


Roger Mills County Hospital Authority d/b/a Roger Mills Memorial Hospital (Enterprise Fund)

A Component Unit of Roger Mills County, Oklahoma

Independent Auditor's Reports and Financial Statements

April 30, 2023



**Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
(Enterprise Fund)
A Component Unit of Roger Mills County, Oklahoma
April 30, 2023**

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Independent Auditor's Report

Board of Trustees
Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
Cheyenne, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the enterprise fund of Roger Mills County Hospital Authority d/b/a Roger Mills Memorial Hospital (the Hospital), a component unit of Roger Mills County, Oklahoma, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Hospital'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 enterprise fund of the Hospital as of April 30, 2023 and the changes in its financial position and its cash flows for the year 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 Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 1*, the accompanying financial statements present only the enterprise fund of the Hospital and do not purport to, and do not, present fairly the financial position of the Hospital as of April 30, 2023 and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is 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 Hospital's ability to continue as a going concern for one year after the date these financial statements are issued.

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 Hospital'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 Hospital'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

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

Board of Trustees
Roger Mills County Hospital Authority
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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 February 5, 2024 on our consideration of the Hospital'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 Hospital'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 Hospital's internal control over financial reporting and compliance.

FORVIS,LLP

Tulsa, Oklahoma
February 5, 2024

Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
(Enterprise Fund)
A Component Unit of Roger Mills County, Oklahoma
Balance Sheet
April 30, 2023

Assets

Current Assets

Cash	\$ 1,071,104
Short-term certificates of deposit	4,558,666
Patient accounts receivable, net of allowance – \$372,460	1,077,324
County appropriations receivable	91,905
Supplies	241,953
Prepaid expenses and other	<u>80,629</u>

Total current assets 7,121,581

Noncurrent Certificate of Deposit 8,748,760

Capital Assets, Net 2,840,512

Total assets \$ 18,710,853

Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 86,696
Accrued expenses	531,887
Estimated amounts due to third-party payors	<u>700,000</u>

Total current and total liabilities 1,318,583

Net Position

Net investment in capital assets	2,840,512
Unrestricted	<u>14,551,758</u>

Total net position 17,392,270

Total liabilities and net position \$ 18,710,853

**Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
(Enterprise Fund)**

**A Component Unit of Roger Mills County, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended April 30, 2023**

Operating Revenues	
Net patient service revenue, net of provision for uncollectible accounts – \$554,856	\$ 6,653,348
EMS contract revenue	432,000
Other	<u>397,527</u>
Total operating revenues	<u>7,482,875</u>
Operating Expenses	
Salaries and wages	5,378,224
Employee benefits	1,097,732
Purchased services and professional fees	106,695
Supplies and other	2,187,835
Depreciation	<u>467,698</u>
Total operating expenses	<u>9,238,184</u>
Operating Loss	<u>(1,755,309)</u>
Nonoperating Revenues	
Noncapital appropriations – Roger Mills County	509,183
Investment income	<u>98,947</u>
Total nonoperating revenues	<u>608,130</u>
Decrease in Net Position	(1,147,179)
Net Position, Beginning of Year	<u>18,539,449</u>
Net Position, End of Year	<u><u>\$ 17,392,270</u></u>

Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
(Enterprise Fund)
A Component Unit of Roger Mills County, Oklahoma
Statement of Cash Flows
Year Ended April 30, 2023

Operating Activities	
Receipts from and on behalf of patients	\$ 5,325,518
Payments to suppliers and contractors	(2,188,931)
Payments to and on behalf of employees	(6,454,062)
Other receipts, net	<u>829,527</u>
Net cash used in operating activities	<u>(2,487,948)</u>
Noncapital Financing Activities	
Noncapital appropriations – Roger Mills County	<u>514,826</u>
Net cash provided by noncapital financing activities	<u>514,826</u>
Capital and Related Financing Activities	
Purchase of capital assets	<u>(62,946)</u>
Net cash used in capital and related financing activities	<u>(62,946)</u>
Investing Activities	
Purchases of short-term certificates of deposit	(93,368)
Interest on investments	<u>98,947</u>
Net cash provided by investing activities	<u>5,579</u>
Decrease in Cash	(2,030,489)
Cash, Beginning of Year	<u>3,101,593</u>
Cash, End of Year	<u><u>\$ 1,071,104</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (1,755,309)
Depreciation	467,698
Provision for uncollectible accounts	554,856
Changes in operating assets and liabilities	
Patient accounts receivable, net	(882,686)
Estimated amounts due to or from third-party payors	(1,000,000)
Accounts payable and accrued expenses	43,574
Other assets and liabilities	<u>83,919</u>
Net cash used in operating activities	<u><u>\$ (2,487,948)</u></u>

Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
(Enterprise Fund)
A Component Unit of Roger Mills County, Oklahoma
Notes to Financial Statements
April 30, 2023

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

Nature of Operations and Reporting Entity

Roger Mills Memorial Hospital (the Hospital) is operated under the Roger Mills County Hospital Authority (the Authority), a public trust. The Authority is a component unit of Roger Mills County, Oklahoma (the County). The Board of County Commissioners created the Authority to operate, control, and manage all matters concerning the Hospital. The Board of County Commissioners appoints the Board of Trustees of the Authority.

