




# **Cordell Hospital Authority d/b/a Cordell Memorial Hospital**

## **Independent Auditor's Reports and Financial Statements**

June 30, 2024 and 2023



**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Contents**  
**June 30, 2024 and 2023**

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## **Independent Auditor's Report**

Board of Trustees  
Cordell Hospital Authority  
d/b/a Cordell Memorial Hospital  
New Cordell, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Cordell Hospital Authority d/b/a Cordell Memorial Hospital (Authority) as of and for the years ended June 30, 2024 and 2023 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 financial position of the Authority as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024 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 Mazars, LLP**

Tulsa, Oklahoma  
November 22, 2024

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Balance Sheets**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 101,172	\$ 288,094
Short-term investments	2,389,088	1,825,426
Patient accounts receivable, net of allowance; 2024 – \$681,000 2023 – \$235,000	1,375,442	1,596,794
Supplies, prepaid expenses, and other	247,837	247,208
<b>Total Current Assets</b>	4,113,539	3,957,522
<b>Noncurrent Investments</b>	57,123	55,562
<b>Capital Assets, Net</b>	4,246,031	4,070,994
<b>Subscription Assets, Net</b>	378,698	-
<b>Total Assets</b>	<u>\$ 8,795,391</u>	<u>\$ 8,084,078</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Current portion of subscription liabilities	\$ 69,471	\$ -
Accounts payable	274,640	230,167
Accrued expenses	270,560	218,484
Estimated amounts due to third-party payors	98,000	84,000
<b>Total Current Liabilities</b>	712,671	532,651
<b>Noncurrent Liabilities</b>		
Subscription liabilities	311,544	-
<b>Total Noncurrent Liabilities</b>	311,544	-
<b>Total Liabilities</b>	1,024,215	532,651
<b>Net Position</b>		
Net investment in capital assets	4,243,714	4,070,994
Unrestricted	3,527,462	3,480,433
<b>Total Net Position</b>	7,771,176	7,551,427
<b>Total Liabilities and Net Position</b>	<u>\$ 8,795,391</u>	<u>\$ 8,084,078</u>

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2024 – \$1,757,838, 2023 – \$1,345,445	\$ 8,053,413	\$ 6,859,744
Other	58,888	90,154
<b>Total Operating Revenues</b>	<b>8,112,301</b>	<b>6,949,898</b>
<b>Operating Expenses</b>		
Salaries and wages	2,806,985	2,278,133
Employee benefits	522,723	430,465
Purchased services and professional fees	2,705,294	2,293,748
Supplies and other	1,662,252	1,570,003
Depreciation and amortization	561,938	478,867
<b>Total Operating Expenses</b>	<b>8,259,192</b>	<b>7,051,216</b>
<b>Operating Loss</b>	<b>(146,891)</b>	<b>(101,318)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	66,085	23,800
Grant revenue	5,160	135,059
Noncapital appropriations – City of New Cordell	303,725	354,937
Interest expense	(8,330)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>366,640</b>	<b>513,796</b>
<b>Increase in Net Position</b>	<b>219,749</b>	<b>412,478</b>
<b>Net Position, Beginning of Year</b>	<b>7,551,427</b>	<b>7,138,949</b>
<b>Net Position, End of Year</b>	<b>\$ 7,771,176</b>	<b>\$ 7,551,427</b>

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from and on behalf of patients	\$ 8,295,836	\$ 5,590,188
Payments to suppliers and contractors	(4,358,949)	(3,735,138)
Payments to and on behalf of employees	(3,277,632)	(2,658,961)
Other receipts and disbursements, net	58,888	90,154
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>718,143</b>	<b>(713,757)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital grants and gifts	5,160	35,059
Noncapital appropriations – City of New Cordell	331,901	354,937
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>337,061</b>	<b>389,996</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(709,925)	(652,464)
Principal paid on subscription liability	(24,733)	-
Interest paid on subscription liability	(8,330)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(742,988)</b>	<b>(652,464)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(565,223)	(18,549)
Income from investments	66,085	26,200
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(499,138)</b>	<b>7,651</b>
<b>Decrease in Cash</b>	<b>(186,922)</b>	<b>(968,574)</b>
<b>Cash, Beginning of Year</b>	<b>288,094</b>	<b>1,256,668</b>
<b>Cash, End of Year</b>	<b>\$ 101,172</b>	<b>\$ 288,094</b>

