

WYANDOT MEMORIAL HOSPITAL
(WYANDOT COUNTY, OHIO)

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023 AND 2022

CPAs / ADVISORS



OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Governors
Wyandot Memorial Hospital
885 North Sandusky Avenue
Upper Sandusky, Ohio 43351

We have reviewed the *Report of Independent Auditors* of the Wyandot Memorial Hospital, Wyandot County, prepared by Blue & Co., LLC, for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wyandot Memorial Hospital is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 05, 2024

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WYANDOT MEMORIAL HOSPITAL

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REPORT OF INDEPENDENT AUDITORS

To the Board of Governors
Wyandot Memorial Hospital
885 N. Sandusky Avenue
Upper Sandusky, OH 43351

To the Board of Governors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Wyandot Memorial Hospital (the Hospital), as of and for the years ended December 31, 2023 and 2022, 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 respective financial position of the business-type activities and the discretely presented component unit of the Hospital as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. 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 opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, during 2023, the Hospital adopted new accounting guidance in Government Accounting Standards Board (GASB) Statement No. 96 – *Subscription-Based Information Technology Arrangements*. 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 presenting 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 weakness 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.

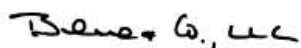
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplemental Information on GASB 68 Pension Assets, Pension Liabilities, and Pension Contributions and GASB 75 Other Postemployment Benefit Assets, Liabilities, and Contributions 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 the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the Hospital's internal control over financial reporting and 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.



Westerville, Ohio
June 27, 2024

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's Discussion and Analysis

The discussion and analysis of Wyandot Memorial Hospital's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the years ended December 31, 2023, 2022, and 2021. The discussion and analysis is based on Hospital only activity and does not include the Wyandot Health Foundation, Inc. activity. Please read in conjunction with the Hospital's financial statements, which begin on page 4.

Financial Highlights

- The Hospital's total assets and deferred outflows of resources increased \$17,280,767 or 14.8% in 2023 compared to a \$6,746,539 or 6.1% increase in 2022. The change in 2023 was due to an increase in deferred outflows for pension and other post-employment benefits. The change in 2022 was due to the purchase of capital assets.
- The Hospital's total liabilities increased \$35,323,313 or 135.3% in 2023 compared to a \$6,795,037 or 20.6% decrease in 2022. The change in 2023 was due to an increase in net pension liability of \$34,224,074. In 2022, the change was due to a decrease in net pension liability of \$7,005,918 and a decrease in refundable advances of \$5,636,320, which was offset by the increase to subscription-based information technology arrangements (SBITA) liability of \$2,559,100.
- The Hospital's net position decreased by \$511,643 in 2023 compared to an increase of \$9,864,261 in 2022. The decrease in change in net position between years is primarily due to an increase in employee benefits expense of \$11,838,339 from 2022 to 2023, relative to an increase in employee benefits expense of \$7,715,383 from 2021 to 2022. These changes were largely the result of actuarial estimates associated with the employer portion of costs associated with the Ohio Public Employees Retirement System pension and other postemployment benefit (OPEB) plans.
- The decrease in the Hospital's total income from operations in 2023 of \$13,046,883 from 2022 is the result of a 6.4% increase in operating revenue of \$4,947,304 and a 26.1% increase in operating expenses of \$17,994,187.
- During 2023, the Hospital adopted GASB No. 96 – *Subscription-Based Information Technology Arrangements* (GASB 96), which requires subscription-based information technology arrangements (SBITAs) to be recorded in the statement of net position. The Hospital has recorded SBITA assets in the amount of \$1,712,531 and \$2,572,702 at December 31, 2023 and 2022, respectively, and SBITA liabilities of \$1,778,885 and \$2,559,100 at December 31, 2023 and 2022, respectively.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Using This Annual Report

The Hospital's financial statements consist of three statements – Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows. These financial statements and related notes provide information about the activities of the Hospital.

Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position

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

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

Statements of Cash Flows

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

Net Position

The Hospital's net position is the difference between its assets and deferred outflows of resources when compared to its liabilities and deferred inflows of resources reported in the Statements of Net Position on page 5. The Hospital's net position decreased by \$511,643 in 2023.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Condensed Financial Information

The following is a comparative analysis of major components of the statements of net position of the Hospital as of December 31, 2023, 2022, and 2021:

	2023	2022 (As restated)	2021
Assets and Deferred Outflows of Resources			
Current assets	\$ 47,907,795	\$ 47,404,110	\$ 51,128,570
Assets limited as to use	1,507,110	2,184,517	1,698,843
Long-term investments	324,368	805,914	2,435,469
Capital assets, net	58,980,584	54,502,770	46,193,617
Net other post-employment benefit asset	-	4,084,108	2,156,674
Lease receivable, net of current	194,040	-	-
Loan receivable, net of current	198,526	-	-
Net pension asset	305,925	475,844	277,905
Total assets	109,418,348	109,457,263	103,891,078
Deferred outflows of resources			
Pension	21,464,985	6,686,899	4,129,139
Other post-employment benefits	3,033,067	491,471	1,868,877
Total deferred outflows of resources	24,498,052	7,178,370	5,998,016
Total Assets and Deferred Outflows of Resources	\$ 133,916,400	\$ 116,635,633	\$ 109,889,094
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities	\$ 13,741,546	\$ 12,833,037	\$ 14,554,622
Noncurrent liabilities	47,698,166	13,283,362	18,356,814
Total liabilities	61,439,712	26,116,399	32,911,436
Deferred inflows of resources			
Lease receivable	219,557	-	-
Pension	138,500	13,988,717	8,059,797
Other post-employment benefits	322,532	4,222,775	6,598,766
Total deferred inflows of resources	680,589	18,211,492	14,658,563
Net Position			
Net investment in capital assets	55,417,735	51,520,545	45,710,415
Restricted	305,925	4,559,952	2,434,579
Unrestricted	16,072,439	16,227,245	14,174,101
Total net position	71,796,099	72,307,742	62,319,095
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 133,916,400	\$ 116,635,633	\$ 109,889,094

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

A significant component of the Hospital's assets are capital assets. Capital assets, net, increased by \$4,477,814, or 8.2% in 2023. Capital assets acquired by the Hospital were \$10,121,241 in 2023. These additions were offset by depreciation and amortization of \$5,241,689. Capital assets, net, increased by \$8,309,153, or 18% in 2022. Fixed assets acquired by the Hospital were \$10,340,239 in 2022. These additions were offset by depreciation and amortization of \$4,984,287.

Operating Results and Changes in the Hospital's Net Position

The following is a comparative analysis of the statements of operations and changes in net position for the years ended December 31, 2023, 2022, and 2021:

	2023	2022 (As restated)	2021
Revenues			
Net patient service revenue	\$ 79,287,559	\$ 75,472,918	\$ 57,856,518
Other operating revenue	3,332,132	2,199,469	1,399,887
Total operating revenue	<u>82,619,691</u>	<u>77,672,387</u>	<u>59,256,405</u>
Expenses			
Salaries and wages	29,550,371	28,371,380	25,480,735
Employee benefits	12,727,639	889,300	(6,826,083)
Supplies and other expenses	22,791,305	20,194,927	14,841,410
Professional fees and services	15,805,157	13,891,438	10,955,881
Depreciation and amortization	5,241,689	4,984,287	3,499,746
Insurance	740,239	530,881	293,348
Total operating expenses	<u>86,856,400</u>	<u>68,862,213</u>	<u>48,245,037</u>
Operating gain (loss)	(4,236,709)	8,810,174	11,011,368
Nonoperating revenue and capital gifts	<u>3,725,066</u>	<u>1,054,087</u>	<u>8,938,332</u>
Increase (decrease) in net position	<u>(511,643)</u>	<u>9,864,261</u>	<u>19,949,700</u>
Net position, beginning of year	72,307,742	62,319,095	42,369,395
Cumulative effect of accounting change	<u>-</u>	<u>124,386</u>	<u>-</u>
Net position, end of year	<u>\$ 71,796,099</u>	<u>\$ 72,307,742</u>	<u>\$ 62,319,095</u>

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as inpatient services, outpatient services, physician offices, and the cafeteria.

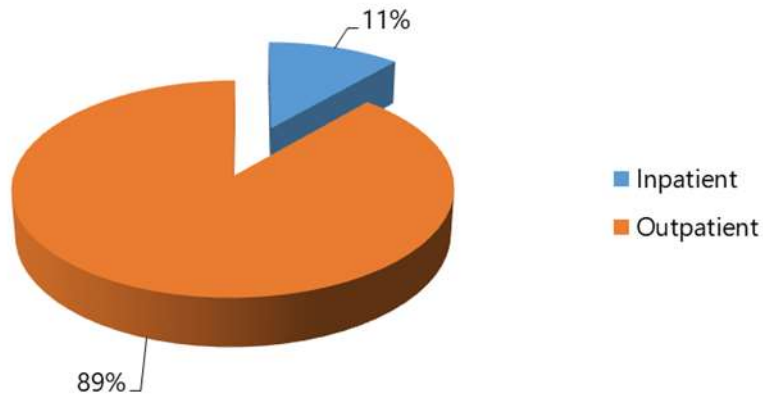
WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Operating revenue changes were a result of the following factors:

- Net patient service revenue increased \$3,814,641 or 5.1% from 2022 to 2023. This increase was primarily due to an increase in inpatient volumes in 2023 relative to 2022.
- Net patient service revenue increased \$17,616,400 or 30.4% from 2021 to 2022. This increase was primarily due to a higher number of surgery cases and an increase in patient volumes in 2022 compared to 2021.

