When the Series 2015 Revenue Bonds were issued, the bonds were sold at a premium of approximately $3,754,000. At June 30, 2022, the outstanding balance of the Series 2015 Revenue Bonds was as follows:

Principal amount	$ 20,155,000
Plus unamortized premium	879,123
Net amount outstanding	$ 21,034,123

The revenue bonds' indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the accompanying balance sheet. The indentures also require the Authority to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a debt service coverage ratio of at least 1.10 to 1.00, restrictions on incurrence of additional debt, and maintaining minimum days cash on hand. The bond indenture agreements contain a provision that, in an event of default, outstanding amounts may become immediately due and payable.

In prior years, the Authority had advance refunded four different revenue bond issues, and each of these advance refunding transactions resulted in extinguishment of debt since the Authority was legally released from its obligation on those bond series.

The prior advance refunding transactions resulted in an accounting loss on the extinguishment of the long-term debt. This loss on refunding is shown as deferred outflows of resources on the accompanying balance sheet and is being amortized using the straight-line method over the life of the respective new bond issues.

The debt service requirements for the revenue bonds as of June 30, 2022 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 4,846,243	$ 3,855,649	$ 990,594
2024	4,793,538	3,984,694	808,844
2025	1,690,567	1,072,473	618,094
2026	2,833,724	2,244,224	589,500
2027	2,818,122	2,334,372	483,750
2028–2032	8,299,211	7,542,711	756,500
	$ 25,281,405	$ 21,034,123	$ 4,247,282

Notes from Direct Borrowings and Direct Placement

Note Payable to Bank (A)

The first note payable to bank was entered into by the Authority in October 2013 in the original amount of $27,000,000 with $18,000,000 being a variable rate note and $9,000,000 being a fixed rate note. The proceeds of the note were used by CCMH and MTNC.

In April 2015, the Authority amended the note payable to bank. The amended debt combined the two separate notes into one note carrying a fixed interest rate of 3.25% annually. The amended note matures on the earlier of April 7, 2025 or as the loan becomes due and payable pursuant to the repayment schedule. The amended note allowed for draws on the note up to $16,835,000 through December 31, 2015. Payments of principal and interest are due monthly in the amount of $164,892. The note is secured by pledged receivables and revenues of the Authority. The note contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

In October 2016, the Authority further amended the note payable allowing for draws on the note through December 31, 2017.

The debt service requirements as of June 30, 2022 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 89,577	$ 89,340	$ 237
	$ 89,577	$ 89,340	$ 237

Note Payable to Bank (B)

In October 2015, the Authority obtained a $5,000,000 revolving bank line of credit for operations. In October 2016, the revolving line of credit was converted to a note payable to bank in the amount of $4,000,000 due October 1, 2026, with principal and interest at 3.25% payable monthly beginning December 2016. This note is secured by all pledged revenues of the Authority. The note contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

The debt service requirements as of June 30, 2022 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 468,492	$ 412,028	$ 56,464
2024	468,492	425,620	42,872
2025	468,493	439,661	28,832
2026	468,493	454,165	14,328
2027	197,562	195,986	1,576
	$ 2,071,532	$ 1,927,460	$ 144,072

Note Payable to Bank (C)

In January 2018, the Authority entered into a third note payable to bank, which allows draws on the note up to $1,237,000. At June 30, 2018, $837,000 had been drawn against this note, the proceeds of which were used by CCMH to purchase real property. Payments of principal and interest at 4.5% are due monthly in the amount of $12,835 maturing January 16, 2028. The note is secured by certain real property of the Authority. The note contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

The debt service requirements as of June 30, 2022 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 154,025	$ 144,722	$ 9,303
2024	127,463	124,843	2,620
	$ 281,488	$ 269,565	$ 11,923

Note Payable to Bank (D)

In April 2022, the Authority entered into a Series 2022A note payable to bank in the amount of $32,230,000. The note bears interest at 3.00% payable semiannually. Principal is payable in annual installments through July 1, 2033. The note may be redeemed at the Authority's option on or after July 1, 2026 at a redemption price of 100%. The principal of this note was split between CCMH and MTNC.