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

**(Continued)**

	<b>2024</b>	<b>2023</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>		
Operating loss	\$ (146,891)	\$ (101,318)
Depreciation and amortization	561,938	478,867
Provision for uncollectible accounts	1,757,838	1,345,445
Changes in operating assets and liabilities		
Patient accounts receivable, net	(1,529,415)	(2,329,001)
Estimated amounts due to/from third-party payors	14,000	(286,000)
Accounts payable and accrued expenses	89,478	154,159
Supplies, prepaid expenses, and other	(28,805)	24,091
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 718,143</b>	<b>\$ (713,757)</b>
<b>Supplemental Cash Flows Information</b>		
Subscription obligation incurred for subscription assets	\$ 405,748	\$ -
Deferred grant revenue recognized	\$ -	\$ 100,000



## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations and Reporting Entity***

Cordell Hospital Authority d/b/a Cordell Memorial Hospital (Authority) is a 25-bed critical access hospital (CAH) located in the city of New Cordell, Oklahoma (City). The Authority is a public trust created under the laws of the state of Oklahoma. The Authority entered into a lease agreement with the City, which expires January 17, 2034, for the hospital facilities and equipment. The Authority primarily earns income by providing inpatient, outpatient, and emergency services in the Washita County, Oklahoma, area.

### ***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 liabilities 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 and city appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program-specific (such as city appropriations) 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 and liabilities 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 and Cash Equivalents***

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2024 and 2023, the Authority held no cash equivalents. Included in short-term investments on the accompanying balance sheets are certificates of deposit that the Authority does not consider cash equivalents.

### ***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.

### ***Supplies***

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

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***Investments and Investment Income***

Investments in U.S. agency obligations and money market mutual funds are carried at fair value. Fair value is determined using quoted market prices. Certificates of deposit are carried at amortized cost.

Investment income 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.

***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. The following estimated useful lives are being used by the Authority:

Land improvements	2–15 years
Buildings and improvements	5–40 years
Equipment	5–10 years

***Subscription Assets***

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

***Capital and Subscription Asset Impairment***

The Authority evaluates capital and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or subscription asset has occurred. If a capital or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital or subscription asset historical costs and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

***Compensated Absences***

Authority policies permit most employees to accumulate paid time 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 paid time off benefits are earned whether the employee is expected to realize the benefit as time off or in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the 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. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***Net Position***

Net position of the Authority is classified in two components on its balance sheets:

- Net investment in capital assets consists of capital and subscription assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets

***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 charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

***Income Taxes***

As an essential government function of the City, 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.

***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 designed to assess certain Oklahoma hospitals a supplemental hospital offset fee, which will be placed in pools after receiving federal matching funds. The total fees and matching funds will then be allocated to hospitals as directed by legislation.

CAHs are excluded from paying the supplemental hospital offset fee but are still eligible to receive SHOPP funds. During the years ended June 30, 2024 and 2023, the Authority received approximately \$774,000 and \$730,000, respectively, in SHOPP funds. SHOPP revenue is recorded as part of net patient service revenue on the accompanying statements of revenues, expenses, and changes in net position.

Effective April 1, 2024, the Oklahoma Health Care Authority implemented Sooner Select, a Medicaid Managed Care program, covering the majority of Medicaid-eligible individuals. A component of the implementation of Sooner Select was the segregation of historical SHOPP funding into two separate categories – Directed Payments associated with Sooner Select enrollees and traditional SHOPP payments associated with enrollees not included in the Medicaid Managed Care program. The impact to the Authority, beginning in fiscal year 2024, is expected to be a material increase in SHOPP funding over the two programs. The annual amounts to be received by the Authority over the term of the SHOPP are subject to change annually based on various factors including the Federal Medical Assistance Percentages (FMAP) and state funding.