The following is a graphic illustration of operating revenues by type:



Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the services and primary purposes of the Hospital. The significant operating expense changes were the result of the following factors:

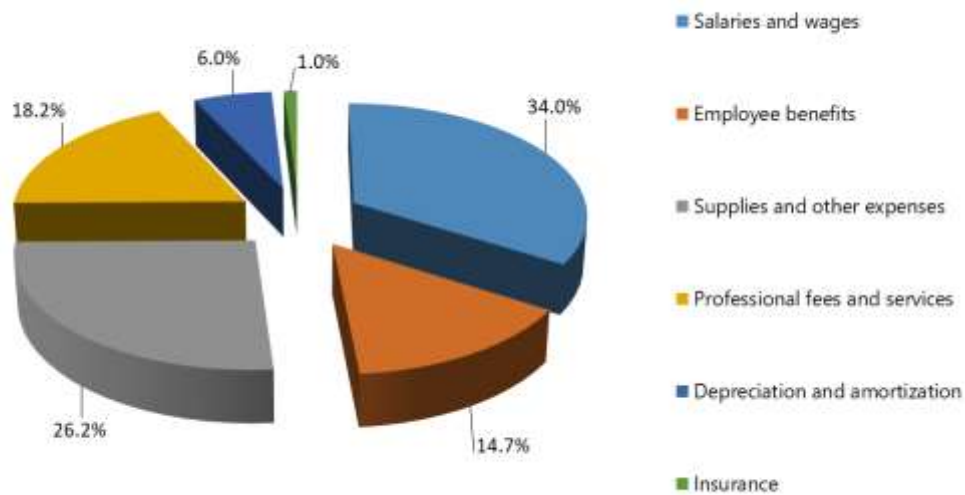
- Salaries and wages increased \$1,178,991 or 4.2% from 2022 to 2023. The increase between years is due to a 6% pay raise in 2023, which was offset by a decrease of 1.5% in staff. Salaries and wages increased \$2,890,645 or 11.3% from 2021 to 2022. The increase in salaries and wages between 2021 and 2022 was due to an 8.8% increase in staff and a 4% pay raise in 2022.
- Employee benefits increased \$11,838,339 or 1,331.2% from 2022 to 2023. This increase was primarily related to increased expenses associated with the OPERS pension and OPEB plans caused by actuarial estimates. Employee benefits increased \$7,715,383 or 113% from 2021 to 2022. This increase was primarily related to increased expenses associated with the OPERS pension and OPEB plans caused by actuarial estimates.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- Supplies and other expenses increased \$2,596,378 or 12.9% from 2022 to 2023. This increase was primarily due to increased revenue and increased cost of supplies between years. Supplies and other expenses increased \$5,353,517 or 36.1% from 2021 to 2022. This increase was primarily due to increased revenue and increased cost of supplies between years.

The following is a graphic illustration of operating expenses by type:



Sources of Revenue

The Hospital derives substantially all of its revenue from patient services and other related activities. Revenue includes, among other items, revenue from the Medicare and Medicaid programs, patients, insurance carriers, preferred provider organizations, and managed care programs.

The Hospital provides care to patients under payment arrangements with Medicare, Medicaid, and various managed care programs. Services provided under those arrangements are paid at predetermined rates and/or reimbursable costs as defined by the related Federal and State regulations. Provisions have been made in the financial statements for contractual adjustments, which represent the difference between the standard charges for services and the actual or estimated reimbursement.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Operating Income (Loss)

The first component of the overall change in the Hospital's net position is its operating income/loss. Generally, operating income/loss is the difference between net patient service revenue and the expenses incurred to perform those services. The Hospital reported an operating loss of \$4,236,709 in 2023 and an operating income of \$8,810,174 and \$11,011,368 in 2022 and 2021, respectively.

The decrease of \$13,046,883 in the Hospital's total operating income in 2023 compared to 2022 is the result of a \$4,947,304 increase in operating revenue and a \$17,994,187 increase in operating expenses.

The decrease in the Hospital's total operating income in 2022 of \$2,201,194 from 2021 is the result of a 31.1% increase in operating revenue of \$18,415,982 and a 42.7% increase in operating expenses of \$20,617,176.

The Hospital provides care for patients who have little or no health insurance or other means of repayment. This service to the community is consistent with the goals of the Hospital when it was established. Because there is no expectation of repayment, charity care is not reported as patient service revenues of the Hospital and represents unreimbursed charges incurred by the Hospital in providing uncompensated care to indigent patients. Based on established rates, charges of \$1,057,289 were waived under the Hospital's charity care policy during 2023 as compared to \$1,532,626 in 2022.

Nonoperating Revenues (Expenses)

The Hospital's net investment income amounted to \$1,283,733 and \$266,197 in 2023 and 2022, respectively. The Hospital recognized noncapital grants and contributions of \$2,014,001 and \$999,205 in 2023 and 2022, respectively.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Statements of Cash Flows

The primary purpose of the statements of cash flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows helps assess:

- An entity's ability to generate future net cash flows
- Its ability to meet obligations as they come due
- Its need for financing

	2023	2022 (As restated)	2021
Cash provided by (used in):			
Operating activities	\$ 2,384,478	\$ (1,448,234)	\$ (2,804,328)
Non-capital financing activities	2,564,559	1,006,095	4,437,119
Capital and related financing activities	(9,504,561)	(10,888,236)	(16,582,371)
Investing activities	3,573,319	9,504,432	10,927,094
Net decrease in cash and cash equivalents	(982,205)	(1,825,943)	(4,022,486)
Cash - beginning of year	2,348,473	4,174,416	8,196,902
Cash - end of year	<u>\$ 1,366,268</u>	<u>\$ 2,348,473</u>	<u>\$ 4,174,416</u>

Capital Assets and Debt Administration

Capital Assets

The Hospital had \$58,980,584 and \$54,502,770 invested in capital assets at December 31, 2023 and 2022, respectively. The Hospital acquired or constructed capital assets in the amount of \$10,121,241 and \$10,340,239 during 2023 and 2022, respectively.

Debt

The Hospital had \$0 in debt as of December 31, 2023 and 2022, respectively.

Other Economic Factors

The economic position of the Hospital is closely tied to that of the local economy, access to physicians and other medical services, and changing state and federal regulations.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The primary market for the Hospital is Wyandot County and various towns and villages in the surrounding area. The total population of Wyandot County is around 21,567. Populations of some of the individual cities and villages where the Hospital has locations include:

- Upper Sandusky (Wyandot County) 6,675
- Carey (Wyandot County) 3,553
- Sycamore (Wyandot County) 777
- Forest (Hardin County) 1,335
- New Reigle (Seneca County) 282

December 2023 non-seasonally adjusted unemployment rate was 2.2% for Wyandot County, which is lower than the state and national rates for the same period. As of December 2023, Wyandot County's labor participation was 74.3%, which is the highest in the region and higher than the state and national rates.

Labor demand in Wyandot County is projected to increase over the next 5 years, with an estimated need for 925 new employees to meet demand. In the next 5 years, 72.5% of employers in Wyandot County anticipate growth, while 27.3% expect stability. The population of Wyandot County has decreased by 1.4% since 2018 and is expected to decline by an additional 0.1% over the next 5 years.

The largest employment sector in Wyandot County is manufacturing, representing approximately 29% of employment. However, manufacturing employment has decreased by 4.3% since 2019. In contrast, professional, scientific, and technical jobs have increased by 63.5%, making up about 4.4% of total employment. Transportation and warehousing constitute 4.2% of total employment.

Wyandot County has a robust and active Economic Development Board, several area Chambers of Commerce, and other private-public partnerships that actively work to improve the local economy. The Hospital actively works with all these groups.

The Hospital continually works to maintain and add service lines and specialists appropriate to support community needs and financial viability. In 2012, the Emergency department was updated and expanded. In 2019, the Hospital opened its first Rural Health Clinic (RHC) as well as completed major expansions to the oncology and pharmacy service lines. In 2020, the Hospital merged with Health Services of Wyandot County, Inc to offer Home Health and Hospice services and also opened additional Rural Health Clinic's (RHC) across the county. In 2021, a major expansion of the surgery department was completed, a new clinic was added in Seneca County, and medical spa services were acquired. In 2022 an additional RHC was opened in Hardin County, two off-campus retail pharmacies were opened, and a major expansion of a Specialty Health Clinic was completed. In 2023, a major update to the intensive care unit was completed.

WYANDOT MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

In conjunction with the specialty provider expansion and surgery expansion the Hospital has added the following specialists in recent years: spine surgery, hand surgery, neurology, psychiatry, infectious disease, endocrinology, cardiology, and others.

Much of the Hospital reimbursement is limited by federal and state mandates. Effective March 2005, the Hospital obtained critical access status from the Medicare program. The Hospital is reimbursed the reasonable cost for Medicare services provided to beneficiaries. Starting in 2019, the Hospital converted some pre-existing provider-based practices into rural healthcare clinics and has also added net new RHCs. The Hospital's RHCs are subject to cost-based reimbursement or services provided to traditional Medicare beneficiaries. Other federal and state mandates that may have an impact on the Hospital's present and future financial performance include the No Surprise Act, the Price Transparency Act, Medicare sequestration, and others.

The Hospital's current financial and capital plans indicate that the infusion of additional financial resources to enable it to maintain its present level of service. Several major building projects are planned for 2024, which involves adding a cardiac catheterization lab to the Hospital's main campus, a new Primary Care and Women's Health Clinic in Carey, Ohio, and finishing the relocation and expansion of one of the retail pharmacies. Additionally, the Board of Governors approved an average gross charge increase of 4 percent for 2024.

Contacting the Hospital's Financial Management

The financial report is intended to provide our member townships with a general overview of the Hospital's finances to show the Hospital's accountability for the funds over which it has stewardship. If you have questions about this report or need additional information, we welcome you to contact the chief financial officer at 885 N. Sandusky Avenue, Upper Sandusky, OH 43351.