The allocation of the principal amounts and respective maturity dates related to CCMH and MTNC are as follows:

	Principal Amount	Maturity Date
Comanche County Memorial Hospital	$ 21,695,459	July 2033
McMahon-Tomlinson Nursing Center	10,534,541	July 2033
	$ 32,230,000	

The debt service requirements as of June 30, 2022 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 714,432	$ -	$ 714,432
2024	1,094,950	130,000	964,950
2025	4,110,075	3,195,000	915,075
2026	3,162,200	2,330,000	832,200
2027	3,456,750	2,700,000	756,750
2028–2032	21,593,200	19,300,000	2,293,200
2033–2034	4,713,375	4,575,000	138,375
	$ 38,844,982	$ 32,230,000	$ 6,614,982

Note Payable to Bank (E)

In April 2022, the Authority entered into a fourth note payable to bank in the amount of $10,000,000. The note bears interest at 3.00% payable semiannually. Principal is payable in annual installments beginning July 1, 2034 through July 1, 2037. The note may be redeemed at the Authority's option on or after July 1, 2026 at a redemption price of 100%.

Notes Payable to Bank (D) and (E) follow the same indenture agreements as those described in the *Revenue Bonds Payable* section. They require that certain funds be established with the trustee. The indentures also require the Authority to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a debt service coverage ratio of at least 1.10 to 1.00, restrictions on incurrence of additional debt, and maintaining minimum days cash on hand. The indenture agreements contain a provision that, in an event of default, outstanding amounts may become immediately due and payable.

The debt service requirements as of June 30, 2022 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 221,667	$ -	$ 221,667
2024	300,000	-	300,000
2025	300,000	-	300,000
2026	300,000	-	300,000
2027	300,000	-	300,000
2028–2032	1,500,000	-	1,500,000
2033–2037	8,557,025	7,385,000	1,172,025
2038	2,654,225	2,615,000	39,225
	$ 14,132,917	$ 10,000,000	$ 4,132,917

Lease Liabilities

The Authority leases equipment and office and clinic space, the terms of which expire in various years through 2031. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of June 30, 2022:

Year Ending June 30,	Total to be Paid	Principal	Interest
2023	$ 2,055,223	$ 1,740,183	$ 315,040
2024	2,017,007	1,769,131	247,876
2025	1,722,029	1,539,867	182,162
2026	1,147,720	1,016,229	131,491
2027	682,117	577,959	104,158
2028–2032	2,657,225	2,462,867	194,358
	$ 10,281,321	$ 9,106,236	$ 1,175,085

Note 9: Charity Care and Other Community Benefits

In support of its mission, the Authority voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue.

The costs of charity care provided under the Authority's charity care policy were approximately $502,000 for 2022. The cost of charity care is estimated by applying the ratio of costs to gross charges from the most recent Medicare cost report.

In addition to uncompensated care, the Authority also commits significant time and resources to endeavors and critical services that meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screenings and assessments, prenatal education and care, community educational services, ambulance services, rural clinics, and various support groups.

Note 10: Pension Plans

Single-Employer Defined Contribution Plans

The Authority has two defined contribution pension plans covering certain employees. The plans are administered by a board of trustees appointed by the Authority's Board of Trustees.

The plans provide retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body.

Contributions by both plan members and the Authority are not significant to the Authority's financial statements.

Single-Employer Defined Benefit Plan

Plan Description

The Authority maintains the Plan, a single-employer defined benefit pension plan covering substantially all employees. The Plan is administered by the Plan's board of trustees whose members are appointed by the Authority's governing body. Benefit provisions are contained in the plan document and were established and can be amended by action of the Authority's governing body. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits for employees are calculated as 0.6% of the participant's Final Average Compensation, as defined by the Plan, multiplied by the participant's years of credited service at retirement or termination. Death benefits are equal to the vested benefits and allow for qualifying surviving spouses to receive 50% of the amount the participant would have received. The normal retirement age under the Plan is 65, with certain defined exceptions.