The accompanying financial statements present only the enterprise fund of the Authority. References to the Authority herein only refer to the activity of the enterprise fund.

The Authority operates the Hospital under a bargain lease agreement with the County. The one-year lease expires June 30 and is automatically renewable each year upon payment of the bargain lease rent. Upon termination of the lease, control of hospital operations reverts back to the County.

The Hospital, located in Cheyenne, Oklahoma, is a critical access hospital facility licensed to operate 15 beds and primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Roger Mills County area. The Hospital also operates a rural health clinic and ambulance service in the same area.

Basis of Accounting and Presentation

The accompanying financial statements of the Hospital 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, county appropriations and federal grants) 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 and interest income are included in nonoperating revenues and expenses. The Hospital 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

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April 30, 2023

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 Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At April 30, 2023, the Hospital held no cash equivalents.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from patients, third-party payors, and others. The Hospital 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, determined using the first-in, first-out method, or market.

Investments

Investments consist of non-negotiable certificates of deposit, which are carried at amortized cost. Investment income consists of interest income.

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 Hospital:

Buildings and improvements	10–40 years
Equipment	4–20 years

Capital Asset Impairment

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital 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.

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Notes to Financial Statements
April 30, 2023

No asset impairment was recognized during the year ended April 30, 2023.

Compensated Absences

Hospital policies permit most employees to accumulate paid leave 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 leave 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 Hospital 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.

Net Position

Net position of the Hospital is classified in two components:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase 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 Hospital has agreements with third-party payors that provide for payments to the Hospital 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.

**Roger Mills County Hospital Authority
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A Component Unit of Roger Mills County, Oklahoma
Notes to Financial Statements
April 30, 2023**

Charity Care

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

Income Taxes

As an essential government function of the County, the Hospital 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 Hospital 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 that 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.

Critical access hospitals (CAH) are excluded from paying the supplemental hospital offset fee but are still eligible to receive SHOPP funds. During the year ended April 30, 2023, the Hospital received approximately \$565,000 in SHOPP funds. SHOPP revenue is recorded as part of net patient service revenue on the accompanying statement of revenues, expenses, and changes in net position.

The annual amounts to be received by the Hospital 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 benefit to the Hospital for 2024 is expected to be consistent with amounts received in 2023.

County Appropriations

Effective December 1, 2013, the citizens of the County approved a 0.9% sales tax for the operations of the Hospital for a six-year term. In April 2019, this sales tax was renewed for another six-year term expiring November 2025. The County collects the sales tax and remits it monthly to the Hospital. The Hospital received approximately 6% of its financial support from county appropriations related to the sales tax during 2023. Revenue from county appropriations is recognized in the year in which the sales tax is earned.

Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
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A Component Unit of Roger Mills County, Oklahoma
Notes to Financial Statements
April 30, 2023

Note 2: Net Patient Service Revenue

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

- **Medicare** – Inpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Certain outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and a cost reimbursement methodology. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Hospital’s Medicare cost reports have been audited by the Medicare administrative contractor through April 30, 2021.
- **Medicaid** – The Hospital 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.

Approximately 82% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended April 30, 2023. 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.

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

Note 3: 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 Hospital’s deposit policy for custodial credit risk requires compliance with the provisions of state law, which requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

At April 30, 2023, none of the Hospital’s deposits were exposed to custodial credit risk.

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A Component Unit of Roger Mills County, Oklahoma
Notes to Financial Statements
April 30, 2023**

Summary of Carrying Values

The carrying values of deposits are included in the accompanying balance sheet as follows:

Carrying values	
Deposits	<u>\$ 14,378,530</u>
Included in the following balance sheet captions	
Cash	\$ 1,071,104
Short-term certificates of deposit	4,558,666
Noncurrent certificate of deposit	<u>8,748,760</u>
	<u>\$ 14,378,530</u>

Investment Income

Investment income for the year ended April 30, 2023 consisted of interest income.