Matt Mercer, RN, BSA, MBA
Vice President of Wyandot Memorial Hospital
Chief Financial Officer

WYANDOT MEMORIAL HOSPITAL

STATEMENTS OF NET POSITION DECEMBER 31, 2023 AND 2022

	ASSETS			
	Wyandot Memorial Hospital		Component Unit Wyandot Health Foundation, Inc.	
	2023	2022 (As Restated)	2023	2022
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 1,366,268	\$ 2,348,473	\$ 187,607	834,309
Short-term investments	26,935,725	28,066,358	1,344,993	1,836,863
Patient accounts receivable, net of uncollectible accounts of approximately \$3,878,000 and \$3,516,000 in 2023 and 2022, respectively	15,606,364	13,409,266	-	-
Inventories	2,194,860	2,322,334	-	-
Prepaid expenses and other assets	1,735,131	1,257,679	73,727	73,727
Current portion of lease receivable	25,517	-	-	-
Current portion of loan receivable	43,930	-	-	-
Donations receivable from Wyandot Memorial Hospital	-	-	-	116,105
Total current assets	<u>47,907,795</u>	<u>47,404,110</u>	<u>1,606,327</u>	<u>2,861,004</u>
Assets limited as to use				
Board designated investments	1,507,110	2,184,517	-	-
Total assets limited as to use	<u>1,507,110</u>	<u>2,184,517</u>	<u>-</u>	<u>-</u>
Long-term investments	324,368	805,914	777,024	200,049
Lease receivable, net of current portion	194,040	-	-	-
Loan receivable, net of current portion	198,526	-	-	-
Net pension asset	305,925	475,844	-	-
Net other post-employment benefit asset	-	4,084,108	-	-
Capital assets				
Land and construction in progress	10,926,624	3,271,079	-	-
Buildings, equipment, and software, net	46,302,289	48,490,854	-	-
Intangible right-to-use assets, net	1,751,671	2,740,837	-	-
Capital assets, net	<u>58,980,584</u>	<u>54,502,770</u>	<u>-</u>	<u>-</u>
Total assets	109,418,348	109,457,263	2,383,351	3,061,053
Deferred outflows of resources				
Pension	21,464,985	6,686,899	-	-
Other post-employment benefits	3,033,067	491,471	-	-
Total outflows of resources	<u>24,498,052</u>	<u>7,178,370</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 133,916,400</u>	<u>\$ 116,635,633</u>	<u>\$ 2,383,351</u>	<u>\$ 3,061,053</u>

See accompanying notes to financial statements.

WYANDOT MEMORIAL HOSPITAL

STATEMENTS OF NET POSITION DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET POSITION

	Wyandot Memorial Hospital		Component Unit Wyandot Health Foundation, Inc.	
	2022		2023	2022
	2023	(As Restated)		
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Current portion lease liability	\$ 17,935	\$ 15,715	\$ -	\$ -
Accounts payable and accrued expenses	4,777,889	4,686,608	-	-
Accrued payroll and related liabilities	4,475,275	3,176,223	-	-
Estimated amounts due to third party payors	405,312	462,705	-	-
Accrued vacation and sick leave	2,731,038	2,726,907	-	-
Self-insurance liabilities	438,918	868,559	-	-
Refundable advances	239,698	-	-	-
Donations payable to Wyandot Health Foundation, Inc.	-	116,105	-	-
Current portion of subscription-based information technology arrangements liability	655,481	780,215	-	-
Total current liabilities	<u>13,741,546</u>	<u>12,833,037</u>	-	-
Noncurrent liabilities, net of current portions				
Noncurrent lease liability	21,850	153,581	-	-
Noncurrent subscription-based information technology arrangements liability	1,123,404	1,778,885	-	-
Net other post-employment benefits liability	977,942	-	-	-
Net pension liability	45,574,970	11,350,896	-	-
Total noncurrent liabilities	<u>47,698,166</u>	<u>13,283,362</u>	-	-
 Total liabilities	 61,439,712	 26,116,399	 -	 -
Deferred inflows of resources				
Lease receivable	219,557	-	-	-
Pensions	138,500	13,988,717	-	-
Other post-employment benefits	322,532	4,222,775	-	-
Total deferred inflows of resources	<u>680,589</u>	<u>18,211,492</u>	-	-
Net position				
Net investment in capital assets	55,417,735	51,520,545	-	-
Restricted, expendable for:				
Pensions	305,925	475,844	-	-
Other post-employment benefits	-	4,084,108	-	-
Unrestricted	16,072,439	16,227,245	2,383,351	3,061,053
Total net position	<u>71,796,099</u>	<u>72,307,742</u>	<u>2,383,351</u>	<u>3,061,053</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 133,916,400</u>	 <u>\$ 116,635,633</u>	 <u>\$ 2,383,351</u>	 <u>\$ 3,061,053</u>

See accompanying notes to financial statements.

WYANDOT MEMORIAL HOSPITAL

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED DECEMBER 31, 2023 AND 2022

	Wyandot Memorial Hospital		Component Unit Wyandot Health Foundation, Inc.	
	2022		2023	2022
	2023	(As Restated)		
Operating revenues				
Net patient service revenue	\$ 79,287,559	\$ 75,472,918	\$ -	\$ -
Other operating revenue	3,332,132	2,199,469	-	-
Total operating revenues	<u>82,619,691</u>	<u>77,672,387</u>	-	-
Operating expenses				
Salaries and wages	29,550,371	28,371,380	-	-
Employee benefits	12,727,639	889,300	-	-
Supplies and other expenses	22,791,305	20,194,927	967,516	84,290
Purchased services and professional fees	15,805,157	13,891,438	-	-
Depreciation and amortization	5,241,689	4,984,287	-	-
Insurance	740,239	530,881	-	-
Total operating expenses	<u>86,856,400</u>	<u>68,862,213</u>	<u>967,516</u>	<u>84,290</u>
Operating gain (loss)	(4,236,709)	8,810,174	(967,516)	(84,290)
Nonoperating revenues (expenses)				
Investment income (loss)	1,283,733	266,197	140,158	(125,602)
Interest expense	(177,548)	(218,205)	-	-
Gain on disposal	54,322	-	-	-
Noncapital grants and contributions	2,014,001	999,205	149,656	354,147
Other nonoperating revenues	550,558	6,890	-	-
Total nonoperating revenues	<u>3,725,066</u>	<u>1,054,087</u>	<u>289,814</u>	<u>228,545</u>
Excess (deficiency) of revenues over (under) expenses	(511,643)	9,864,261	(677,702)	144,255
Net position, beginning of year				
Beginning of year, as previously stated	72,307,742	62,319,095	3,061,053	2,916,798
Cumulative effect of accounting change	-	124,386	-	-
Net position, beginning of year, as restated	<u>72,307,742</u>	<u>62,443,481</u>	<u>3,061,053</u>	<u>2,916,798</u>
Net position, end of year	<u>\$ 71,796,099</u>	<u>\$ 72,307,742</u>	<u>\$ 2,383,351</u>	<u>\$ 3,061,053</u>

See accompanying notes to financial statements.

WYANDOT MEMORIAL HOSPITAL

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	Wyandot Memorial Hospital		Component Unit Wyandot Health Foundation, Inc.	
	2023	2022 (As Restated)	2023	2022
Cash flows from operating activities				
Cash received from patients and third party payors	\$ 77,272,766	\$ 63,489,995	\$ -	\$ -
Cash paid to employees for wages and benefits	(37,018,567)	(33,617,710)	-	-
Cash paid to vendors for goods and services	(41,085,748)	(33,636,093)	(967,516)	(84,290)
Other receipts, net	3,216,027	2,315,574	116,105	(297,309)
Net cash provided by (used in) operating activities	2,384,478	(1,448,234)	(851,411)	(381,599)
Cash flows from noncapital financing activities				
Noncapital grants and gifts	2,014,001	999,205	149,656	354,147
Other nonoperating revenue	550,558	6,890	-	-
Net cash provided by noncapital financing activities	2,564,559	1,006,095	149,656	354,147
Cash flows from capital and related financing activities				
Purchase of capital assets, net of proceeds on disposals	(8,635,002)	(9,938,418)	-	-
Principal payments on lease obligations	(14,409)	(7,688)	-	-
Principal payments on SBITA obligations	(780,215)	(723,925)	-	-
Interest paid	(177,548)	(218,205)	-	-
Issuance of loan receivable	(246,000)	-	-	-
Payments received on loan receivable	3,544	-	-	-
Cash proceeds from sale of capital assets	345,069	-	-	-
Net cash used in capital and related financing activities	(9,504,561)	(10,888,236)	-	-
Cash flows from investing activities				
Income (loss) on investments	1,283,733	266,197	140,158	(125,602)
Net change in assets limited as to use and investments	2,289,586	9,238,235	(85,105)	48,580
Net cash provided by (used in) investing activities	3,573,319	9,504,432	55,053	(77,022)
Net decrease in cash and cash equivalents	(982,205)	(1,825,943)	(646,702)	(104,474)
Cash and cash equivalents:				
Beginning of year	2,348,473	4,174,416	834,309	938,783
End of year	\$ 1,366,268	\$ 2,348,473	\$ 187,607	\$ 834,309

See accompanying notes to financial statements.

WYANDOT MEMORIAL HOSPITAL

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	Wyandot Memorial Hospital		Component Unit Wyandot Health Foundation, Inc.	
	2022		2023	2022
	2023	(As Restated)		
Reconciliation of operating loss to net cash provided by (used in) operating activities				
Operating gain (loss)	\$ (4,236,709)	\$ 8,810,174	\$ (967,516)	\$ (84,290)
Depreciation and amortization	5,241,689	4,984,287	-	-
Provision for uncollectible accounts	2,437,601	2,175,246	-	-
Changes in operating assets and liabilities, net of effect of merger with Health Services of Wyandot County, Inc.				
Patient accounts receivable	(4,634,699)	(7,744,785)	-	-
Inventories	127,474	(451,031)	-	-
Prepaid expenses and other assets	(477,452)	(356,471)	-	-
Receivable from Wyandot Health Foundation, Inc.	-	181,204	116,105	-
Payable to Wyandot Health Foundation, Inc.	(116,105)	116,105	-	-
Payable to Wyandot Memorial Hospital	-	-	-	(297,309)
Accounts payable	(1,399,069)	1,788,655	-	-
Net pension asset and liability	34,393,993	(7,203,857)	-	-
Net other post-employment benefit asset and liability	5,062,050	(1,927,434)	-	-
Deferred outflows of resources - pensions	(14,778,086)	(2,557,760)	-	-
Deferred outflows of resources - other post-employment benefits	(2,541,596)	1,377,406	-	-
Deferred inflow of resources - pensions	(13,850,217)	5,928,920	-	-
Deferred inflows of resources - other post-employment benefits	(3,900,243)	(2,375,991)	-	-
Self-insurance liabilities	(429,641)	331,480	-	-
Accrued payroll and related liabilities	1,299,052	1,246,703	-	-
Accrued vacation and sick leave	4,131	642,299	-	-
Estimated amounts due to third-party payors	(57,393)	(777,064)	-	-
Refundable advances	239,698	(5,636,320)	-	-
Net cash provided by operating activities	<u>\$ 2,384,478</u>	<u>\$ (1,448,234)</u>	<u>\$ (851,411)</u>	<u>\$ (381,599)</u>
Supplemental disclosure of noncash capital and related financing activities				
Capital asset acquisitions included in accounts payable	\$ 1,744,179	\$ 253,829	\$ -	\$ -
Capital assets acquired under GASB 87	\$ -	\$ 176,984	\$ -	\$ -
Capital assets acquired under GASB 96	\$ -	\$ 454,210	\$ -	\$ -

See accompanying notes to financial statements.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

The accompanying financial statements include the accounts of Wyandot Memorial Hospital and Wyandot Health Foundation, Inc. (collectively, Organization).