Actuarial Assumptions

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

Inflation	2.25%
Salary increase (average, including inflation)	1.50%
Investment rate of return (net of pension plan investment expense and inflation)	5.80%

Mortality rates were based on the Pri-2012 Private Retirement Plans Blue Collar Mortality Table, projected generationally with mortality improvement scale MP-2021 for the 2022 valuation. The employees covered by the Plan at June 30, 2022 are:

Inactive employees or beneficiaries currently receiving benefits	396
Inactive employees entitled to but not yet receiving benefits	331
Active employees	1,462
	2,189

Long-Term Expected Rate of Return

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

The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities – domestic	45.0%	8.2%
Equities – international	10.0%	8.6%
Cash	5.0%	2.0%
Fixed income – domestic	17.8%	2.2%
Fixed income – international	3.5%	2.1%
High-yield bonds	3.7%	4.9%
Alternative strategies	15.0%	5.5%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 5.80% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the 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.

Contributions

The Authority's governing body has the authority to establish and amend the contribution requirements of the Authority and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, the Authority contributed approximately $5,460,000 to the Plan. Participants do not contribute to the Plan.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of this date.

Changes in the total pension liability, plan fiduciary net position, and net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	$ 82,901,009	$ 64,896,765	$ 18,004,244
Changes for the year			
Service cost	714,483	-	714,483
Interest	4,728,228	-	4,728,228
Differences between expected and actual experience	1,488,210	-	1,488,210
Contributions – employer	-	5,460,000	(5,460,000)
Net investment loss	-	(7,916,901)	7,916,901
Benefit payments	(4,188,632)	(4,188,632)	-
Administrative expense	-	(246,118)	246,118
Change of assumptions	227,815	-	227,815
Net changes	2,970,104	(6,891,651)	9,861,755
Balance, end of year	$ 85,871,113	$ 58,005,114	$ 27,865,999

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Authority has been calculated using a discount rate of 5.80% for the year ended June 30, 2022. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate:

	1% Decrease (4.80%)	Current Discount Rate (5.80%)	1% Increase (6.80%)
Net pension liability	$ 38,815,381	$ 27,865,999	$ 18,907,618

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2022, the Authority recognized pension expense of approximately $5,583,000. At June 30, 2022, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,777,227
Change in assumptions	3,017,565
Net difference between projected and actual earnings on pension plan investments	6,392,506
Total	$ 12,187,298

Amounts reported as deferred outflows of resources at June 30, 2022 related to pensions will be recognized in pension expense as follows:

2023	$ 3,883,984
2024	3,776,608
2025	1,653,953
2026	2,872,753
Total	$ 12,187,298

Note 11: Fiduciary Fund

The pension plan is a fiduciary fund of the Authority. As of June 30, 2022, the Plan's fiduciary net position was comprised of the following:

Money market mutual funds	$ 4,296,760
Mutual funds	
Equities – domestic	30,974,836
Equities – international	10,789,787
Fixed income	5,864,496
Corporate bonds	4,177,148
Mortgage- and asset-backed securities of U.S. agencies	1,751,953
Accrued investment income	150,135
Total plan fiduciary net position	$ 58,005,115

Investment Policy – Investment policy decisions are established and maintained by the Administrative Committee charged with overseeing the pension plan, as authorized by the Authority's Board of Trustees. The Administrative Committee employs and selects investment managers.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the pension plan. As a consequence, two important dimensions of a pension plan's investment program are expected return and expected risk.

The pension plan trustees diversify pension plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables balance of risk and return.

Investment Rate of Return – The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month, was approximately (12.1)% for the year ended June 30, 2022.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a separate policy covering credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan's investment policy does not address how investments are to be held.

Concentration of Credit Risk – The Plan does not have a policy to limit its holdings in any one issuer. At June 30, 2022, all of the Plan's investments were held through the Plan's investment manager, BOK Financial.