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***City Appropriations***

Effective September 16, 2019, the citizens of the City approved a 1% sales tax, with no expiration date, to be used for the operation and maintenance of the Authority. The Authority received approximately 3.6% and 4.9% of its financial support from city appropriations related to the sales tax in 2024 and 2023, respectively. Revenue from city appropriations is recognized in the year in which the sales taxes are earned and is reflected as noncapital appropriations – City of New Cordell on the accompanying statements of revenues, expenses, and changes in net position.

**Note 2. Net Patient Service Revenue**

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

- **Medicare** – Inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Authority is 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. The Authority's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2022.
- **Medicaid** – The Authority is reimbursed for services rendered to patients covered by the state Medicaid program on a prospective per discharge or fee schedule method with no retroactive adjustments. These payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.
- **Other** – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Approximately 85% and 84% of net patient service revenue is from participation in the Medicare and Medicaid programs for the years ended June 30, 2024 and 2023, respectively. 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.

**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 does not have a formal policy to address custodial credit risk. State law requires that all deposits of public trusts be insured with federal depository insurance or other acceptable collateral in specific amounts.

At June 30, 2024, none of the Authority's bank balances of approximately \$2,610,000 were exposed to custodial credit risk as uninsured and uncollateralized, with pledged collateral from the financial institution of approximately \$2,376,000.

At June 30, 2023, approximately \$123,000 of the Authority's bank balances of approximately \$2,198,000 were exposed to custodial credit risk as uninsured and uncollateralized, with pledged collateral from the financial institution of approximately \$2,143,000.

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**Investments**

The Authority may invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest in corporate bonds, money market mutual funds, and equity securities.

At June 30, 2024 and 2023, the Authority had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1–5	6–10	More than 10
<b>2024</b>					
U.S. agencies obligations	\$ 57,123	\$ -	\$ -	\$ 57,123	\$ -
<b>2023</b>					
U.S. agencies obligations	\$ 55,562	\$ -	\$ -	\$ 55,562	\$ -

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority does not have a formal investment policy that limits investments based upon credit rating.

At June 30, 2024 and 2023, the Authority's investments not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

**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 Authority's investment policy does not address how securities underlying repurchase agreements are to be held.

**Concentration of Credit Risk** – The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2024 and 2023, the Hospital's investment in government bonds of Federal Farm Credit Bank constituted 100% of its total investments.

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Summary of Carrying Values**

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

	<u><b>2024</b></u>	<u><b>2023</b></u>
Carrying value		
Deposits	\$ 2,490,260	\$ 2,113,520
Investments	<u>57,123</u>	<u>55,562</u>
	<u><u>\$ 2,547,383</u></u>	<u><u>\$ 2,169,082</u></u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 101,172	\$ 288,094
Short-term investments	2,389,088	1,825,426
Noncurrent investments	<u>57,123</u>	<u>55,562</u>
	<u><u>\$ 2,547,383</u></u>	<u><u>\$ 2,169,082</u></u>

**Note 4. Patient Accounts Receivable**

The Authority grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements, for services rendered to patients covered under agreements with the Authority. Patient accounts receivable at June 30, 2024 and 2023 consisted of:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Medicare	\$ 474,138	\$ 431,345
Medicaid	62,711	288,683
Commercial	469,211	634,224
Self-pay	<u>1,050,382</u>	<u>477,542</u>
	2,056,442	1,831,794
Less allowance for uncollectible accounts	<u>681,000</u>	<u>235,000</u>
	<u><u>\$ 1,375,442</u></u>	<u><u>\$ 1,596,794</u></u>

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Note 5. Capital and Subscription Assets**

Capital assets activity for the years ended June 30, 2024 and 2023 was:

	<b>2024</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	
Land	\$ 111,000	\$ -	\$ -	\$ -	\$ 111,000
Land improvements	137,055	-	-	-	137,055
Buildings and improvements	5,890,850	422,896	-	-	6,313,746
Equipment	3,160,403	287,029	-	-	3,447,432
	<u>9,299,308</u>	<u>709,925</u>	<u>-</u>	<u>-</u>	<u>10,009,233</u>
Less accumulated depreciation					
Land improvements	(133,231)	(3,824)	-	-	(137,055)
Buildings and improvements	(2,615,991)	(282,849)	-	-	(2,898,840)
Equipment	(2,479,092)	(248,215)	-	-	(2,727,307)
	<u>(5,228,314)</u>	<u>(534,888)</u>	<u>-</u>	<u>-</u>	<u>(5,763,202)</u>
Capital assets, net	<u>\$ 4,070,994</u>	<u>\$ 175,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,246,031</u>
	<b>2023</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	
Land	\$ 111,000	\$ -	\$ -	\$ -	\$ 111,000
Land improvements	137,055	-	-	-	137,055
Buildings and improvements	5,607,584	243,349	-	39,917	5,890,850
Equipment	3,283,488	409,115	(540,283)	8,083	3,160,403
Construction in progress	48,000	-	-	(48,000)	-
	<u>9,187,127</u>	<u>652,464</u>	<u>(540,283)</u>	<u>-</u>	<u>9,299,308</u>
Less accumulated depreciation					
Land improvements	(129,060)	(4,171)	-	-	(133,231)
Buildings and improvements	(2,342,138)	(273,853)	-	-	(2,615,991)
Equipment	(2,818,532)	(200,843)	540,283	-	(2,479,092)
	<u>(5,289,730)</u>	<u>(478,867)</u>	<u>540,283</u>	<u>-</u>	<u>(5,228,314)</u>
Capital assets, net	<u>\$ 3,897,397</u>	<u>\$ 173,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,070,994</u>

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

There was no subscription asset activity for the year ended June 30, 2023. Subscription asset activity for the year ended June 30, 2024 was:

	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Subscription IT asset	\$ -	\$ 405,748	\$ -	\$ -	\$ 405,748
Less accumulated amortization Subscription IT asset	-	(27,050)	-	-	(27,050)
Subscription assets, net	<u>\$ -</u>	<u>\$ 378,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,698</u>

**Note 6. Long-Term Obligations**

There were no long-term obligation transactions for the Authority for the year ended June 30, 2023. The following is a summary of long-term obligation transactions for the Authority for the year ended June 30, 2024:

	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Subscription liability	\$ -	\$ 405,748	\$ (24,733)	\$ 381,015	\$ 69,471
Total long-term obligations	<u>\$ -</u>	<u>\$ 405,748</u>	<u>\$ (24,733)</u>	<u>\$ 381,015</u>	<u>\$ 69,471</u>

The Authority has a subscription-based information technology arrangement (SBITA), the terms of which expire in 2029. The following is a schedule by year of payments under the SBITA as of June 30, 2024:

<b>Year Ending June 30,</b>	<b>Total to be Paid</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 99,192	\$ 69,471	\$ 29,721
2026	99,192	75,611	23,581
2027	99,192	82,295	16,897
2028	99,192	89,569	9,623
2029	<u>66,128</u>	<u>64,069</u>	<u>2,059</u>
	<u>\$ 462,896</u>	<u>\$ 381,015</u>	<u>\$ 81,881</u>



## **Note 7. Margin Loan**

The Authority has the ability to exercise its option to draw funds on a margin loan through its investment portfolio. The Authority's approved credit amount is determined by the lender and is based on the value of the investment account. The investments are considered to be held as collateral on the margin loan (see Note 3). There were no amounts outstanding or activity on this loan during 2024 and 2023.

## **Note 8. Medical Malpractice Claims**

The Authority purchases medical malpractice insurance 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 ultimate costs of the incidents. Based upon the Authority's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

## **Note 9. Pension Plans**

The Authority contributes to a 403(b) and a 401(a) defined contribution plan covering substantially all employees. Pension expense is recorded for the amount of the Authority's required contributions, determined in accordance with the terms of the plans. The plans are administered by the Board of Trustees. The plans provide retirement benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan documents and were established and can be amended by action of the Authority's governing body. Contribution rates for plan members and the Authority expressed as a percentage of covered payroll were 4.0% and 0.8% for 2024, and 3.8% and 0.9% for 2023, respectively. Contributions actually made by plan members and the Authority aggregated approximately \$110,000 and \$21,000 during 2024 and \$86,000 and \$20,000 during 2023, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Authority contributions after completion of three to seven years of credible service with the Authority. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plans' administrative expenses. For the years ended June 30, 2024 and 2023, there were no forfeitures that reduced the Authority's pension expense.

## **Note 10. 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

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**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, 2024 and 2023:

		<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobserv- able Inputs (Level 3)</b>
	<b>Total Fair Value</b>			
<b>June 30, 2024</b>				
<b>Investments</b>				
U.S. agencies obligations	<u>\$ 57,123</u>	<u>\$ -</u>	<u>\$ 57,123</u>	<u>\$ -</u>
<b>June 30, 2023</b>				
<b>Investments</b>				
U.S. agencies obligations	<u>\$ 55,562</u>	<u>\$ -</u>	<u>\$ 55,562</u>	<u>\$ -</u>

***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 1 or Level 3 investments at June 30, 2024 and 2023.

**Note 11. Contingencies**

***General Litigation***

The Authority is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. Some of these allegations are in areas not covered by the Authority's 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. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the balance sheet, change in net assets, and cash flows of the Authority. Events could occur that would change this estimate materially in the near term.

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***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 sheets.

**Note 12. Related-Party Transactions**

Effective March 2020, the Authority entered into a contract with SSM Health Care of Oklahoma, Inc. (Manager), an Oklahoma nonprofit corporation that owns and operates St. Anthony Hospital, to provide management services to the Authority. The Manager provides the Authority with a chief executive officer for whom the Authority reimburses compensation expenses, including salaries and employee benefits. The Authority and Manager amended the management service contract to extend the agreement through March 31, 2024. Thereafter the contract automatically extends on a day-to-day basis until terminated by either party. Management intends to renew the agreement during fiscal year 2025.

The Authority had a payable to the Manager of approximately \$36,000 and \$38,000 at June 30, 2024 and 2023, respectively, which is recorded in accounts payable in the accompanying balance sheets. The Authority paid \$453,000 and \$419,000 in management fees to the Manager for the years ended June 30, 2024 and 2023, respectively. These expenses are recorded in purchased services and professional fees in the accompanying statements of revenues, expenses, and changes in net position.

Effective January 2011, the Authority entered into a contract with the Manager to provide remote access to their electronic health system and supporting services for a ten year term. The Authority and Manager verbally agreed to renew the contract for an additional five year term, ending January 31, 2029. This arrangement is recorded as a subscription liability (Note 6). The Authority paid approximately \$99,000 to the Manager related to this contract for the years ended June 30, 2024 and 2023, respectively.

**Note 13. Medicare Accelerated and Advance Payment Program**

During the year ended June 30, 2020, the Authority requested accelerated Medicare payments as provided for in the *Coronavirus Aid, Relief, and Economic Security 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, the Centers for Medicare and Medicaid Services 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 months at a rate of 4%.

All remaining amounts outstanding were applied during 2023 of approximately \$426,000. As of June 30, 2024 and 2023, the Authority had no further amounts due to CMS under this program.

## **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  
Cordell Hospital Authority  
d/b/a Cordell Memorial Hospital  
New Cordell, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Cordell Hospital Authority d/b/a Cordell Memorial Hospital (Authority), which comprise the Authority's balance sheet as of June 30, 2024 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 22, 2024, which contained a paragraph regarding omission of required supplementary information.

### ***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 entity'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 Mazars, LLP**

**Tulsa, Oklahoma  
November 22, 2024**

**Cordell Hospital Authority d/b/a Cordell Memorial Hospital**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

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<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.