Wyandot Memorial Hospital (Hospital), as the primary government and business-type activity, is an acute-care hospital organized in 1950 by residents of Salem, Pitt, Crane, and Mifflin Townships. The Hospital is located in Upper Sandusky, Ohio and is operated by a joint township Board of Governors made up of 7 members. This Board elects one member for the Board of Governors from each township and three members are elected at large from the district, of which one should be a medical doctor. The Board of Governors consists of a total of seven members who oversee the daily operations of the Hospital. The Hospital was formed under the provisions of the Ohio Revised Code.

Wyandot Health Foundation, Inc. (Foundation) was established on June 10, 1985, per authority of the Ohio Revised Code. The Foundation is a legally separate, tax-exempt entity that raises funds on behalf of the Hospital. The Foundation is not a part of the primary government of the Hospital but, due to its relationship with the Hospital, it is discretely presented as a component unit within the Hospital's financial statements. The Board of the Foundation is self-perpetuating.

Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the Hospital. Because these restricted resources held by the Foundation can only be used by or for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

Basis of Presentation

The financial statements of the Hospital have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The Hospital follows the "business-type" activities reporting requirements of GASB Statement No. 34 that provide a comprehensive look at the Hospital's financial activities. The financial statements include the Foundation as a discretely presented component unit in the financial statements.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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, deferred outflows, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting

The Organization utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the full accrual basis. Substantially all revenue and expenses are subject to accrual.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less at the date of purchase.

Inventories

Inventories, consisting primarily of medical supplies and drugs, are valued at the lower of cost, determined using the first-in, first-out method, or market.

Loans Receivable

Loans receivable consist of the principal portion of loans issued. The Hospital issued a 5-year loan in 2023 requiring monthly payments of \$4,756 from November 2023 through October 2028. The loan carries interest of 6%. In 2023, the Hospital received principal payments of \$7,069 and recognized interest income of \$2,442.

Investments, Assets Limited as to Use, and Investment Income

Investments and assets limited as to use consist of mutual funds, certificates of deposit (stated at cost plus accrued interest, which approximates market value), money market funds, and government bonds (stated at market value).

Assets limited as to use consist of funds designated by the Board of Governors for future capital improvements over which the Board of Governors retains control and may at its discretion use for other purposes.

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.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Organization holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets

Purchased, constructed, or right-to-use leased capital assets are reported at historical costs. Contributed capital assets are recorded at their acquisition value at the time of their donation. Expenditures for capital assets must exceed \$5,000 in order for them to be capitalized. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred. All capital assets other than land are depreciated or amortized using the straight-line method of depreciation using these useful lives:

Buildings and building improvements	15 to 40 years
Fixed equipment	5 to 20 years
Major moveable equipment	3 to 25 years
Land improvements	5 to 25 years
Subscription-based information technology arrangements	3 to 5 years

Depreciation expense is included in depreciation and amortization in the statements of revenues, expenses and changes in net position. The asset and accumulated depreciation are removed from the related accounts when the asset is disposed. Any gain or loss resulting from this disposal is recorded in the statements of revenues, expenses and changes in net position.

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in 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. No asset impairment was recognized during the years ending December 31, 2023 and 2022.

Deferred Outflows of Resources

The Hospital reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Compensated Absences

The Hospital's employees earn vacation time at varying rates depending on years of service. Employees may accumulate vacation time, up to 600 hours, to be carried over to the subsequent year. Employees may accumulate holiday time, up to 128 hours, to be carried over to the subsequent year. The Hospital's employees also earn sick leave of 80 hours on an annual basis regardless of years of service. Upon retirement, employees with a minimum of 5 years of service have sick leave balances paid out at 25% of eligible hours at their current rate of pay. The maximum payout is 1,440 hours. As of December 2023 and 2022, the liability for accrued vacation and sick leave was \$2,731,038 and \$2,726,907, respectively.

Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

The Hospital participates in two cost-sharing multiple-employer defined benefit pension plans administered by the Ohio Public Employees Retirement System (OPERS), the Traditional Pension Plan and the Combined Plan (Plans). For purposes of measuring the net pension liability and net pension asset, deferred outflows of resources and deferred inflows of resources related to the pensions and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Cost-Sharing Defined Benefit Other Postemployment Benefit Plan

The Hospital participates in a cost-sharing multiple-employer defined benefit other postemployment benefit plan (OPEB) administered by OPERS. For purposes of measuring the net OPEB asset, liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The Hospital reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its statement of net position.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Net Position

The net position of the Organization is classified in three components: (1) Net invested in capital assets consist of capital assets net of accumulated depreciation and is reduced by the current balance of any outstanding borrowings used to finance the purchase or construction of those assets; (2) Restricted expendable net position are assets that must be used for a particular purpose; (3) Unrestricted net position is remaining net position that does not meet the definition of invested in capital assets net of related debt or restricted.

Restricted Resources

When the Organization has both restricted and unrestricted resources available to finance a particular program, it is the Organization's policy to use restricted resources before unrestricted resources.

Patient Accounts Receivable and Net Patient Service Revenue

The Hospital recognizes net patient service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less actual adjustments and estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid, managed care and other health plans. The Hospital is designated as a critical access facility by the Medicare program. As a result, Medicare inpatient and outpatient services are reimbursed at the approximate cost plus 1% of providing those services subject to the federal sequestration provisions. Payment for the majority of Medicaid inpatient and outpatient services is based on a prospectively determined fixed price. Gross patient service revenue is recorded in the accounting records using the established rates for the type of service provided to the patient. The Hospital recognizes an estimated contractual allowance to reduce gross patient charges to the estimated net realizable amount for services rendered based upon previously agreed-to rates with a payor. The Hospital utilizes the patient accounting system to calculate contractual allowances on a payor-by-payor basis based on the rates in effect for each primary third-party payor. Another factor that is considered and could further influence the level of the contractual reserves includes the status of accounts receivable balances as inpatient or outpatient. The Hospital's management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms that result from contract renegotiations and renewals.

Payors include federal and state agencies, including Medicare, Medicaid, managed care health plans, commercial insurance companies, employers, and patients. These third-party payors provide payments to the Hospital at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Hospital estimates an allowance for doubtful accounts based on an evaluation of historical losses, current economic conditions, and other factors unique to the Hospital.

Grants and Contributions

From time to time, the Organization receives grants and contributions from governmental organizations, private individuals, and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions received but for which eligibility requirements to recognize revenues have not yet been met are recorded as refundable advances. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported as other changes in net position.

Statements of Revenues, Expenses, and Changes in Net Position

The Hospital recognizes as operating revenues those transactions that are major or central to the provision of health care services. Operating revenues include those revenues received for direct patient care, grants received from organizations as reimbursement for patient care, and other incidental revenue associated with patient care. Operating expenses include those costs associated with providing patient care including costs of professional services, operating the hospital facilities, administrative expenses, and depreciation and amortization. Nonoperating revenues include investment income (losses) and grants and contributions received for purposes other than capital asset acquisition.

Charity Care

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

Of the Hospital's total operating expenses (approximately \$86,856,000 and \$68,862,000 during 2023 and 2022), an estimated \$487,000 and \$620,000 arose from providing services to charity patients during 2023 and 2022, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue. The Hospital participates in the Hospital Care Assurance Program (HCAP), which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services to the indigent and uninsured. Net amounts recognized through this program totaled a loss of \$314,521 and \$246,873 in 2023 and 2022, respectively, and are reported as net patient service revenue in the financial statements.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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.

The Hospital is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred, but not yet reported.

Income Taxes

As an instrumentality of a political subdivision of the state of Ohio, 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.

The Foundation is exempt under Section 501(c) as an organization described in Section 501(c)(3) of the Internal Revenue Code.

For the years ending December 31, 2023 and 2022, the entities did not report any unrelated business income.

Reclassifications

Certain reclassifications have made to the 2022 financial statements to conform to the 2023 presentation. The reclassifications had no effect on the changes in net position.

Subsequent Events

The Hospital has evaluated subsequent events through June 27, 2024, the date the financial statements were available to be issued.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

2. CHANGE IN ACCOUNTING PRINCIPLE

In 2023, the Hospital implemented GASB Statement No. 96 – *Subscription-Based Information technology Arrangements* (GASB 96), which requires subscription-based information technology arrangements (SBITAs) that have a maximum possible term greater than 12 months to be recorded in the statement of net position. Previously, SBITAs were not recorded in the statement of net position. The following table outlines the prior period adjustments necessary to implement this standard.