At June 30, 2022, the Plan's investments had the following maturities:

Type	Fair Value	Maturities in Years: Less than 1	1–5	6–10	More than 10
Money market mutual funds	$ 4,296,760	$ 4,296,760	$ -	$ -	$ -
Mutual funds – fixed income	5,864,496	-	640,988	5,223,508	
Corporate bonds	4,177,148	-	-	-	4,177,148
Mortgage- and asset-backed securities of U.S. agencies	1,751,953	-	-	-	1,751,953
	16,090,357	$ 4,296,760	$ 640,988	$ 5,223,508	$ 5,929,101
Mutual funds – domestic equities	30,974,836				
Mutual funds – international equities	10,789,787				
Accrued investment income	150,135				
	$ 58,005,115				

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy. For further description of the valuation hierarchy, see *Note 12*.

The fair value of the pension plan assets at June 30, 2022 was as follows:

	Fair Value	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 by Fair Value Level				
Money market mutual funds	$ 4,296,760	$ 4,296,760	$ -	$ -
Mutual funds				
Equities – domestic	30,974,836	30,974,836	-	-
Equities – international	10,789,787	10,789,787	-	-
Fixed income	5,864,496	5,864,496	-	-
Corporate bonds	4,177,148	194,400	3,982,748	-
Mortgage- and asset-backed securities of U.S. agencies	1,751,953	632,981	1,118,972	-
Total investments by fair value level	$ 57,854,980	$ 52,753,260	$ 5,101,720	$ -

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at June 30, 2022.

Note 12: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022:

		Fair Value Measurements Using		
Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mortgage- and asset-backed securities of U.S. agencies	$ 2,569,040	$ 2,146,212	$ 422,828	$ -
Corporate bonds	4,596,212	-	4,596,212	-
Money market mutual funds	22,009,282	22,009,282	-	-
Municipal bonds	1,618,704	-	1,618,704	-
Bond mutual funds	5,457,525	5,457,525	-	-
	36,250,763	$ 29,613,019	$ 6,637,744	$ -
Equity mutual funds	7,234,885			
Exchange-traded funds	4,498,627			
Accrued investment income	72,647			
	$ 48,056,922			

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. The Authority did not hold any Level 3 investments at June 30, 2022.

Note 13: Related-Party Information

Comanche County Memorial Hospital Foundation, Inc.

The Foundation, a nonprofit corporation with a separate board of directors, was established in February 1993 to support the educational and charitable purposes of CCMH. CCMH provides administrative services and supplies to the Foundation. At June 30, 2022, no amounts were owed by the Foundation as a result of these purchases and services.

Cancer Centers of Southwest Oklahoma, LLC

As discussed below, the Authority is a member of Cancer Centers of Southwest Oklahoma, LLC (CCSO). For the year ended June 30, 2022, the Authority recorded revenue from CCSO of approximately $9,627,000 for space rental, purchases, and services provided by the Authority to or on behalf of CCSO. At June 30, 2022, CCSO owed the Authority approximately $4,020,000, which is included in due from related parties on the accompanying balance sheet.

CCSO provides cancer treatment services to the Authority's patients. For the year ended June 30, 2022, the Authority incurred approximately $29,921,000 of expenses and owed CCSO approximately $6,296,000 at June 30, 2022 related to these services. These amounts are included in the accompanying balance sheet in due to related parties.

Note 14: Investments in and Advances to Equity Investees

The investments in equity investees primarily relate to an approximate 46% ownership in CCSO and an approximate 10% ownership in LifeCare Health Services, L.L.C. (LifeCare). These investments in equity investees are accounted for using the equity method.

The information summarized below represents the financial position and results of operations for CCSO and LifeCare for the year ended June 30, 2022:

	CCSO (Unaudited)	LifeCare (Unaudited)
Current assets	$ 20,668,191	$ 8,445,379
Property and other long-term assets, net	17,423,763	1,523,778
Total assets	$ 38,091,954	$ 9,969,157
Total liabilities	$ 27,087,135	$ 579,549
Partners' equity	11,004,819	9,389,608
Total liabilities and partners' equity	$ 38,091,954	$ 9,969,157
Revenues	$ 33,349,405	$ 2,992,662
Excess of revenues over expenses	$ 2,731,143	$ 979,991

Complete financial statements of the equity investees may be obtained by contacting the Authority's management.