Note 4: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at April 30, 2023 consisted of:

Medicare	\$ 628,042
Medicaid	126,901
Other third-party payors	142,047
Patients	<u>552,794</u>
	1,449,784
Less allowance for uncollectible accounts	<u>372,460</u>
	<u>\$ 1,077,324</u>

Roger Mills County Hospital Authority
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A Component Unit of Roger Mills County, Oklahoma
Notes to Financial Statements
April 30, 2023

Note 5: Capital Assets

Capital assets activity for the year ended April 30, 2023 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Buildings and improvements	5,453,180	-	-	-	5,453,180
Equipment	4,336,829	48,362	(6,120)	-	4,379,071
Construction in progress	-	14,584	-	-	14,584
	<u>9,793,009</u>	<u>62,946</u>	<u>(6,120)</u>	<u>-</u>	<u>9,849,835</u>
Less accumulated depreciation					
Buildings and improvements	3,027,348	289,677	-	-	3,317,025
Equipment	<u>3,514,277</u>	<u>178,021</u>	<u>-</u>	<u>-</u>	<u>3,692,298</u>
	<u>6,541,625</u>	<u>467,698</u>	<u>-</u>	<u>-</u>	<u>7,009,323</u>
Capital assets, net	<u>\$ 3,251,384</u>	<u>\$ (404,752)</u>	<u>\$ (6,120)</u>	<u>\$ -</u>	<u>\$ 2,840,512</u>

Note 6: Medical Malpractice Claims

The Hospital 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 Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 7: Charity Care

In support of its mission, the Hospital voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Hospital provides services to other medically indigent patients under the Medicaid program. Such programs pay providers amounts that are less than established charges for the services provided to the recipients, and many times the payments are less than the cost of rendering the services provided.

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Notes to Financial Statements
April 30, 2023**

The estimated uncompensated costs associated with charity care services were approximately \$11,000 for the year ended April 30, 2023. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

In addition to uncompensated costs, the Hospital 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 education and promotion, blood pressure and cholesterol screenings, and health assessments. The expenses for these programs are included in operating expenses on the accompanying statement of revenues, expenses, and changes in net position.

Note 8: Pension Plan

The Hospital contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Hospital's required contributions, determined in accordance with the terms of the plan. The plan is administered by the Hospital's Board of Trustees. The plan provides 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 Hospital's governing body. Contribution rates for plan members and the Hospital, expressed as a percentage of covered payroll, were 3.6% and 1.3%, respectively, for 2023. Contributions actually made by plan members and the Hospital aggregated approximately \$191,000 and \$68,000, respectively, during 2023.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the Hospital's contributions after completion of three years of credible service with the Hospital. Nonvested hospital contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended April 30, 2023, no forfeitures were utilized.

Note 9: EMS Contract

The Hospital has a one-year contract with the Roger Mills County Emergency Medical Services (EMS) Board of Trustees to provide emergency services to the County's residents. The Hospital receives monthly compensation for services provided under the EMS contract. The contract may be renewed annually upon mutual consent of both parties. Included in operating revenues for the year ended April 30, 2023 is \$432,000 for services rendered under the contract. Subsequent to year-end, this contract was renewed through June 30, 2024.

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Notes to Financial Statements
April 30, 2023

Note 10: Contingencies

Litigation

In the normal course of business, the Hospital 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 the Hospital's commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Hospital 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.

Note 11: Medicare Accelerated and Advance Payments Program

During the year ended April 30, 2021, the Hospital 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, 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 29th month at a rate of 4%.

During the year ended April 30, 2021, the Hospital received approximately \$2,307,000 from the accelerated Medicare payment requests. During the year ended April 30, 2023, the Hospital paid back \$1,655,000. The unapplied amount of accelerated Medicare payment requests is recorded under estimated amounts due to third-party payors in the accompanying balance sheet.

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
Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
Cheyenne, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the enterprise fund of Roger Mills County Hospital Authority d/b/a Roger Mills Memorial Hospital (the Hospital), a component unit of Roger Mills County, Oklahoma, which comprise the balance sheet as of April 30, 2023 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 February 5, 2024, which contained an "Emphasis of Matter" paragraph regarding the reporting entity.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital'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 Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 may exist that have not been identified.

Board of Trustees
Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital'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
February 5, 2024

**Roger Mills County Hospital Authority
d/b/a Roger Mills Memorial Hospital
(Enterprise Fund)
A Component Unit of Roger Mills County, Oklahoma
Schedule of Findings and Responses
Year Ended April 30, 2023**

Reference Number	Finding
No matters are reportable.	