Statement of Net Position

	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Net Position	\$ 72,294,140	\$ (13,602)	\$ 72,307,742
Capital assets, net	51,930,068	2,572,702	54,502,770
Current portion of SBITA liability	-	(780,215)	(780,215)
Long-term SBITA liability, net of current portion	\$ -	\$ (1,778,885)	\$ (1,778,885)

Statement of Revenues, Expenses, and Changes in Net Position

	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Depreciation and amortization	\$ 4,149,578	\$ 834,709	\$ 4,984,287
Purchased services	14,831,056	(939,618)	13,891,438
Interest expense	2,512	215,693	218,205
Net increase in 2022 excess of revenues over expenses		<u>\$ 110,784</u>	

Statement of Cash Flows

	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Cash paid to vendors and supplies	\$ (34,575,711)	\$ 939,618	\$ (33,636,093)
Operating gain	8,705,265	104,909	8,810,174
Depreciation and amortization	4,149,578	834,709	4,984,287
Principal payments on SBITA obligations	-	(723,925)	(723,925)
Interest paid	\$ 2,512	\$ 215,693	\$ 218,205

3. DEPOSITS AND INVESTMENTS

Chapter 135 of the Ohio Uniform Depositor Act authorizes local and governmental units to make deposits in any national bank located in the state subject to inspection by the superintendent of financial institutions eligible to become a public depository. Section 135.14 of the Ohio Revised Code allows the local government to invest in United States treasury bills, notes, bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States of America and bonds and other obligations of the State of Ohio. Investments in no-load money market mutual funds, repurchase agreements, commercial paper, and bankers' acceptances are permitted subject to certain limitations that include completion of additional training, approved by the Auditor of State, or by the treasurer or governing board investing in these instruments.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Deposits

State law requires insurance or collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits might not be recovered. Through December 31, 2023, FDIC (Federal Deposit Insurance Corporation) insurance for funds held in interest bearing accounts is \$250,000 per depositor per category of legal ownership. Ohio Revised Code requires that deposits in excess of FDIC insured amounts are collateralized. The Hospital's investment policy does not address custodial credit risk, but the Hospital believes that the depository banks carry sufficient collateral to cover the total amount of public funds on deposit with the bank (after FDIC coverage) and that the Hospital is in compliance with the requirements specified in the Ohio Revised Code.

The bank balances of the Hospital's deposits at December 31, 2023 and 2022 totaled \$30,133,471 and \$33,405,262, respectively, and were subject to the following categories of custodial credit risk:

	<u>2023</u>	<u>2022</u>
Collateral held by the counterparty's agent but not in the name of the Hospital	\$ 27,286,603	\$ 29,661,591
Amount insured	<u>2,846,868</u>	<u>3,743,671</u>
Total bank balances	<u>\$ 30,133,471</u>	<u>\$ 33,405,262</u>

At December 31, 2023, the Foundation held money market funds, mutual funds, common stock, corporate bonds, and certificates of deposit totaling \$1,946,588. At December 31, 2022, the Foundation held money market funds, mutual funds, common stock, and certificates of deposit totaling \$2,036,912. These funds were uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Organization has an investment policy that meets the compliance requirements of state law. The investment policy guides the investment of funds in order to mitigate risk and generate investment income while preserving and maintaining sufficient liquidity to meet the objectives of the Organization.

Credit Risk

The Organization's investment policy addresses credit risk and meets the compliance requirements of the provisions of state law. For the years ended December 31, 2023 and 2022, the Organization did not hold debt securities.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Summary of Carrying Values

The carrying values of deposits and investments of the Organization are included in the statements of net position at December 31, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Carrying value:		
Deposits:		
Cash and cash equivalents	\$ 2,894,641	\$ 4,844,566
Money market funds	23,586,782	21,007,829
Certificates of deposit	4,685,843	9,216,111
Investments		
Mutual funds	864,365	972,016
Corporate bonds	411,464	200,049
Common stocks	-	35,912
Total	<u>\$ 32,443,095</u>	<u>\$ 36,276,483</u>

Included in the following statements of net position captions

Hospital:		
Cash and cash equivalents	\$ 1,366,268	\$ 2,348,473
Short-term investments	26,935,725	28,066,358
Assets limited as to use - board designated	1,507,110	2,184,517
Long-term investments	324,368	805,914
Foundation:		
Cash and cash equivalents	187,607	834,309
Short-term investments	1,344,993	1,836,863
Long-term investments	777,024	200,049
Total	<u>\$ 32,443,095</u>	<u>\$ 36,276,483</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investments in any issuer. This does not apply to obligations and agencies of the United States Treasury which are deemed to be "risk-free". The Hospital's investment policy requires that the portfolio be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific type of security. The Organization believes that it is not exposed to any significant credit risk on investments.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Investment Income

The Organization's investment income for the year ended December 31 consisted of the following:

	2023	2022
Hospital		
Interest and dividend income	\$ 1,283,733	\$ 266,197
Total investment income	<u>\$ 1,283,733</u>	<u>\$ 266,197</u>
Foundation		
Interest and dividend income	\$ 41,825	\$ 46,219
Net unrealized/realized gain (loss)	98,333	(171,821)
Total investment income (loss)	<u>\$ 140,158</u>	<u>\$ (125,602)</u>

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital and Foundation have the ability to access.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

- Money markets: Valued based at the subscription and redemption activity at a \$1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.
- Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.
- Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings.

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets at fair value as of December 31, 2023 and 2022. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

	2023			
	Level 1	Level 2	Level 3	Total
Money markets	\$ -	\$ 23,301,596	\$ -	\$ 23,301,596
	\$ -	\$ 23,301,596	\$ -	23,301,596
Certificates of deposit				4,124,841
Cash				1,340,766
Total investments and assets limited as to use				\$ 28,767,203
	2022			
	Level 1	Level 2	Level 3	Total
Money markets	\$ -	\$ 20,795,534	\$ -	\$ 20,795,534
	\$ -	\$ 20,795,534	\$ -	20,795,534
Certificates of deposit				8,599,471
Cash				1,661,784
Total investments and assets limited as to use				\$ 31,056,789

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Foundation assets measured at fair value on a recurring basis as of December 31, 2023 and 2022 are as follows:

	2023			Total
	Level 1	Level 2	Level 3	
Money market	\$ -	\$ 285,186	\$ -	\$ 285,186
Mutual funds:				
Large-cap value	318,368	-	-	318,368
Large-cap blend	353,261	-	-	353,261
Fixed income	192,736	-	-	192,736
Financial services sector corporate bonds	-	370,721	-	370,721
Consumer defensive sector corporate bonds	-	40,743	-	40,743
	\$ 864,365	\$ 696,650	\$ -	1,561,015
Certificates of deposit				561,002
Total investments and assets limited as to use				\$ 2,122,017

	2022			Total
	Level 1	Level 2	Level 3	
Money market	\$ -	\$ 212,295	\$ -	\$ 212,295
Mutual funds:				
Foreign large blend	86,243	-	-	86,243
Large-cap value	329,354	-	-	329,354
Large-cap blend	309,862	-	-	309,862
Mid-cap growth	127,511	-	-	127,511
Small-cap value	58,425	-	-	58,425
Money market	60,621	-	-	60,621
Technology common stocks	35,912	-	-	35,912
Financial services sector corporate bonds	-	200,049	-	200,049
	\$ 1,007,928	\$ 412,344	\$ -	1,420,272
Certificates of deposit				616,640
Total investments and assets limited as to use				\$ 2,036,912

The Hospital's policy is to recognize transfers between levels as of the end of the reporting period. There were no significant transfers between levels during 2023 and 2022.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

5. CAPITAL ASSETS

The Hospital's capital asset additions, transfers, retirements, and balances as of and for the years ended December 31, were as follows:

	2023				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Land	\$ 228,310	\$ -	\$ -	\$ -	\$ 228,310
Construction in process	1,695,386	7,944,943	(289,398)	-	9,350,931
Total non-depreciable capital assets	1,923,696	7,944,943	(289,398)	-	9,579,241
Depreciable capital assets:					
Land improvements	1,347,383	-	-	-	1,347,383
Buildings and improvements	54,212,507	948,764	289,398	(308,758)	55,141,911
Equipment	32,395,634	1,227,534	-	-	33,623,168
Total depreciable capital assets	87,955,524	2,176,298	289,398	(308,758)	90,112,462
Less accumulated depreciation:					
Land improvements	950,360	435	-	-	950,795
Buildings and improvements	15,779,910	1,683,523	-	(18,011)	17,445,422
Equipment	21,387,017	2,679,556	-	-	24,066,573
Total accumulated depreciation	38,117,287	4,363,514	-	(18,011)	42,462,790
Total depreciable capital assets, net	49,838,237	(2,187,216)	289,398	(290,747)	47,649,672
Intangible right-to-use assets:					
Leased building space	176,984	-	-	(122,790)	54,194
SBITA assets	4,343,886	-	-	(59,706)	4,284,180
Total intangible right-to-use assets	4,520,870	-	-	(182,496)	4,338,374
Less accumulated amortization					
Leased building space	8,849	18,004	-	(11,799)	15,054
SBITA assets	1,771,184	860,171	-	(59,706)	2,571,649
Total accumulated amortization	1,780,033	878,175	-	(71,505)	2,586,703
Total intangible right-to-use assets, net	2,740,837	(878,175)	-	(110,991)	1,751,671
Total capital assets, net	<u>\$ 54,502,770</u>	<u>\$ 4,879,552</u>	<u>\$ -</u>	<u>\$ (401,738)</u>	<u>\$ 58,980,584</u>

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

	2022				Ending Balance
	Beginning Balance	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Land	\$ 190,310	\$ 38,000	\$ -	\$ -	\$ 228,310
Construction in process	3,841,140	653,838	(2,799,592)	-	1,695,386
Total non-depreciable capital assets	4,031,450	691,838	(2,799,592)	-	1,923,696
Depreciable capital assets:					
Land improvements	1,340,857	6,526	-	-	1,347,383
Buildings and improvements	44,767,497	7,205,183	2,239,827	-	54,212,507
Equipment	30,030,371	1,805,498	559,765	-	32,395,634
Total depreciable capital assets	76,138,725	9,017,207	2,799,592	-	87,955,524
Less accumulated depreciation:					
Land improvements	950,360	-	-	-	950,360
Buildings and improvements	14,126,408	1,653,502	-	-	15,779,910
Equipment	18,899,790	2,487,227	-	-	21,387,017
Total accumulated depreciation	33,976,558	4,140,729	-	-	38,117,287
Total depreciable capital assets, net	42,162,167	4,876,478	2,799,592	-	49,838,237
Intangible right-to-use assets:					
Leased building space	-	176,984	-	-	176,984
SBITA assets	3,889,676	454,210	-	-	4,343,886
Total intangible right-to-use assets	3,889,676	631,194	-	-	4,520,870
Less accumulated amortization					
Leased building space	-	8,849	-	-	8,849
SBITA assets	936,475	834,709	-	-	1,771,184
Total accumulated amortization	936,475	843,558	-	-	1,780,033
Total intangible right-to-use assets, net	2,953,201	(212,364)	-	-	2,740,837
Total capital assets, net	<u>\$ 49,146,818</u>	<u>\$ 5,355,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,502,770</u>

Total depreciation and amortization expense related to the Hospital's capital assets for 2023 and 2022 was \$5,241,689 and \$4,984,287, respectively.