Note 15: Contingencies

Litigation

In the normal course of business, the Authority is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Authority evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Pension

The Authority has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the entry age cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheet.

Note 16: COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 as a global pandemic.

The extent of the COVID-19 pandemic's adverse effect on the Authority's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Authority's control and ability to forecast.

Because of these and other uncertainties, the Authority cannot estimate the length or severity of the impact of the pandemic on the Authority's business. Decreases in cash flows and results of operations may have an impact on debt covenant compliance and on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Provider Relief Fund

During the year ended June 30, 2022, the Authority received approximately $7,033,000 from the CARES Act Provider Relief Fund and American Rescue Plan. This distribution from the Provider Relief Fund is not subject to repayment, provided the Authority is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19 as defined by the U.S. Department of Health and Human Services (HHS).

The Authority is accounting for such payments as voluntary nonexchange transactions. Payments are recognized as eligibility requirements have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Authority's operating revenues and expenses through year-end, the Authority recognized approximately $7,033,000 for the year ended June 30, 2022 related to the Provider Relief Fund, and these payments are recorded as nonoperating revenue – government grants in the accompanying statement of revenues, expenses, and changes in net position.

The Authority has recognized revenue from the Provider Relief Fund based on guidance issued by HHS as of June 30, 2022. The Authority will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Authority's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Authority is unable to attest to or comply with current or future terms and conditions, its ability to retain some or all of the distributions received may be affected. Additionally, the amounts recorded in the accompanying financial statements compared to the Authority's Provider Relief Fund reporting could differ. Provider Relief Fund payments are subject to government oversight, including potential audits.

Medicare Accelerated and Advance Payment Program

During the year ended June 30, 2020, the Authority requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible healthcare facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other healthcare providers. These amounts are expected to be recaptured by CMS according to the payback provisions.

Effective September 30, 2020, the payback provisions were revised and the payback period was extended to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25% of the remittance advice payment followed by a six-month payback period at 50% of the remittance advice payment. After 29 months, CMS expects any amount not paid back through the withhold amounts to be paid back in a lump sum or interest will begin to accrue subsequent to the 29-month period at a rate of 4%.

During the year ended June 30, 2022, Medicare applied approximately $26,462,000 from these accelerated Medicare payment requests against filed claims. As of June 30, 2022, approximately $14,610,000 of accelerated Medicare payment requests are recorded as current liabilities in the accompanying balance sheet.

Required Supplementary Information

The Comanche County Hospital Authority

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	$ 714,483	$ 731,515	$ 709,275	$ 587,302	$ 567,909	$ 655,666	$ 682,446	$ 637,179
Interest	4,728,228	4,717,294	4,511,513	4,402,364	4,305,786	4,087,742	3,984,688	3,863,517
Differences between expected and actual experience	1,488,210	951,613	2,614,227	1,132,108	335,027	2,180,773	252,114	(196,171)
Change of assumptions	227,815	4,353,738	456,619	185,809	1,059,930	1,013,383	1,756,164	58,934
Benefit payments	(4,188,632)	(3,998,651)	(3,858,510)	(3,655,594)	(3,448,693)	(3,228,627)	(2,882,449)	(2,509,568)
Other changes	-	-	-	-	-	-	11,184	-
Net change in total pension liability	2,970,104	6,755,509	4,433,124	2,651,989	2,819,959	4,708,937	3,804,147	1,853,891
Total pension liability – beginning	82,901,009	76,145,500	71,712,376	69,060,387	66,240,428	61,531,491	57,727,344	55,873,453
Total pension liability – ending (a)	85,871,113	82,901,009	76,145,500	71,712,376	69,060,387	66,240,428	61,531,491	57,727,344
Plan fiduciary net position								
Contributions – employer	5,460,000	5,530,000	5,390,000	5,310,000	4,065,000	2,305,000	2,315,000	2,425,000
Net investment income (loss)	(7,916,901)	13,760,075	(4,430,904)	3,005,743	3,141,633	3,717,334	402,171	750,448
Benefit payments	(4,188,632)	(3,998,651)	(3,858,510)	(3,655,594)	(3,448,693)	(3,228,627)	(2,882,449)	(2,509,568)
Administrative expense	(246,118)	(188,465)	(109,044)	(103,726)	(103,077)	(48,520)	(73,190)	(44,173)
Net change in plan fiduciary net position	(6,891,651)	15,102,959	(3,008,458)	4,556,423	3,654,863	2,745,187	(238,468)	621,707
Plan fiduciary net position – beginning	64,896,765	49,793,806	52,802,264	48,035,841	44,380,978	41,635,791	41,874,259	41,252,552
Plan fiduciary net position – ending (b)	58,005,114	64,896,765	49,793,806	52,592,264	48,035,841	44,380,978	41,635,791	41,874,259
Net pension liability – ending (a) - (b)	$ 27,865,999	$ 18,004,244	$ 26,351,694	$ 19,120,112	$ 21,024,546	$ 21,859,450	$ 19,895,700	$ 15,853,085
Plan fiduciary net position as a percentage of the total pension liability	67.55%	78.28%	65.39%	73.34%	69.56%	67.00%	67.67%	72.54%
Covered employee payroll	$ 68,741,971	$ 68,550,343	$ 61,766,823	$ 51,280,613	$ 47,064,691	$ 50,454,740	$ 56,460,170	$ 51,828,978
Net pension liability as a percentage of covered employee payroll	40.54%	26.26%	42.66%	37.29%	44.67%	43.32%	35.24%	30.59%

The Comanche County Hospital Authority

Schedule of the Authority's Pension Contributions

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 4,765,633	$ 5,465,341	$ 4,257,098	$ 4,005,691	$ 3,977,101	$ 3,723,996	$ 2,818,799	$ 2,365,504
Contributions in relation to the actuarially determined contributions	5,460,000	5,530,000	5,390,000	5,520,000	4,065,000	2,305,000	2,315,000	2,425,000
Contribution deficiency (excess)	$ (694,367)	$ (64,659)	$ (1,132,902)	$ (1,514,309)	$ (87,899)	$ 1,418,996	$ 503,799	$ (59,496)
Covered employee payroll	$ 68,741,971	$ 68,550,343	$ 61,766,823	$ 51,280,613	$ 47,064,691	$ 50,454,740	$ 56,460,170	$ 51,828,978
Contributions as a percentage of covered employee payroll	7.94%	8.07%	8.73%	10.76%	8.64%	4.57%	4.10%	4.68%

Notes to Schedule

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Valuation date: Actuarially determined contributions are calculated as of June 30, the last day of the fiscal year in which the contributions are reported.

The Comanche County Hospital Authority

Schedule of the Authority's Pension Contributions, continued

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial cost method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method	Entry age method
Amortization method	Initial UAAL linear over 15 years Amendments and assumption changes over 4.97 years	Initial UAAL linear over 15 years Amendments and assumption changes over 5.14 years	Initial UAAL linear over 10 years Amendments and assumption changes over 4.88 years	Initial UAAL linear over 15 years Amendments and assumption changes over 10 years	Initial UAAL linear over 15 years Amendments and assumption changes over 10 years	Initial UAAL linear over 15 years Amendments and assumption changes over 10 years	Initial UAAL linear over 15 years Amendments and assumption changes over 10 years	Annual interest rate assumption
Asset valuation method	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value	Fair market value
Inflation	2.25%	2.25%	2.25%	2.25%	2.0%	2.0%	2.25%	2.50%
Salary increases	1.5% annually	1.5% annually	1.5% annually	1.5% annually	2.0% annually	3.0% annually	2.25% annually	3.0% annually
Investment rate of return	5.80% net of investment expenses	5.80% net of investment expenses	6.30% net of investment expenses	6.40% net of investment expenses	6.50% net of investment expenses	6.625% net of investment expenses	6.75% net of investment expenses	7.0% net of investment expenses
Retirement age	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.	For participants hired on or after July 1, 1992, the later of age 65 or 10 years of vested service. For participants hired before July 1, 1992, age 65.
Mortality	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2021	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2020	Pri-2012 Blue Collar Mortality Table Projected Generationally from 2012 with the Mortality Improvement Scale MP-2019	Adjusted RP-2014 Blue Collar Mortality Table with Improvement Scale MP-2018	Adjusted RP-2014 Blue Collar Mortality Table with Improvement Scale MP-2017	IRS Prescribed Mortality – Small Plans – Male and Female – 2016	IRS Prescribed Mortality – Small Plans – Male and Female – 2016	IRS Prescribed Mortality – Small Plans – Male and Female – 2015

Supplementary Information

The Comanche County Hospital Authority

Combining Schedule – Balance Sheet Information

June 30, 2022

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents	$ 34,857,117	$ 783,615	$ 13,443,605	$ -	$ 49,084,337
Restricted cash and investments – current	4,872,241	-	-	-	4,872,241
Patient accounts receivable, net; $59,646,359	34,082,195	521,752	1,509,161	-	36,113,108
Due from related parties	13,991,664	-	-	(10,203,158)	3,788,506
Estimated amounts due from third-party payors	1,335,436	-	-	-	1,335,436
Supplies	7,556,676	44,166	247,898	-	7,848,740
Prepaid expenses and other	4,519,788	48,618	1,947,614	-	6,516,020
Total current assets	101,215,117	1,398,151	17,148,278	(10,203,158)	109,558,388
Noncurrent Cash and Investments					
Held by trustee for debt service	18,802,630	1,031,496	-	-	19,834,126
Less amount required to meet current obligations	4,872,241	-	-	-	4,872,241
	13,930,389	1,031,496	-	-	14,961,885
Other long-term investments	25,974,992	-	-	-	25,974,992
Total noncurrent cash and investments	39,905,381	1,031,496	-	-	40,936,877
Capital Assets, Net	70,371,893	13,221,495	3,548,353	-	87,141,741
Lease Assets, Net	8,537,929	-	433,794	-	8,971,723
Other Assets					
Investments in and advances to equity investees	6,936,864	-	-	-	6,936,864
Other	1,657,456	-	-	-	1,657,456
Total other assets	8,594,320	-	-	-	8,594,320
Deferred Outflows of Resources	14,308,100	727,386	-	-	15,035,486
Total assets and deferred outflows of resources	$ 242,932,740	$ 16,378,528	$ 21,130,425	$ (10,203,158)	$ 270,238,535

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Liabilities, Deferred Inflows of Resources, and Net Position					
Current Liabilities					
Current maturities of long-term debt	$ 4,459,258	$ 42,481	$ -	$ -	$ 4,501,739
Current maturities of lease liabilities	1,573,640	-	166,543	-	1,740,183
Accounts payable	23,993,877	320,168	640,961	-	24,955,006
Accrued expenses	18,764,195	475,873	-	-	19,240,068
Accrued interest payable	522,810	77	1,293	-	524,180
Due to related parties	6,647,771	9,725,745	486,974	(10,203,158)	6,657,332
Estimated amounts due to third-party payors	1,401,362	-	-	-	1,401,362
Advances from third-party payors	14,574,442	35,569	-	-	14,610,011
Total current liabilities	71,937,355	10,599,913	1,295,771	(10,203,158)	73,629,881
Other Liabilities					
Long-term debt	50,527,558	10,521,191	-	-	61,048,749
Lease liabilities	7,118,794	-	247,259	-	7,366,053
Net pension liability	26,202,845	1,663,154	-	-	27,865,999
Other long-term obligations	958,851	-	-	-	958,851
Total other liabilities	84,808,048	12,184,345	247,259	-	97,239,652
Total liabilities	156,745,403	22,784,258	1,543,030	(10,203,158)	170,869,533
Deferred Inflows of Resources	680,697	-	-	-	680,697
Net Position					
Net investment in capital assets	24,969,022	2,657,823	3,548,353	-	31,175,198
Restricted – expendable for debt service	7,575,612	1,031,419	-	-	8,607,031
Unrestricted	52,962,006	(10,094,972)	16,039,042	-	58,906,076
Total net position	85,506,640	(6,405,730)	19,587,395	-	98,688,305
Total liabilities, deferred inflows of resources, and net position	$ 242,932,740	$ 16,378,528	$ 21,130,425	$ (10,203,158)	$ 270,238,535

Notes to Schedule

- The Authority's investment in CCSO is presented in the CCMH column of this combining schedule.
- The above financial statements of CCMH, MTNC, and LCHC are intended to present the financial position of only those portions of the activities of the Authority that are attributable to those respective divisions.

The Comanche County Hospital Authority

Combining Schedule – Statement of Revenues, Expenses, and Changes in Net Position Information

Year Ended June 30, 2022

	CCMH	MTNC	LCHC	Eliminations	Combined Balance
Operating Revenues					
Net patient service revenue, net of provision for uncollectible accounts; $46,520,183	$ 298,992,422	$ 7,490,534	$ 22,444,737	$ -	$ 328,927,693
Grant revenue	-	-	3,569,138	-	3,569,138
Other	10,674,764	701,826	6,592,849	(57,183)	17,912,256
Total operating revenues	309,667,186	8,192,360	32,606,724	(57,183)	350,409,087
Operating Expenses					
Salaries and wages	119,534,373	3,714,531	16,633,445	-	139,882,349
Employee benefits	21,044,712	1,111,236	2,934,761	-	25,090,709
Purchased services and professional fees	82,051,486	1,579,133	2,490,165	-	86,120,784
Medical supplies and drugs	55,953,070	531,504	3,276,309	-	59,760,883
Supplies and other	22,741,402	1,518,596	1,933,473	(57,183)	26,136,288
Depreciation and amortization	11,593,817	924,194	523,305	-	13,041,316
Total operating expenses	312,918,860	9,379,194	27,791,458	(57,183)	350,032,329
Operating Income (Loss)	(3,251,674)	(1,186,834)	4,815,266	-	376,758
Nonoperating Revenues (Expenses)					
Noncapital grants and gifts	380,523	-	305,361	-	685,884
Government grants	4,694,523	55,895	2,962,607	-	7,713,025
Gain on investments in equity investees	1,621,698	-	-	-	1,621,698
Investment income (loss)	(3,199,298)	3,690	44,715	-	(3,150,893)
Interest expense and other financing costs	(2,402,414)	(513,012)	(18,284)	-	(2,933,710)
Total nonoperating revenues (expenses)	1,095,032	(453,427)	3,294,399	-	3,936,004
Income (Loss) Before Capital Grants and Gifts	(2,156,642)	(1,640,261)	8,109,665	-	4,312,762
Capital Grants and Gifts	11,500	-	-	-	11,500
Increase (Decrease) in Net Position	(2,145,142)	(1,640,261)	8,109,665	-	4,324,262
Net Position, Beginning of Year	87,651,782	(4,765,469)	11,477,730	-	94,364,043
Net Position, End of Year	$ 85,506,640	$ (6,405,730)	$ 19,587,395	$ -	$ 98,688,305

Notes to Schedule

- The Authority's earnings on its investment in CCSO are presented in the CCMH column of this combining schedule.
- The above financial statements of CCMH, MTNC, and LCHC are intended to present the changes in financial position of only those portions of the activities of the Authority that are attributable to those respective divisions.

FORV/S

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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*

Independent Auditor's Report

Board of Trustees
The Comanche County Hospital Authority
Lawton, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of The Comanche County Hospital Authority (the Authority) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 14, 2022, which contained an *Emphasis of Matter* paragraph regarding a change in accounting principles.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Tulsa, Oklahoma
December 14, 2022

The Comanche County Hospital Authority

Schedule of Findings and Responses

Year Ended June 30, 2022

Reference Number	Finding
	No matters are reportable.