6. LEASE AND SBITA OBLIGATIONS

In 2022, The Hospital implemented the guidance of GASB Statement No. 87 – *Leases* for accounting and reporting leases that had previously been reported as operating leases. In 2023, the Hospital implemented the guidance of GASB No. 96 – SBITAs that had previously been reported as expense and not recorded in the statement of net position.

At implementation of GASB 87 and GASB 96 and the commencement of leases and SBITAs beginning after the implementation, the Hospital initially measured the lease liability and SBITA liability at the present value of payments expected to be made during the remaining lease and SBITA term. Subsequently, the lease liability and SBITA liability are reduced by the principal portion of payments made. The intangible right-to-use asset was initially measured as the initial amount of the lease liability and SBITA liability, adjusted for lease and SBITA payments made at or before the lease and SBITA commencement date, plus certain initial direct costs. Subsequently, the intangible right-to-use asset is amortized on a straight-line basis over its useful life.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Key estimates and judgments related to leases and SBITAs include how the Hospital determines (1) the discount rate it uses to discount the expected lease and SBITA payments to present value, (2) lease and SBITA term and (3) lease and SBITA payments. The Hospital uses the interest rate charged by the lessor or software subscription provider as the discount rate. When the interest rate is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITA payments included in the measurement of the lease and SBITA liability are composed of fixed payments and purchase option price that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstance that would require a remeasurement of its leases and SBITAs and will remeasure the lease and SBITA asset and liability if certain changes occur that are expected to significantly alter the amount of the lease and SBITA liability.

GASB 87 as Lessor

As lessor, the Hospital has a noncancellable real estate lease with a tenant that began in 2023 and expires in 2028. Lease-related revenues recognized by the Hospital for the year ended December 31, 2023, is as follows:

	<u>2023</u>
Lease revenue	\$ 4,047
Interest revenue	<u>3,153</u>
	<u>\$ 7,200</u>

Future receipts under this lease at December 31, 2023 are as follows:

2024	\$ 43,200
2025	46,800
2026	64,800
2027	64,800
2028	\$ 54,000

GASB 87 as Lessee

The Hospital entered into a lease in 2022 related to leasing building space. Term of this lease is 36 months with monthly minimum payments of \$1,600. For purposes of discounting future payments on leases, the Hospital uses the incremental borrowing rate. The accumulated amortization of the right-to-use asset of the leased building space is outlined in Note 5.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Remaining payments on this lease at December 31, 2023, include:

	Principal	Interest	Total
2024	\$ 17,935	\$ 1,265	\$ 19,200
2025	18,666	534	19,200
2026	3,184	16	3,200
Totals	<u>\$ 39,785</u>	<u>\$ 1,815</u>	<u>\$ 41,600</u>

GASB 96

SBITA agreements under GASB 96 for the Hospital include its electronic health records and financial reporting general ledger packages as well as other key subscription-based services. Terms of these SBITA agreements range between 36 and 60 months. The SBITA agreements requires monthly, quarterly, or annual payments ranging from \$3,450 to \$290,984 through 2027. The discount rate from all subscriptions is 7.5%.

Remaining payments on SBITA liabilities at December 31, 2023 include:

	Principal	Interest	Total
2024	\$ 655,481	\$ 119,813	\$ 771,480
2025	600,630	72,506	673,136
2026	256,567	40,880	297,447
2027	266,207	20,962	290,984
	<u>\$ 1,778,885</u>	<u>\$ 254,161</u>	<u>\$ 2,033,047</u>

7. PATIENT ACCOUNTS RECEIVABLE

The details of patient accounts receivable are set forth below:

	2023	2022
Gross patient accounts receivable	\$41,095,927	\$35,584,135
Less allowance for:		
Uncollectible accounts	(3,878,328)	(3,515,679)
Contractual adjustments	(21,611,235)	(18,659,190)
Net patient accounts receivable	<u>\$15,606,364</u>	<u>\$13,409,266</u>

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Hospital provides services without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of net receivables and gross revenues from patients and third-party payors was as follows:

	2023		2022	
	Accounts Receivable	Gross Revenue	Accounts Receivable	Gross Revenue
Medicare	43%	51%	40%	52%
Medicaid	16%	12%	16%	12%
Commercial	33%	35%	36%	35%
Self-pay	8%	2%	8%	1%
	100%	100%	100%	100%

8. ESTIMATED AMOUNTS DUE FROM THIRD-PARTY PAYORS

The Hospital has agreements with third-party payors that provide for payment to the Hospital at amounts different from its established rates. The Hospital is designated as a Critical Access Hospital (CAH) under the Medicare and Medicaid programs. CAHs receive payments on a reasonable cost basis, for inpatient and most outpatient services to eligible Medicare patients. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare: In March 2005, the Hospital became a Critical Access Hospital. After March 2005, inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Other outpatient services are reimbursed based on fee schedules.
- The Hospital and the Hospital's swing beds are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.
- Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge. Medicaid outpatient services are reimbursed based upon the lesser of the Hospital's charge or predetermined fee schedule amounts. Capital related expenditures are subject to annual cost report settlement.
- Other Payors: The Hospital has entered into agreements with certain commercial carriers. Reimbursement for services under these agreements includes discounts from established charges and other payment methodologies.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined. Management has determined that there was \$405,312 and \$462,705 due to third party payors as of December 31, 2023 and 2022, respectively. There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Differences between the estimated amounts accrued at interim and final settlements are reported in the statement of revenues, expenses and changes in net position in the year of settlement. Medicare cost reports have been final settled through 2021.

9. NET PATIENT SERVICE REVENUES

Net patient service revenue consists of the following:

	2023	2022
Revenue:		
Inpatient	\$ 21,500,424	\$ 19,300,862
Outpatient	167,134,686	151,080,801
Total patient revenue	<u>188,635,110</u>	<u>170,381,663</u>
Revenue deductions:		
Contractual write-offs	105,852,661	91,200,873
Provision for bad debts	2,437,601	2,175,246
Charity care	1,057,289	1,532,626
Total deductions	<u>109,347,551</u>	<u>94,908,745</u>
Total net patient service revenue	<u>\$ 79,287,559</u>	<u>\$ 75,472,918</u>

10. OTHER LIABILITIES

Medical Malpractice

For medical malpractice, the Hospital has professional liability insurance with a commercial carrier. Coverage is \$1,000,000 per occurrence and \$3,000,000 in the annual aggregate. The Hospital's coverage is on a claims made basis. Settled claims for medical malpractice have not exceeded insurance coverage in any of the past five years. Losses from asserted and unasserted claims identified under the Hospital's incident reporting systems are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. There is no liability for medical malpractice at December 31, 2023 and 2022.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Employee Health Insurance

The Hospital provides health insurance to participating employees under a plan that is partially self-insured. The plan is covered by a stop-loss policy that covers specific items per covered person over \$70,000 and aggregate claims exceeding \$1,000,000. An estimate of incurred but unpaid claims has been determined as of December 31, 2023 and 2022 based on historical experience. The liability for estimated self-insured employee health claims includes estimates of the ultimate costs for both reported claims and incurred but not reported claims. Activity and balances as of and for the years ended December 31, 2023 and 2022 are as follows:

	Beginning Liability	Claims Incurred	Claims Paid	Ending Liability
2022	\$ 537,079	\$ 3,914,248	\$ 3,582,768	\$ 868,559
2023	\$ 868,559	\$ 3,345,542	\$ 3,775,183	\$ 438,918

11. RETIREMENT PLANS

The Hospital is a participating employer contributing to the OPERS, which administers two cost sharing multiple employer defined benefit pension plans, and one defined contribution pension plan.

- 1) The Traditional Pension Plan – a cost sharing multiple-employer defined benefit pension plan.
- 2) The Combined Plan – a cost sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan, a defined contribution pension plan discussed in greater detail under “Defined Contribution Plan” in this footnote.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Please see the Plan Statement in the Comprehensive Annual Financial Report for details.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Retirement Plans

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liabilities and assets generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 2 to 10 years).

The collective net pension asset and liability of the retirement systems (GASB 68) and the Hospital's proportionate share of the net pension asset and liability as of December 31 are as follows:

Traditional Pension Plan	2023	2022
Net pension liability - all employers	\$ 29,540,043,780	\$ 8,700,404,651
Proportion of the net pension liability - Hospital	0.15428%	0.13046%
	\$ 45,574,970	\$ 11,350,896
Combined Plan	2023	2022
Net pension asset - all employers	\$ 235,689,691	\$ 394,005,071
Proportion of the net pension asset - Hospital	0.12980%	0.12077%
	\$ 305,925	\$ 475,844

The increase in pension liability is due to actual earnings on investments being less than projected earnings on investments.

Expenses of \$9,347,487 from pension costs were recognized in the year ended December 31, 2023. Pension gain for the year ended December 31, 2022, was \$406,544.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

At December 31, 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023					
	Traditional Plan		Combined Plan		Total Defined Benefit Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,513,809	\$ -	\$ 18,808	\$ 43,713	\$ 1,532,617	\$ 43,713
Net difference between projected and actual earnings on pension plan assets	12,990,298	-	111,492	-	13,101,790	-
Assumption changes	481,467	-	20,254	-	501,721	-
Change in proportionate share	2,745,556	-	1,503	89,035	2,747,059	89,035
Difference between Hospital contributions and proportionate share of contributions	-	4,528	-	1,224	-	5,752
Hospital contributions subsequent to the measurement date	3,517,935	-	63,863	-	3,581,798	-
Total	<u>\$ 21,249,065</u>	<u>\$ 4,528</u>	<u>\$ 215,920</u>	<u>\$ 133,972</u>	<u>\$ 21,464,985</u>	<u>\$ 138,500</u>

At December 31, 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022					
	Traditional Plan		Combined Plan		Total Defined Benefit Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 579,957	\$ 248,953	\$ 2,952	\$ 53,221	\$ 582,909	\$ 302,174
Net difference between projected and actual earnings on pension plan assets	-	13,501,478	-	102,014	-	13,603,492
Assumption changes	1,419,418	-	23,912	-	1,443,330	-
Change in proportionate share	1,232,643	-	1,864	77,695	1,234,507	77,695
Difference between Hospital contributions and proportionate share of contributions	-	4,134	-	1,222	-	5,356
Hospital contributions subsequent to the measurement date	3,348,177	-	77,976	-	3,426,153	-
Total	<u>\$ 6,580,195</u>	<u>\$ 13,754,565</u>	<u>\$ 106,704</u>	<u>\$ 234,152</u>	<u>\$ 6,686,899</u>	<u>\$ 13,988,717</u>

Net deferred (outflows) of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending December 31 as follows:

	Traditional Plan	Combined Plan	Total Defined Benefit Plans
2024	\$ (3,693,799)	\$ 9,995	\$ (3,683,804)
2025	(3,845,572)	(5,991)	(3,851,563)
2026	(3,823,677)	(14,064)	(3,837,741)
2027	(6,363,554)	(34,155)	(6,397,709)
2028	-	13,994	13,994
Thereafter	-	12,136	12,136
Total	<u>\$ (17,726,602)</u>	<u>\$ (18,085)</u>	<u>\$ (17,744,687)</u>

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Statutory Authority

Ohio Revised Code (ORC) Chapter 145

Benefit Formula

Pensions: Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit vests in upon receipt of the initial benefit payment.

Contribution Rates

The ORC provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of earnable salary of active members. In 2023 and 2022, State and Local employers contributed a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to healthcare for members in the Traditional Pension Plan was 0.0% during calendar years 2023 and 2022. For the Combined Plan, the portion of employer contributions allocated to healthcare was 0% from January 1, 2022 to June 30, 2022, and 2% from July 1, 2022 to December 31, 2023. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the healthcare provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2023 and 2022 was 4.0%.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Cost-of-Living Adjustments

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment is provided on the member's base pension benefit at the date of retirement and is not compounded. For those members retiring under the Combined Plan, they will receive a cost-of-living adjustment for the defined benefit portion of their pension benefit. Current law provides for a 3% cost-of-living adjustment for benefit recipients retiring prior to January 7, 2013. For those benefit recipients retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the cost-of-living adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Measurement Date

December 31, 2022

Actuarial Assumptions

Valuation Date: December 31, 2022

Actuarial Cost Method: Individual entry age

Investment Rate of Return: 6.90%

Inflation: 2.75%

Projected Salary Increases: 2.75% - 10.75% for Traditional Plan, 2.75% - 8.25% for Combined Plan

Cost-of-Living Adjustments: 3.00% Simple – for those retiring after January 7, 2013, 3.00% Simple for those retiring after January 7, 2013, through 2023, then 2.05% Simple

Date of Last Experience Study

December 31, 2020

Mortality Rates

Mortality rates are based on 130% of the Pub-2010 General Employee Mortality Tables (males and females) for state and local government divisions and 170% of the Pub-2010 Safety Employee Mortality Tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For the previously described tables, the base year is 2010 and the mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Investment Return Assumptions

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2022 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Return *</u>
Fixed income	22%	2.6%
Domestic equity	22%	4.6%
Real estate	13%	3.3%
Private equity	15%	7.5%
International equity	21%	5.5%
Risk parity	2%	4.4%
Other investments	5%	3.3%
Total	<u>100%</u>	

* Returns presented as arithmetic means

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined.

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 assets and liabilities.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Sensitivity of Net Pension Liability to Changes in Discount Rate

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
\$ 68,269,785	\$ 45,574,970	\$ 26,696,957

Sensitivity of Net Pension Asset to Changes in Discount Rate

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
\$ 159,654	\$ 305,925	\$ 421,850

The amount of contributions recognized by the Hospital relating to the traditional pension plan for the years ending December 31, 2023 and 2022 was approximately \$3,518,000 and \$3,348,000, respectively.

The amount of contributions recognized by the Hospital relating to the combined plan for the years ending December 31, 2023 and 2022 was approximately \$64,000 and \$78,000, respectively.

Defined Contribution Plans

OPERS also offers a defined contribution plan, the Member-Directed (MD) Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The MD Plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant’s choice of investment options.

Pension expense recorded for the years ended December 31, 2023 and 2022, for contributions to the Member-Directed Plan was approximately \$128,000 and \$130,000, respectively.

Deferred Compensation Plan

All full-time employees of the Hospital may participate in a deferred compensation plan created by the state of Ohio under the provisions of the Internal Revenue Code (IRC) Section 457, *Deferred Compensation Plans with Respect to Service for State and Local Governments*. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

Compensated assets deferred under a plan, all property, rights and all income attributable to those amounts, property or rights are held in trust at the state level for the benefit of the participants.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

12. OTHER POST-EMPLOYMENT BENEFITS

The Hospital is a participating employer contributing to the OPERS, which maintains a cost-sharing multiple employer defined benefit post-employment healthcare trust, which funds multiple health care plans including medical coverage, prescription drug program and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

In accordance with GASB Statement No. 75, employers participating in cost-sharing multiple employer plans are required to recognize a proportionate share of the collective OPEB assets and liabilities of the plan.

The collective net OPEB asset of the retirement systems (GASB 75) and the Hospital's proportionate share of the net OPEB asset as of December 31 were as follows:

	2023	2022
Net OPEB asset (liability) - all employees	\$ (630,519,175)	\$ 3,132,153,063
Proportion of the net OPEB asset (liability) - Hospital	0.15510%	0.13039%
	<u>\$ (977,942)</u>	<u>\$ 4,084,108</u>

In 2023 and 2022, the Hospital recognized a gain relating to the OPEB plan of \$1,317,950 and \$2,868,054, respectively.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

At December 31, 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources for OPEB from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 243,937
Net difference between projected and actual earnings on OPEB plan assets	1,942,226	-
Assumption changes	955,178	78,595
Change in proportionate share	69,901	-
Difference between Hospital contributions and proportionate share of contributions	3,923	-
Hospital contributions subsequent to the measurement date	61,839	-
Total	\$ 3,033,067	\$ 322,532

At December 31, 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources for OPEB from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 619,497
Net difference between projected and actual earnings on OPEB plan assets	-	1,947,015
Assumption changes	-	1,653,201
Change in proportionate share	433,192	-
Difference between Hospital contributions and proportionate share of contributions	313	3,062
Hospital contributions subsequent to the measurement date	57,966	-
Total	\$ 491,471	\$ 4,222,775

Net deferred (outflows) of resources and deferred inflows of resources related to OPEB will be recognized in pension expense during the years ending December 31 as follows:

2024	\$	(387,082)
2025		(717,708)
2026		(605,649)
2027		(938,257)
Total	\$	(2,648,696)

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Statutory Authority

Ohio Revised Code (ORC) Chapter 145

Benefit Formula

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and the Combined Pension Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the connector and may be eligible for monthly allowances deposited to a health reimbursement account to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The OPERS determines the amount, if any of the associated health care costs that will be absorbed by the OPERS and attempts to control costs by using managed care, case management, and other programs. Effective January 1, 2022, eligible non-Medicare retirees are part of a connector program, similar to Medicare-enrolled retirees.

Contribution Rates

The ORC provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of earnable salary of active members. In 2023 and 2022, State and Local employers contributed a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% during calendar years 2023 and 2022. For the Combined Plan, the portion of employer contributions allocated to healthcare was 0% from January 1, 2022 to June 30, 2022, and 2% from July 1, 2022 to December 31, 2023. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2023 and 2022 was 4.0%.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Measurement Date

December 31, 2022, rolled forward from December 31, 2021 actuarial valuation date.

Actuarial Assumptions

Valuation Date: December 31, 2021

Rolled Forward Measurement Date: December 31, 2022

Actuarial Cost Method: Individual entry age

Investment Rate of Return: 6.00%

Inflation: 2.75%

Projected Salary Increases: 2.75% - 10.75%

Health Care Cost Trend: 5.5% initial, 3.5% ultimate in 2034

Date of Last Experience Study

December 31, 2020

Mortality Rates

Mortality rates are based on 130% of the Pub-2010 General Employee Mortality Tables (males and females) for state and local government divisions and 170% of the Pub-2010 Safety Employee Mortality Tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For the previously described tables, the base year is 2010 and the mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Investment Return Assumptions

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The following table displays the OPERS Board-approved asset allocation policy for health care assets for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return *
Fixed income	34%	2.6%
Domestic equity	26%	4.6%
Real estate	7%	4.7%
International equity	25%	5.5%
Risk parity	2%	4.4%
Other investments	6%	1.8%
Total	<u>100%</u>	

* Returns presented as arithmetic means

Discount Rate

A discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.0%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). The single discount rate was based on an expected rate of return on the health care investment portfolio of 6.0% and a municipal bond rate of 4.05%. The projected cash flows used to determine the discount rate assumed that the employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the project period through which health care payments are fully funded.

Health Care Cost Trend Rate

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care. The trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increased will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% for the most recent valuation.

WYANDOT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Sensitivity of Net OPEB Liability to Changes in Discount Rate

1% Decrease	Current Rate	1% Increase
(4.22%)	(5.22%)	(6.22%)
\$ 3,328,467	\$ 977,942	\$ (961,626)

Sensitivity of Net OPEB Liability to Changes in Health Care Cost Trend Rate

1% Decrease	Current Rate	1% Increase
(7.50%)	(8.50%)	(9.50%)
\$ 916,647	\$ 977,942	\$ 1,046,932

The amount of contributions recognized by the Hospital relating to the OPEB for the years ending December 31, 2023 and 2022 was approximately \$62,000 and \$58,000, respectively.

13. CONTINGENCY

Compliance Risks

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance that have not been provided for in the financial statements; however, the possible future financial effects of this matter on the Hospital, if any, are not presently determinable.

REQUIRED SUPPLEMENTARY INFORMATION

WYANDOT MEMORIAL HOSPITAL

REQUIRED SUPPLEMENTARY INFORMATION ON GASB 68 PENSION ASSETS, PENSION LIABILITIES, AND PENSION CONTRIBUTIONS (UNAUDITED) DECEMBER 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, AND 2015

Schedule of Proportionate Share of the Net Pension Assets and Liability (rounded to the nearest thousand)

Traditional Defined Benefit Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Hospital proportion of the collective net pension liability	0.15%	0.13%	0.12%	0.11%	0.11%	0.11%	0.10%	0.10%	0.09%
Hospital proportionate share of the net pension liability	\$ 45,575,000	\$ 11,351,000	\$ 18,357,000	\$ 22,675,000	\$ 30,794,000	\$ 16,546,000	\$ 23,577,000	\$ 17,497,000	\$ 11,135,000
Hospital covered payroll	\$ 23,916,000	\$ 18,941,000	\$ 17,453,000	\$ 16,146,000	\$ 14,030,000	\$ 13,920,000	\$ 13,428,000	\$ 12,572,000	\$ 11,318,000
Hospital proportionate share of the net pension liability as a percentage of its covered payroll	190.6%	59.9%	105.2%	140.4%	219.5%	118.9%	175.6%	139.2%	98.4%
Plan fiduciary net position as a percentage of the total pension liability	75.7%	92.6%	86.9%	82.2%	74.7%	84.7%	77.3%	81.1%	86.5%
Combined Defined Benefit Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Hospital proportion of the collective net pension asset	0.13%	0.12%	0.10%	0.07%	0.07%	0.08%	0.06%	0.06%	0.05%
Hospital proportionate share of the net pension asset	\$ 306,000	\$ 476,000	\$ 278,000	\$ 149,000	\$ 80,000	\$ 103,000	\$ 35,000	\$ 29,000	\$ 18,000
Hospital covered payroll	\$ 600,000	\$ 551,000	\$ 424,000	\$ 319,000	\$ 289,000	\$ 309,000	\$ 244,000	\$ 220,000	\$ 161,000
Hospital proportionate share of the net pension asset as a percentage of its covered payroll	51.0%	86.4%	65.6%	46.7%	27.7%	33.3%	14.3%	13.2%	11.2%
Plan fiduciary net position as a percentage of the total pension asset	137.1%	169.9%	157.7%	145.3%	126.6%	137.3%	116.6%	116.9%	114.8%

Schedule of Hospital Contributions (rounded to the nearest thousand)

Traditional Defined Benefit Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,518,000	\$ 3,348,000	\$ 2,652,000	\$ 2,443,000	\$ 2,260,000	\$ 1,964,000	\$ 1,810,000	\$ 1,611,000	\$ 1,509,000
Contributions in relation to the contractually required contribution	\$ 3,518,000	\$ 3,348,000	\$ 2,652,000	\$ 2,443,000	\$ 2,260,000	\$ 1,964,000	\$ 1,810,000	\$ 1,611,000	\$ 1,509,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,128,000	\$ 23,916,000	\$ 18,941,000	\$ 17,453,000	\$ 16,146,000	\$ 14,030,000	\$ 13,920,000	\$ 13,428,000	\$ 12,572,000
Contributions as a percentage of covered payroll	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	13.0%	12.0%	12.0%
Combined Defined Benefit Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 64,000	\$ 78,000	\$ 77,000	\$ 59,000	\$ 45,000	\$ 40,000	\$ 40,000	\$ 29,000	\$ 26,000
Contributions in relation to the contractually required contribution	\$ 64,000	\$ 78,000	\$ 77,000	\$ 59,000	\$ 45,000	\$ 40,000	\$ 40,000	\$ 29,000	\$ 26,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 532,000	\$ 600,000	\$ 551,000	\$ 424,000	\$ 319,000	\$ 289,000	\$ 309,000	\$ 244,000	\$ 220,000
Contributions as a percentage of covered payroll	12.0%	13.0%	14.0%	14.0%	14.0%	14.0%	13.0%	12.0%	12.0%

Note: This schedule is intended to present ten years of the proportionate share of the net pension liability and contributions. Currently, only those years with information available are presented.

WYANDOT MEMORIAL HOSPITAL

REQUIRED SUPPLEMENTARY INFORMATION ON GASB 75 OTHER POSTEMPLOYMENT BENEFIT ASSETS, LIABILITIES AND CONTRIBUTIONS (UNAUDITED) DECEMBER 31, 2023, 2022, 2021, 2020, 2019, AND 2018

Schedule of Proportionate Share of the Net OPEB Liability (rounded to the nearest thousand)

OPEB	2023	2022	2021	2020	2019	2018
Hospital proportion of the collective net OPEB asset	0.00%	0.13%	0.12%	0.00%	0.00%	0.00%
Hospital proportionate share of the net OPEB asset	\$ -	\$ 4,084,000	\$ 2,157,000	\$ -		
Hospital proportion of the collective net OPEB liability	0.16%	0.00%	0.00%	0.11%	0.11%	0.10%
Hospital proportionate share of the net OPEB liability	\$ 978,000	\$ -	\$ -	\$ 15,556,000	\$ 14,444,000	\$ 11,332,000
Hospital covered payroll	\$ 25,815,000	\$ 20,333,000	\$ 18,308,000	\$ 17,020,000	\$ 14,841,000	\$ 14,728,000
Hospital proportionate share of the net OPEB asset as a percentage of its covered payroll	0.0%	20.1%	11.8%	0.0%	0.0%	0.0%
Hospital proportionate share of the net OPEB liability as a percentage of its covered payroll	3.8%	0.0%	0.0%	91.4%	97.3%	76.9%
Plan fiduciary net position as a percentage of the total OPEB liability	94.8%	128.2%	115.6%	47.8%	46.3%	54.1%

Schedule of Hospital Contributions (rounded to the nearest thousand)

OPEB	2023	2022	2021	2020	2019	2018
Contractually required OPEB contribution	\$ 62,000	\$ 58,000	\$ 34,000	\$ 17,000	\$ 22,000	\$ 21,000
Contributions in relation to the contractually required contribution	\$ 62,000	\$ 58,000	\$ 34,000	\$ 17,000	\$ 22,000	\$ 21,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 26,940,000	\$ 25,815,000	\$ 20,333,000	\$ 18,308,000	\$ 17,020,000	\$ 14,841,000
Contributions as a percentage of covered payroll	0.23%	0.22%	0.17%	0.09%	0.13%	0.14%

Note: This schedule is intended to present ten years of the proportionate share of the net OPEB liability and contributions. Currently, only those years with information available are presented.

WYANDOT MEMORIAL HOSPITAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Defined Benefit Pension Plans

Changes of Benefit Terms

Amounts reported in 2015 for OPERS reflect the following plan changes:

- The minimum age and number of years of service required to receive an unreduced benefit were each increased by two years for members in the state and local divisions. The minimum retirement age required for law enforcement members did not change, however, the minimum retirement age was increased by two years.
- Final average salary (FAS) increased to the highest five years (up from three years).
- The benefit multiplier used for the first 30 years (2.2 percent of FAS) was increased to the first 35 years of service.
- Age and service reduction factors changed to represent actuarially determined rates for each year a member retires before attaining full retirement.
- The Cost of Living Adjustment (COLA) was changed for new retirees from a simple 3 percent applied to the benefit value at date of retirement, to a rate based on the change in the Consumer Price Index, not to exceed 3 percent.

Changes of Assumptions

In 2021, the OPERS' Board of Trustees' actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions for the actuarial valuation as of December 31, 2022, used for the Hospital's 2023 fiscal year. Amounts reported in the Hospital's 2023 fiscal year for the OPERS pension plans reflect the following change of assumptions from the amounts reported for the 2020 fiscal year based on the experience study:

- Actuarially assumed expected rate of investment return remained consistent at 6.9%.
- Projected salary increases decreased to 2.75% to 10.75% for the Traditional Pension Plan and at 2.75% to 8.25% for the Combined Plan in 2023.

2. Defined Benefit Postemployment Benefits other than Pensions

Changes of Assumptions

Amounts reported in 2023 for OPERS reflect the following changes in assumptions based on an experience study for the five year period ending December 31, 2020:

- Actuarially assumed discount rate decreased from 6.0% to 5.22%.
- Health care cost trend rate decreased from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2036.



Blue & Co., LLC / 9200 Worthington Road, Suite 200 / Westerville, OH 43082
main 614.885.BLUE (2583) fax 614.885.0580 email blue@blueandco.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Wyandot Memorial Hospital
Wyandot County
885 N Sandusky Ave
Upper Sandusky, Ohio 43351

To the Board of Governors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 discretely presented component unit of Wyandot Memorial Hospital (the "Hospital"), as of and for the year ending December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2024.

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 opinions 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented, or detected and corrected, in 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.

Wyandot Memorial Hospital

Wyandot County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*


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 internal control deficiencies that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Hospital's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital'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 Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Westerville, Ohio

June 27, 2024

OHIO AUDITOR OF STATE KEITH FABER



WYANDOT MEMORIAL HOSPITAL

WYANDOT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/15/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov