# WYANDOT MEMORIAL HOSPITAL

**(WYANDOT COUNTY, OHIO)**

**FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022 AND 2021**

CPAs / ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of Wyandot Memorial Hospital, Wyandot County, prepared by Blue & Co., LLC, for the audit period January 1, 2022 through December 31, 2022. 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. Wyandot Memorial Hospital is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 01, 2023

**This page intentionally left blank.**

# WYANDOT MEMORIAL HOSPITAL

TABLE OF CONTENTS
DECEMBER 31, 2022 AND 2021

**This page intentionally left blank.**

CPAs / ADVISORS

blue

Blue & Co., LLC / 9200 Worthington Road Suite 200 / Westerville, OH 43082
main 614.885.2583 website blueandco.com

**REPORT OF INDEPENDENT AUDITORS**

To the Board of Governors
Wyandot Memorial Hospital
Upper Sandusky, OH

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, 2022 and 2021, 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, 2022 and 2021, 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 2022, the Hospital adopted Government Accounting Standards Board (GASB) Statement No. 87 – *Leases*. We did not modify our opinion regarding 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The accompanying Schedule of Expenditures of Federal Award, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, 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 29, 2023

## 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, 2022, 2021, and 2020. 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 5.

## Financial Highlights

- The Hospital's current assets decreased by $3,724,460 or 7.3% in 2022 compared to a $6,255,819 or 10.9% decrease in 2021. The change in 2022 was due to cash and investments having been liquidated for the purchase of capital assets. The change in 2021 was due to a lesser amount of federal grants and loans having been received in 2021 relative to 2020.
- The Hospital's total liabilities decreased $9,354,137 or 28.4% in 2022 compared to a $32,826,944 or 49.9% decrease in 2021. The change in 2022 was due to a decrease in net pension liability of $7,005,918 and a decrease in refundable advances of $5,636,320. In 2021, the change was due to a decrease in net pension liability of $4,318,372, a decrease in net other post-employment benefits (OPEB) liability of $15,555,886, forgiveness of the Hospital's $3,960,000 Paycheck Protection Program loan, recoupment of $2,139,744 in Medicare and Medical Mutual Advance Payments, and a decrease in accounts payable of $3,408,667.
- The Hospital's net position increased by $9,975,045 in 2022 compared to an increase of $19,949,700 in 2021. The decrease in change in net position between years is primarily due to an increase in employee benefits expense of $7,715,383 from 2021 to 2022, relative to a decrease in employee benefits expense of $15,817,183 from 2020 to 2021. These changes were largely the result of actuarial estimates associated with the employer portion of costs associated with the Ohio Public Employees Retirement System (OPERS) pension and OPEB plans.
- The decrease in the Hospital's total income from operations in 2022 of $2,306,103 from 2021 is the result of a 31.1% increase in operating revenue of $18,415,982 and a 43.0% increase in operating expenses of $20,772,085.
- During 2022, the Hospital adopted GASB No. 87 – Leases, which requires certain leases to be recorded in the statement of net position.

## 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 increased by $9,975,045 in 2022.

## 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, 2022, 2021, and 2020:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Assets and Deferred Outflows of Resources** | | | |
| Current assets | $ 47,404,110 | $ 51,128,570 | $ 57,384,389 |
| Assets limited as to use | 2,184,517 | 1,698,843 | 7,304,409 |
| Long-term investments | 805,914 | 2,435,469 | 5,776,693 |
| Capital assets, net | 51,930,068 | 46,193,617 | 37,315,253 |
| Net other post-employment benefit asset | 4,084,108 | 2,156,674 | - |
| Net pension asset | 475,844 | 277,905 | 149,474 |
| **Total assets** | 106,884,561 | 103,891,078 | 107,930,218 |
| Deferred outflows of resources | | | |
| Pension | 6,686,899 | 4,129,139 | 4,408,971 |
| Other post-employment benefits | 491,471 | 1,868,877 | 2,865,416 |
| **Total deferred outflows of resources** | 7,178,370 | 5,998,016 | 7,274,387 |
| **Total Assets and Deferred Outflows of Resources** | $ 114,062,931 | $ 109,889,094 | $ 115,204,605 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | | | |
| Current liabilities | $ 12,052,822 | $ 14,554,622 | $ 22,410,182 |
| Noncurrent liabilities | 11,504,477 | 18,356,814 | 43,328,198 |
| Total liabilities | 23,557,299 | 32,911,436 | 65,738,380 |
| Deferred inflows of resources | | | |
| Pension | 13,988,717 | 8,059,797 | 4,877,781 |
| Other post-employment benefits | 4,222,775 | 6,598,766 | 2,219,049 |
| Total deferred inflows of resources | 18,211,492 | 14,658,563 | 7,096,830 |
| **Net Position** | | | |
| Net investment in capital assets | 51,506,943 | 45,710,415 | 32,627,790 |
| Restricted | 4,559,952 | 2,434,579 | 5,360,150 |
| Unrestricted | 16,227,245 | 14,174,101 | 4,381,455 |
| **Total net position** | 72,294,140 | 62,319,095 | 42,369,395 |
| **Total Liabilities, Deferred Inflows of Resources and Net Position** | $ 114,062,931 | $ 109,889,094 | $ 115,204,605 |

A significant component of the Hospital's assets are capital assets. Capital assets, net, increased by $5,763,451, or 12.4% in 2022. Capital assets acquired by the Hospital were $9,886,029 in 2022. These additions were offset by depreciation and amortization of $4,149,578. Capital assets, net, increased by $8,878,364, or 23.8% in 2021. Fixed assets acquired by the Hospital were $12,378,110 in 2021. These additions were offset by depreciation and amortization of $3,499,746.

## 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, 2022, 2021, and 2020:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Revenues** | | | |
| Net patient service revenue | $ 75,472,918 | $ 57,856,518 | $ 50,514,640 |
| Other operating revenue | 2,199,469 | 1,399,887 | 2,000,765 |
| Total operating revenue | 77,672,387 | 59,256,405 | 52,515,405 |
| **Expenses** | | | |
| Salaries and wages | 28,371,380 | 25,480,735 | 21,229,018 |
| Employee benefits | 889,300 | (6,826,083) | 8,991,100 |
| Supplies and other expenses | 20,194,927 | 14,841,410 | 13,237,618 |
| Professional fees and services | 14,831,056 | 10,955,881 | 9,908,490 |
| Depreciation and amortization | 4,149,578 | 3,499,746 | 2,976,659 |
| Insurance | 530,881 | 293,348 | 485,819 |
| Total operating expenses | 68,967,122 | 48,245,037 | 56,828,704 |
| Operating gain (loss) | 8,705,265 | 11,011,368 | (4,313,299) |
| Nonoperating revenue and capital gifts | 1,269,780 | 8,938,332 | 4,980,954 |
| Increase in net position | 9,975,045 | 19,949,700 | 667,655 |
| Net position, beginning of year | 62,319,095 | 42,369,395 | 41,701,740 |
| Net position, end of year | $ 72,294,140 | $ 62,319,095 | $ 42,369,395 |

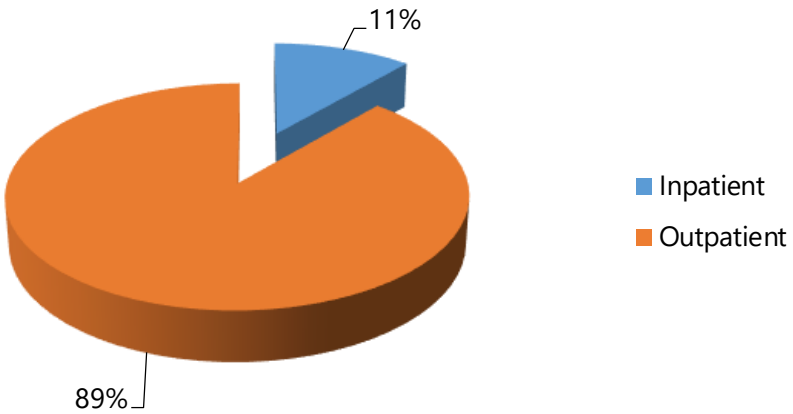
## Operating Revenues

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.

Operating revenue changes were a result of the following factors:

- 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 increase in inpatient volumes in 2022 relative to 2021.
- Net patient service revenue increased $7,341,878 or 14.5% from 2020 to 2021. This increase was primarily due to higher patient volumes in 2021 compared to 2020.

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




**Operating Expenses**

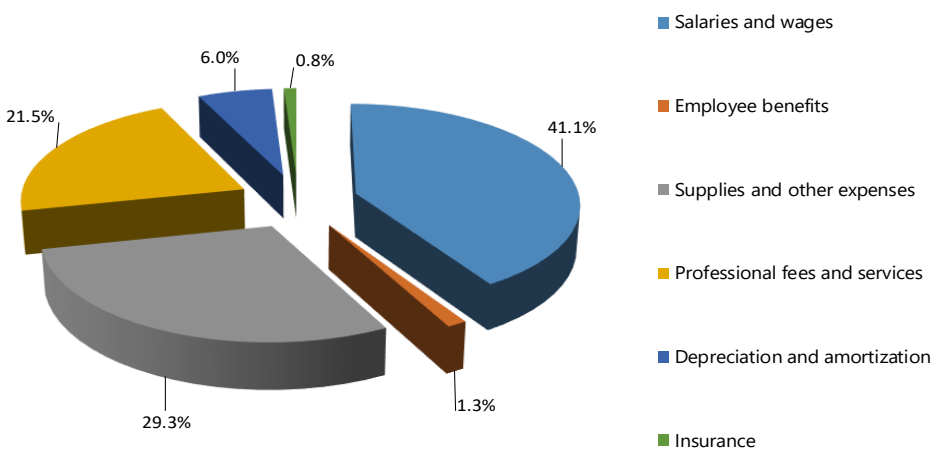
Operating expenses are all the costs necessary to perform and conduct the services and primary purposes of the Hospital. The significant operating expense changes were the result of the following factors:

- Salaries and wages increased $2,890,645 or 11.3% from 2021 to 2022. The increase between years is due to an 8.8% increase in staff and a 4% pay raise in 2022. Salaries and wages increased $4,251,717 or 20.0% from 2020 to 2021. The increase in salaries and wages between 2020 and 2021 was due to a 5.6% increase in staff, 3% pay raise, and $2,369,250 in bonuses distributed to employees in 2021.

- 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. Employee benefits decreased $15,817,183 or 175.9% from 2020 to 2021. This decrease was primarily related to decreased expenses associated with the OPERS pension and OPEB plans caused by actuarial estimates.

- Supplies and other expenses increased $5,353,717 or 36.1% from 2021 to 2022. This increase was primarily due to increased revenue and increased cost of supplies between years. Supplies and other expenses increased $1,603,792 or 12.1% from 2020 to 2021. 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.

**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 income of $8,705,265 and $11,011,368 in 2022 and 2021, respectively, and an operating loss of $4,313,299 in 2020.

The decrease of $2,306,103 in the Hospital's total operating income in 2022 compared to 2021 is the result of a $18,415,982 increase in operating revenue and a $20,722,085 increase in operating expenses.

The increase in the Hospital's total operating loss to an operating income in 2021 of $15,324,667 from 2020 is the result of a 12.8% increase in operating revenue of $6,741,000 and a 15.1% decrease in operating expenses of $8,583,667.

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 $1,532,626 were waived under the Hospital's charity care policy during 2022 as compared to $970,046 in 2021.

**Nonoperating Revenues (Expenses)**

The Hospital's net investment income amounted to $266,197 and $541,213 in 2022 and 2021, respectively. The Hospital recognized contributions and grants of $1,006,095 and $8,397,119 in 2022 and 2021, respectively.

**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

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Cash provided by (used in):** | | | |
| Operating activities | $ (2,387,852) | $ (2,804,328) | $ 9,830,531 |
| Non-capital financing activities | 1,006,095 | 4,437,119 | 7,140,297 |
| Capital and related financing activities | (9,948,618) | (16,582,371) | (16,450,751) |
| Investing activities | 9,504,432 | 10,927,094 | (3,859,000) |
| Net decrease in cash and cash equivalents | (1,825,943) | (4,022,486) | (3,338,923) |
| **Cash - beginning of year** | 4,174,416 | 8,196,902 | 11,535,825 |
| **Cash - end of year** | $ 2,348,473 | $ 4,174,416 | $ 8,196,902 |

**Capital Assets and Debt Administration**

Capital Assets

The Hospital had $51,930,068 and $46,193,617 invested in capital assets at December 31, 2022 and 2021, respectively. The Hospital acquired or constructed capital assets in the amount of $9,886,029 and $12,378,110 during 2022 and 2021, respectively.

Debt

The Hospital had $0 in debt as of December 31, 2022 and 2021, 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.

The primary market for Wyandot Memorial Hospital is Wyandot County and various towns and villages in the surrounding area. The total population of Wyandot County is around 21,711. Populations of some of the individual cities and villages where Wyandot Memorial Hospital has a hospital or clinic include:

- Upper Sandusky (Wyandot County) 6,661
- Carey (Wyandot County) 3,386
- Sycamore (Wyandot County) 1,543
- Forest (Hardin County) 1,455
- New Reigle (Seneca County) 283

December 2022 non-seasonally adjusted unemployment rate was 2.4% for Wyandot County, which is lower than the state and national rates for the same period. Labor participation for Wyandot County increased by 3.57% from November 2021 to November 2022. As of December 2022, Wyandot County's labor participation was 75.52%, which is the highest in the region and higher than the state and national rates.

From 2018 to 2022, Wyandot County has seen a job growth rate of 1.15%, which is lower than other counties in the region. While the overall job growth was positive for the last five years, manufacturing saw a net decrease in jobs, indicating a slight shift to a more service-based economy. From 2021 to 2022, the population of Wyandot County decreased by 3.2%, which is a numerical change of –715. Wyandot County is a net exporter of workers.

Major employers in Wyandot County include Bridgestone APM, Kasai North America, Kalmbach Feeds, Vaughn Industries, Continental Structural Plastics, Uni-Grip, The Andersons, and others.

Altogether, Wyandot County was ranked 176th out of 2,152 "micro counties" (counties with less than 50,000 in population) by the headlight Data Analysis from the US Bureau of Statistics after considering factors like professional and business services, leisure and hospitality, Health Services, and others.

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 RHCs 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 Specialty Health Clinic was completed.

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, facial plastic surgery, dermatology, psychiatry, interventional vascular radiology, 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. Two major building projects are planned for 2023 including adding a Rural Health Clinic in Carey, Ohio and relocating one of the retail pharmacies. Additionally, the Board of Governors approved an average gross charge increase of 4 percent for 2023.

**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, 2022 AND 2021

**ASSETS**

| | Wyandot Memorial Hospital | | Component Unit Wyandot Health Foundation, Inc. | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Assets and Deferred Outflows of Resources** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 2,348,473 | $ 4,174,416 | $ 834,309 | 938,783 |
| Short-term investments | 28,066,358 | 36,160,712 | 1,836,863 | 1,723,476 |
| Patient accounts receivable, net of uncollectible accounts of approximately $3,516,000 and $3,295,000 in 2022 and 2021, respectively | 13,409,266 | 7,839,727 | - | - |
| Inventories | 2,322,334 | 1,871,303 | - | - |
| Prepaid expenses and other assets | 1,257,679 | 901,208 | 73,727 | 73,727 |
| Receivable from Wyandot Health Foundation, Inc. | - | 181,204 | - | - |
| Donations receivable from Wyandot Memorial Hospital | - | - | 116,105 | - |
| Total current assets | 47,404,110 | 51,128,570 | 2,861,004 | 2,735,986 |
| **Assets limited as to use** | | | | |
| Board designated investments | 2,184,517 | 1,698,843 | - | - |
| Total assets limited as to use | 2,184,517 | 1,698,843 | - | - |
| **Long-term investments** | 805,914 | 2,435,469 | 200,049 | 362,016 |
| **Net pension asset** | 475,844 | 277,905 | - | - |
| **Net other post-employment benefit asset** | 4,084,108 | 2,156,674 | - | - |
| **Capital assets** | | | | |
| Land and construction in progress | 3,271,079 | 5,372,307 | - | - |
| Buildings, equipment, and software, net | 48,490,854 | 40,821,310 | - | - |
| Intangible right-to-use assets, net | 168,135 | - | - | - |
| Capital assets, net | 51,930,068 | 46,193,617 | - | - |
| Total assets | 106,884,561 | 103,891,078 | 3,061,053 | 3,098,002 |
| **Deferred outflows of resources** | | | | |
| Pension | 6,686,899 | 4,129,139 | - | - |
| Other post-employment benefits | 491,471 | 1,868,877 | - | - |
| Total outflows of resources | 7,178,370 | 5,998,016 | - | - |
| Total assets and deferred outflows of resources | $ 114,062,931 | $ 109,889,094 | $ 3,061,053 | $ 3,098,002 |

*See accompanying notes to financial statements.*

# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF NET POSITION
## DECEMBER 31, 2022 AND 2021

**LIABILITIES AND NET POSITION**

| | Wyandot Memorial Hospital | | Component Unit Wyandot Health Foundation, Inc. | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | | | | |
| **Current liabilities** | | | | |
| Current portion lease liability | $ 15,715 | $ - | $ - | $ - |
| Accounts payable and accrued expenses | 4,686,608 | 3,127,326 | - | - |
| Accrued payroll and related liabilities | 3,176,223 | 1,929,520 | - | - |
| Estimated amounts due to third party payors | 462,705 | 1,239,769 | - | - |
| Accrued vacation and sick leave | 2,726,907 | 2,084,608 | - | - |
| Self-insurance liabilities | 868,559 | 537,079 | - | - |
| Refundable advances | - | 5,636,320 | - | - |
| Payable to Wyandot Memorial Hospital | - | - | - | 181,204 |
| Donations payable to Wyandot Health Foundation, Inc. | 116,105 | - | - | - |
| Total current liabilities | 12,052,822 | 14,554,622 | - | 181,204 |
| **Noncurrent liabilities, net of current portions** | | | | |
| Noncurrent lease liability | 153,581 | - | - | - |
| Net pension liability | 11,350,896 | 18,356,814 | - | - |
| Total noncurrent liabilities | 11,504,477 | 18,356,814 | - | - |
| Total liabilities | 23,557,299 | 32,911,436 | - | 181,204 |
| **Deferred inflows of resources** | | | | |
| Pensions | 13,988,717 | 8,059,797 | - | - |
| Other post-employment benefits | 4,222,775 | 6,598,766 | - | - |
| Total deferred inflows of resources | 18,211,492 | 14,658,563 | - | - |
| **Net position** | | | | |
| Net investment in capital assets | 51,506,943 | 45,710,415 | - | - |
| Restricted, expendable for: | | | | |
| Pensions | 475,844 | 277,905 | - | - |
| Other post-employment benefits | 4,084,108 | 2,156,674 | - | - |
| Unrestricted | 16,227,245 | 14,174,101 | 3,061,053 | 2,916,798 |
| Total net position | 72,294,140 | 62,319,095 | 3,061,053 | 2,916,798 |
| Total liabilities, deferred inflows of resources and net position | $ 114,062,931 | $ 109,889,094 | $ 3,061,053 | $ 3,098,002 |

*See accompanying notes to financial statements.*

# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Wyandot Memorial Hospital | | Component Unit Wyandot Health Foundation, Inc. | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Operating revenues** | | | | |
| Net patient service revenue | $ 75,472,918 | $ 57,856,518 | $ - | $ - |
| Other operating revenue | 2,199,469 | 1,399,887 | - | - |
| Total operating revenues | 77,672,387 | 59,256,405 | - | - |
| **Operating expenses** | | | | |
| Salaries and wages | 28,371,380 | 25,480,735 | - | - |
| Employee benefits | 889,300 | (6,826,083) | - | - |
| Supplies and other expenses | 20,194,927 | 14,841,410 | 84,290 | 99,842 |
| Purchased services and professional fees | 14,831,056 | 10,955,881 | - | - |
| Depreciation and amortization | 4,149,578 | 3,499,746 | - | - |
| Insurance | 530,881 | 293,348 | - | - |
| Total operating expenses | 68,967,122 | 48,245,037 | 84,290 | 99,842 |
| **Operating gain (loss)** | 8,705,265 | 11,011,368 | (84,290) | (99,842) |
| **Nonoperating revenues (expenses)** | | | | |
| Investment income (loss) | 266,197 | 541,213 | (125,602) | 132,886 |
| Interest expense | (2,512) | - | - | - |
| Noncapital grants and contributions | 1,006,095 | 8,397,119 | 354,147 | 186,068 |
| Total nonoperating revenues | 1,269,780 | 8,938,332 | 228,545 | 318,954 |
| **Excess of revenues over expenses** | 9,975,045 | 19,949,700 | 144,255 | 219,112 |
| **Net position, beginning of year** | 62,319,095 | 42,369,395 | 2,916,798 | 2,697,686 |
| **Net position, end of year** | $ 72,294,140 | $ 62,319,095 | $ 3,061,053 | $ 2,916,798 |

*See accompanying notes to financial statements.*

# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Wyandot Memorial Hospital | | Component Unit Wyandot Health Foundation, Inc. | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Cash flows from operating activities** | | | | |
| Cash received from patients and third party payors | $ 63,489,995 | $ 54,153,282 | $ - | $ - |
| Cash paid to employees for wages and benefits | (33,617,710) | (32,345,838) | - | - |
| Cash paid to vendors for goods and services | (34,575,711) | (26,011,659) | (84,290) | (99,842) |
| Other receipts, net | 2,315,574 | 1,399,887 | (297,309) | 181,204 |
| Net cash provided by (used in) operating activities | (2,387,852) | (2,804,328) | (381,599) | 81,362 |
| **Cash flows from noncapital financing activities** | | | | |
| Noncapital grants and gifts | 1,006,095 | 4,437,119 | 354,147 | 186,068 |
| Net cash provided by noncapital financing activities | 1,006,095 | 4,437,119 | 354,147 | 186,068 |
| **Cash flows from capital and related financing activities** | | | | |
| Purchase of capital assets, net of proceeds on disposals | (9,938,418) | (16,582,371) | - | - |
| Principal payments on lease obligations | (7,688) | - | - | - |
| Interest paid | (2,512) | - | - | - |
| Net cash used in capital and related financing activities | (9,948,618) | (16,582,371) | - | - |
| **Cash flows from investing activities** | | | | |
| Income (loss) on investments | 266,197 | 541,213 | (125,602) | 132,886 |
| Donations paid to Wyandot Health Foundation, Inc. | - | (744,521) | - | - |
| Donations received from Wyandot Memorial Hospital | - | - | - | 744,521 |
| Net change in assets limited as to use and investments | 9,238,235 | 11,130,402 | 48,580 | (607,497) |
| Net cash provided by (used in) investing activities | 9,504,432 | 10,927,094 | (77,022) | 269,910 |
| Net increase (decrease) in cash and cash equivalents | (1,825,943) | (4,022,486) | (104,474) | 537,340 |
| Cash and cash equivalents: | | | | |
| **Beginning of year** | 4,174,416 | 8,196,902 | 938,783 | 401,443 |
| **End of year** | $ 2,348,473 | $ 4,174,416 | $ 834,309 | $ 938,783 |

*See accompanying notes to financial statements.*

# WYANDOT MEMORIAL HOSPITAL

## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Wyandot Memorial Hospital | | Component Unit Wyandot Health Foundation, Inc. | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Reconciliation of operating loss to net cash provided by (used in) operating activities** | | | | |
| Operating gain (loss) | $ 8,705,265 | $ 11,011,368 | $ (84,290) | $ (99,842) |
| Depreciation and amortization | 4,149,578 | 3,499,746 | - | - |
| Provision for uncollectible accounts | 2,175,246 | 2,957,852 | - | - |
| Changes in operating assets and liabilities, net of effect of merger with Health Services of Wyandot County, Inc. | | | | |
| Patient accounts receivable | (7,744,785) | (2,010,313) | - | - |
| Inventories | (451,031) | (558,373) | - | - |
| Prepaid expenses and other assets | (356,471) | (158,241) | - | - |
| Receivable from Wyandot Health Foundation, Inc. | 181,204 | (181,204) | (297,309) | - |
| Payable to Wyandot Health Foundation, Inc. | 116,105 | - | - | - |
| Payable to Wyandot Memorial Hospital | - | - | - | 181,204 |
| Accounts payable | 1,788,655 | 795,594 | - | - |
| Net pension asset and liability | (7,203,857) | (4,446,803) | - | - |
| Net other post-employment benefit asset and liability | (1,927,434) | (17,712,560) | - | - |
| Deferred outflows of resources - pensions | (2,557,760) | 279,832 | - | - |
| Deferred outflows of resources - other post-employment benefits | 1,377,406 | 996,539 | - | - |
| Deferred inflow of resources - pensions | 5,928,920 | 3,182,016 | - | - |
| Deferred inflows of resources - other post-employment benefits | (2,375,991) | 4,379,717 | - | - |
| Self-insurance liabilities | 331,480 | 257,079 | - | - |
| Accrued payroll and related liabilities | 1,246,703 | (341,228) | - | - |
| Accrued vacation and sick leave | 642,299 | (104,574) | - | - |
| Estimated amounts due to third-party payors | (777,064) | (572,731) | - | - |
| Refundable advances | (5,636,320) | (4,078,044) | - | - |
| Net cash provided by operating activities | $ (2,387,852) | $ (2,804,328) | $ (381,599) | $ 81,362 |
| **Supplemental disclosure of noncash capital and related financing activities** | | | | |
| Capital asset acquisitions included in accounts payable | $ 253,829 | $ 483,202 | $ - | $ - |
| Gain on Paycheck Protection Program loan forgiveness | $ - | $ 3,960,000 | $ - | $ - |
| Assets acquired under lease obligation | $ 176,984 | $ - | $ - | $ - |

*See accompanying notes to financial statements.*

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, B*asic 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.

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 propriety 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.

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.

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 |

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, 2022 and 2021.

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.

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 2022 and 2021, the liability for accrued vacation and sick leave was $2,726,907 and $2,084,608, 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.

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.

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 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 $68,967,000 and $48,245,000 during 2022 and 2021), an estimated $620,000 and $369,000 arose from providing services to charity patients during 2022 and 2021, 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 $246,873 and a gain of $23,925 in 2022 and 2021, respectively, and are reported as net patient service revenue in the financial statements.

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, 2022 and 2021, the entities did not report any unrelated business income.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 presentation. The reclassifications had no effect on the changes in net position.

Subsequent Events

The Hospital has evaluated subsequent events through June 29, 2023, the date the financial statements were available to be issued.

2. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2022, the Hospital implemented GASB Statement No. 87 – *Leases*, which requires all leases that have a maximum term greater than 12 months to be recorded in the statement of net position. Previously, leases classified as operating leases were not recorded in the statement of net position. There were no prior period adjustments necessary as a result of the implementation of this standard as the Hospital was not involved in any lease arrangements in 2021 that were classified as operating leases under prior guidance.

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.

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, 2022, 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, 2022 and 2021 totaled $33,405,262 and $44,469,440, respectively, and were subject to the following categories of custodial credit risk:

| | 2022 | 2021 |
|---|---|---|
| Collateral held by the counterparty's agent but not in the name of the Hospital | $ 29,661,591 | $ 35,799,253 |
| Amount insured | 3,743,671 | 8,670,187 |
| Total bank balances | $ 33,405,262 | $ 44,469,440 |

At December 31, 2022, the Foundation held money market funds, mutual funds, common stock, corporate bonds, and certificates of deposit totaling $2,036,912. At December 31, 2021, the Foundation held money market funds, mutual funds, common stock, and certificates of deposit totaling $2,085,492. 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, 2022 and 2021, the Organization did not hold debt securities.

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, 2022 and 2021, as follows:

| | 2022 | 2021 |
|---|---|---|
| Carrying value: | | |
| Deposits: | | |
| Cash and cash equivalents | $ 4,844,566 | $ 6,288,865 |
| Money market funds | 21,007,829 | 26,416,415 |
| Certificates of deposit | 9,216,111 | 13,654,379 |
| Investments | | |
| Mutual funds | 972,016 | 1,076,582 |
| Corporate bonds | 200,049 | - |
| Common stocks | 35,912 | 57,474 |
| Total | $ 36,276,483 | $ 47,493,715 |
| Included in the following statements of net position captions | | |
| Hospital: | | |
| Cash and cash equivalents | $ 2,348,473 | $ 4,174,416 |
| Short-term investments | 28,066,358 | 36,160,712 |
| Assets limited as to use - board designated | 2,184,517 | 1,698,843 |
| Long-term investments | 805,914 | 2,435,469 |
| Foundation: | | |
| Cash and cash equivalents | 834,309 | 938,783 |
| Short-term investments | 1,836,863 | 1,723,476 |
| Long-term investments | 200,049 | 362,016 |
| Total | $ 36,276,483 | $ 47,493,715 |

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.

Investment Income

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

| | 2022 | 2021 |
|---|---|---|
| Hospital | | |
| Interest and dividend income | $ 266,197 | $ 502,258 |
| Net unrealized/realized gain | - | 38,955 |
| Total investment income | $ 266,197 | $ 541,213 |
| | | |
| Foundation | | |
| Interest and dividend income | $ 46,219 | $ 53,728 |
| Net unrealized/realized gain (loss) | (171,821) | 79,158 |
| Total investment income (loss) | $ (125,602) | $ 132,886 |

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.

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, 2022 and 2021.

- 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, 2022 and 2021. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

| | 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 |

| | 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money markets | $ - | $ 26,416,415 | $ - | $ 26,416,415 |
| | $ - | $ 26,416,415 | $ - | $ 26,416,415 |
| Certificates of deposit | | | | 12,702,943 |
| Cash | | | | 1,175,666 |
| Total investments and assets limited as to use | | | | $ 40,295,024 |

Foundation assets measured at fair value on a recurring basis as of December 31, 2022 and 2021 are as follows:

| | 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| 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 |

| | 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds: | | | | |
| Foreign large blend | $ 92,854 | $ - | $ - | $ 92,854 |
| Large-cap value | 357,212 | - | - | 357,212 |
| Large-cap blend | 352,556 | - | - | 352,556 |
| Mid-cap growth | 145,229 | - | - | 145,229 |
| Small-cap value | 70,925 | - | - | 70,925 |
| Money market | 57,806 | - | - | 57,806 |
| Technology common stocks | 57,474 | - | - | 57,474 |
| | $ 1,134,056 | $ - | $ - | 1,134,056 |
| Certificates of deposit | | | | 951,436 |
| Total investments and assets limited as to use | | | | $ 2,085,492 |

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 2022 and 2021.

## 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:

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Transfers | Retirements | Ending Balance |
| 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 |
| Total intangble right-to-use assets | - | 176,984 | - | - | 176,984 |
| Less accumulated amortization | | | | | |
| Leased building space | - | 8,849 | - | - | 8,849 |
| Total accumulated amortization | - | 8,849 | - | - | 8,849 |
| Total intangible right-to-use assets, net | - | 168,135 | - | - | 168,135 |
| Total capital assets, net | $ 46,193,617 | $ 5,736,451 | $ - | $ - | $ 51,930,068 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Transfers | Retirements | Ending Balance |
| Capital assets not being depreciated: | | | | | |
| Land | $ 190,310 | $ - | $ - | $ - | $ 190,310 |
| Construction in process | 16,568,109 | 3,445,119 | (16,172,088) | - | 3,841,140 |
| Total non-depreciable capital assets | 16,758,419 | 3,445,119 | (16,172,088) | - | 4,031,450 |
| Depreciable capital assets: | | | | | |
| Land improvements | 1,340,857 | - | - | - | 1,340,857 |
| Buildings and improvements | 24,627,184 | 6,193,531 | 13,946,782 | - | 44,767,497 |
| Equipment | 25,065,605 | 2,739,460 | 2,225,306 | - | 30,030,371 |
| Total depreciable capital assets | 51,033,646 | 8,932,991 | 16,172,088 | - | 76,138,725 |
| Less accumulated depreciation: | | | | | |
| Land improvements | 884,029 | 66,331 | - | - | 950,360 |
| Buildings and improvements | 12,819,617 | 1,306,791 | - | - | 14,126,408 |
| Equipment | 16,773,166 | 2,126,624 | - | - | 18,899,790 |
| Total accumulated depreciation | 30,476,812 | 3,499,746 | - | - | 33,976,558 |
| Total depreciable capital assets, net | 20,556,834 | 5,433,245 | 16,172,088 | - | 42,162,167 |
| Total capital assets, net | $ 37,315,253 | $ 8,878,364 | $ - | $ - | $ 46,193,617 |

Total depreciation and amortization expense related to the Hospital's capital assets for 2022 and 2021 was $4,149,578 and $3,499,746, respectively.

## 6. PATIENT ACCOUNTS RECEIVABLE

The details of patient accounts receivable are set forth below:

| | 2022 | 2021 |
|---|---|---|
| Gross patient accounts receivable | 35,584,135 | $ 21,898,232 |
| Less allowance for: | | |
| Uncollectible accounts | (3,515,679) | (3,294,925) |
| Contractual adjustments | (18,659,190) | (10,763,580) |
| Net patient accounts receivable | $ 13,409,266 | $ 7,839,727 |

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:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Accounts Receivable | Gross Revenue | Accounts Receivable | Gross Revenue |
| Medicare | 40% | 52% | 39% | 55% |
| Medicaid | 15% | 12% | 14% | 9% |
| Commercial | 37% | 35% | 36% | 35% |
| Self-pay | 8% | 1% | 11% | 1% |
| | 100% | 100% | 100% | 100% |

## 7. 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.

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 $462,705 and $1,239,769 due to third party payors as of December 31, 2022 and 2021, 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 2018.

8. LEASE LIABILITIES

In 2022, the Organization implemented the guidance of GASB Statement No. 87 – *Leases* for accounting and reporting leases that had previously been reported as operating leases.

Prior to 2022, the Organization was not involved in any leases defined as operating leases under prior guidance. In 2022, the Hospital entered two lease arrangements. Both leases are for building space and carry a term of 84 months with monthly minimum payments of $700 to $1,000, respectively. For purposes of discounting future payments on leases, the Hospital uses the incremental borrowing rate, unless an interest rate is explicitly stated on the agreement related to the corresponding lease. The leased equipment and accumulated amortization on the right-to-use assets are outlined in Note 5.

Remaining payments on these leases are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 15,715 | $ 4,685 | $ 20,400 |
| 2024 | 16,175 | 4,225 | 20,400 |
| 2025 | 16,648 | 3,752 | 20,400 |
| 2026 | 17,136 | 3,264 | 20,400 |
| 2027 | 17,638 | 2,762 | 20,400 |
| Thereafter | 85,984 | 5,816 | 91,800 |
| Totals | $ 169,296 | $ 24,504 | $ 193,800 |

9. NET PATIENT SERVICE REVENUES

Net patient service revenue consists of the following:

| | 2022 | 2021 |
|---|---|---|
| Revenue: | | |
| Inpatient | $ 19,300,862 | $ 14,722,854 |
| Outpatient | 151,080,801 | 111,972,680 |
| Total patient revenue | 170,381,663 | 126,695,534 |
| Revenue deductions: | | |
| Contractual write-offs | 91,200,873 | 64,911,118 |
| Provision for bad debts | 2,175,246 | 2,957,852 |
| Charity care | 1,532,626 | 970,046 |
| Total deductions | 94,908,745 | 68,839,016 |
| Total net patient service revenue | $ 75,472,918 | $ 57,856,518 |

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, 2022 and 2021.

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, 2022 and 2021 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, 2022 and 2021 are as follows:

| | Beginning Liability | Claims Incurred | Claims Paid | Ending Liability |
|---|---|---|---|---|
| 2021 | $ 280,000 | $ 2,945,283 | $ 2,688,204 | $ 537,079 |
| 2022 | $ 537,079 | $ 3,914,248 | $ 3,582,768 | $ 868,559 |

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.

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 | 2022 | 2021 |
|---|---|---|
| Net pension liability - all employers | $ 8,700,404,651 | $ 14,807,822,857 |
| Proportion of the net pension liability - Hospital | 0.13046% | 0.12397% |
| | $ 11,350,896 | $ 18,356,814 |

| Combined Plan | 2022 | 2021 |
|---|---|---|
| Net pension asset - all employers | $ 394,005,071 | $ 288,663,526 |
| Proportion of the net pension asset - Hospital | 0.12077% | 0.09627% |
| | $ 475,844 | $ 277,905 |

The decrease in pension liability is due to actual earnings on investments being more than projected earnings on investments.

A gain of $406,544 from pension costs was recognized in the year ended December 31, 2022. Pension expense for the year ended December 31, 2021, was $1,593,850.

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 betweeen 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 | $ 6,580,195 | $ 13,754,565 | $ 106,704 | $ 234,152 | $ 6,686,899 | $ 13,988,717 |

At December 31, 2021, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | $ - | $ 767,881 | $ - | $ 52,429 | $ - | $ 820,310 |
| Net difference between projected and actual earnings on pension plan assets | - | 7,154,950 | - | 41,329 | - | 7,196,279 |
| Assumption changes | - | - | 17,355 | - | 17,355 | - |
| Change in proportionate share | 1,380,717 | - | 2,224 | 37,925 | 1,382,941 | 37,925 |
| Difference between Hospital contributions and proportionate share of contributions | - | 4,290 | - | 993 | - | 5,283 |
| Hospital contributions subsequent to the measurement date | 2,651,760 | - | 77,083 | - | 2,728,843 | - |
| Total | $ 4,032,477 | $ 7,927,121 | $ 96,662 | $ 132,676 | $ 4,129,139 | $ 8,059,797 |

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 |
|---|---|---|---|
| 2023 | $ 785,642 | $ 42,629 | $ 828,271 |
| 2024 | 4,414,390 | 54,587 | 4,468,977 |
| 2025 | 3,174,744 | 39,714 | 3,214,458 |
| 2026 | 2,147,771 | 32,193 | 2,179,964 |
| 2027 | - | 13,461 | 13,461 |
| Thereafter | - | 22,840 | 22,840 |
| Total | $ 10,522,547 | $ 205,424 | $ 10,727,971 |

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 2022 and 2021, 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 2022 and 2021. For the Combined Plan, the portion of employer contributions allocated to healthcare was 0% from January 1, 2021 to June 30, 2022, and 2% from July 1, 2022 to December 31, 2022. 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 2022 and 2021 was 4.0%.

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, 2021

Actuarial Assumptions

Valuation Date: December 31, 2021
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 2022, 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.

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 2021 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Long Term Expected Return * |
|---|---|---|
| Fixed income | 24% | 1.3% |
| Domestic equity | 21% | 5.6% |
| Real estate | 11% | 5.4% |
| Private equity | 12% | 10.4% |
| International equity | 23% | 7.4% |
| Risk parity | 5% | 2.9% |
| Other investments | 4% | 4.8% |
| Total | 100% | |

* 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.

Sensitivity of Net Pension Liability to Changes in Discount Rate

| 1% Decrease (5.90%) | Current Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|
| $ 29,927,137 | $ 11,350,896 | $ (4,107,007) |

Sensitivity of Net Pension Asset to Changes in Discount Rate

| 1% Decrease (5.90%) | Current Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|
| $ 355,067 | $ 475,844 | $ 570,039 |

The amount of contributions recognized by the Hospital relating to the traditional pension plan for the years ending December 31, 2022 and 2021 was approximately $3,348,000 and $2,652,000, respectively.

The amount of contributions recognized by the Hospital relating to the combined plan for the years ending December 31, 2022 and 2021 was approximately $78,000 and $77,000, 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, 2022 and 2021, for contributions to the Member-Directed Plan was approximately $130,000 and $84,000, 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.

## 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:

| | 2022 | 2021 |
|---|---|---|
| Net OPEB asset - all employees | $ 3,132,153,063 | $ 1,781,579,865 |
| Proportion of the net OPEB asset - Hospital | 0.13039% | 0.12105% |
| | $ 4,084,108 | $ 2,156,674 |

In 2022 and 2021, the Hospital recognized a gain relating to the OPEB plan of $2,926,020 and $12,336,304, respectively.

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

| | Deferred Ouflows 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 |

At December 31, 2021, the Hospital reported deferred outflows of resources and deferred inflows of resources for OPEB from the following sources:

| | Deferred Ouflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ - | $ 1,946,386 |
| Net difference between projected and actual earnings on OPEB plan assets | - | 1,148,674 |
| Assumption changes | 1,060,245 | 3,494,458 |
| Change in proportionate share | 774,963 | - |
| Difference between Hospital contributions and proportionate share of contributions | - | 9,248 |
| Hospital contributions subsequent to the measurement date | 33,669 | - |
| Total | $ 1,868,877 | $ 6,598,766 |

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:

| | |
|---|---|
| 2023 | $ 2,233,391 |
| 2024 | 850,843 |
| 2025 | 425,413 |
| 2026 | 279,623 |
| Total | $ 3,789,270 |

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 2022 and 2021, 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 2022 and 2021. For the Combined Plan, the portion of employer contributions allocated to healthcare was 0% from January 1, 2021 to June 30, 2022, and 2% from July 1, 2022 to December 31, 2022. 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 2022 and 2021 was 4.0%.

Measurement Date

December 31, 2021, rolled forward from December 31, 2020 actuarial valuation date

Actuarial Assumptions

Valuation Date: December 31, 2020
Rolled Forward Measurement Date: December 31, 2021
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.

The following table displays the OPERS Board-approved asset allocation policy for health care assets for 2021 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Long Term Expected Return * |
|---|---|---|
| Fixed income | 34% | 0.9% |
| Domestic equity | 25% | 3.8% |
| Real estate | 7% | 3.7% |
| International equity | 25% | 4.9% |
| Risk parity | 2% | 2.9% |
| Other investments | 7% | 1.9% |
| Total | 100% | |

* Returns presented as arithmetic means

Discount Rate

A discount rate of 6.0% was used to measure the total OPEB asset/liability on the measurement date of December 31, 2021. 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 1.84%. 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 significant to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, 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 2022 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.

Sensitivity of Net OPEB Asset to Changes in Discount Rate

| 1% Decrease (5.00%) | Current Rate (6.00%) | 1% Increase (7.00%) |
|---|---|---|
| $ 2,401,839 | $ 4,084,108 | $ 5,480,418 |

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

| 1% Decrease (7.50%) | Current Rate (8.50%) | 1% Increase (9.50%) |
|---|---|---|
| $ 4,128,242 | $ 4,084,108 | $ 4,031,752 |

The amount of contributions recognized by the Hospital relating to the OPEB for the years ending December 31, 2022 and 2021 was approximately $58,000 and $34,000, respectively.

13. REFUNDABLE ADVANCES AND CARES ACT FUNDING

During 2021 and 2020, the Organization received funds under the Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution grants, which were authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act under Assistance Listing Number (ALN) #93.498. These grants were distributed to healthcare providers impacted by the outbreak of the coronavirus pandemic (COVID-19). Revenues from PRF/ARP grants can be recognized to the extent of expenses incurred in responding to the COVID-19 pandemic. Eligible expenses must not be reimbursed from another source or be obligated to be reimbursed from another source. PRF/ARP grants that are not fully expended on eligible expenses can then be applied to lost patient revenues, as defined by the guidance issued by the grantor. The Hospital recognized PRF/ARP revenue of $981,778 and $3,742,837 in 2022 and 2021, respectively.

As part of the CARES Act, certain businesses were eligible to receive a loan from the Small Business Association (SBA) through the Paycheck Protection Program (PPP) under ALN #59.073. The PPP loan may be forgivable to the extent that the employer incurs and spends the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities, and interest costs during the covered period as defined by the PPP guidance. In addition, employers were required to maintain specified employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan assistance. The loan was forgiven in full in 2021. As a result, the Hospital recognized revenue of $3,960,000 in nonoperating revenues in 2021.

As part of the CARES Act, Congress also authorized Coronavirus Relief Funds (CRF), which were distributed to state and local governments. In 2020, the state of Ohio passed through CRF funds to healthcare providers in the state. Revenues from CRF grants are recognized to the extent of COVID-19 related expenses. The Hospital recognized CRF revenue of $0 and $243,563 in the statement of revenues, expenses, and changes in net position as nonoperating revenue in 2022 and 2021, respectively.

During 2021, the Hospital's three rural health clinics each received $100,000 in Testing and Mitigation for Rural Health Clinics ALN #93.697 grants from the Department of Health and Human Services/Heath Resources and Services Administration. As of December 31, 2021, the Hospital had utilized these funds for their purpose. The revenue associated with these funds is included in the statement of revenues, expenses, and changes in net position as nonoperating revenue in 2021. No proceeds were received from this program in 2022.

During 2021, the Hospital received a Small Rural Hospital Improvement (SHIP) Grant ALN #93.301 from the Ohio Department of Health. As of December 31, 2021, the Hospital had utilized these funds for their purpose. The revenue associated with these funds is included in the statement of revenues, expenses, and changes in net position as nonoperating revenue in 2021. No proceeds were received from this program in 2022.

The passage of the CARES Act also authorized Center for Medicare and Medicaid Services (CMS) to expand the Medicare Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. As an eligible healthcare organization, the Hospital was eligible to request up to 125% of their Medicare payment amounts for a six-month period. These payments were issued in April and June 2020. Recoupment of the advance payment was to begin following a 120-day deferral period. The Continuing Appropriations Act, 2021 and Other Extensions Act, which passed on September 30, 2020, allowed providers to extend repayment for a full year before recoupment begins. As of December 31, 2022 and 2021, the Hospital had unrecouped Medicare Accelerated and Advanced Payments of $0 and $4,436,741, respectively, recorded as a refundable advance on the statement of net position.

The Hospital also received an advance from Medical Mutual for $146,005. This advance is repayable with monthly payments of $6,637 which began in September 2020. As of December 31, 2022 and 2021, the Hospital had unrecouped Medical Mutual Accelerated and Advanced Payments of $0 and $39,815, respectively, recorded as a refundable advance on the statement of net position.

As of and for the year ended December 31, 2022, grant revenue recognized and refundable advances recorded were as follows:

| | Revenue Recognized | Refundable advances | Total |
|---|---|---|---|
| Provider relief fund | $ 981,778 | $ - | $ 981,778 |
| Other grants | 7,000 | - | 7,000 |
| Ending balance as of December 31, 2022 | $ 988,778 | $ - | $ 988,778 |

As of and for the year ended December 31, 2021, grant revenue recognized and refundable advances recorded were as follows:

| | Revenue Recognized | Refundable advances | Total |
|---|---|---|---|
| Provider relief fund | $ 3,742,837 | $ 981,778 | $ 4,724,615 |
| Paycheck protection program | 3,960,000 | $ - | 3,960,000 |
| Coronavirus relief fund | 243,563 | - | 243,563 |
| Medical Mutual accelerated and advance payment program | - | 39,815 | 39,815 |
| Medicare accelerated and advance payment program | - | 4,614,727 | 4,614,727 |
| Testing and Mitigation for Rural Health Clinics | 300,000 | | |
| SHIP | 84,317 | | |
| Other grants | 66,402 | - | 66,402 |
| Ending balance as of December 31, 2021 | $ 8,397,119 | $ 5,636,320 | $ 13,649,122 |

14. SOFTWARE LICENSING AGREEMENT

In 2019, the Hospital entered into a software licensing agreement with Bon Secours Mercy Health, Inc. (Mercy) for the right to access and use a portion of the Mercy electronic medical record system.

The agreement provided for the use of the system for a period of five years and can be renewed in successive one year terms. The initial implementation costs of $1,211,254, payable to Mercy, are payable in 25% installments upon execution of the contract, the go-live date, six months after the go-live date, and one year after the go live date. The system went live in October 2020. Implementation costs were paid in full within 2020 and 2021. The implementation costs are considered an intangible assets and are included in capital assets on the statements of net position. The implementation costs are being amortized on a straight-line basis over the five year term of the agreement. During 2022 and 2021, the Hospital recorded $246,816 of amortization expense relating to this software.

Beginning upon the go-live date in October 2020, the Hospital began making monthly access fee payments of $26,945 for a period of five years. The monthly maintenance expense is subject to adjustment based on the number of system users. Management does not anticipate substantial adjustments to the expense over the remaining term of the contract.

15. 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.

16. RECENT GASB PRONOUNCEMENTS

Management has not currently determined what effects, if any, the implementation of the following recently enacted statements may have on its future financial statements:

**GASB Statement No. 96**, *Subscription-Based Information Technology Arrangement*, which defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a right-of-use subscription asset – an intangible asset – and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments (including implementation costs of SBITA), and requires note disclosures regarding a SBITA. GASB Statement No. 96 will be effective for periods beginning after June 15, 2022.

# SUPPLEMENTARY INFORMATION

**WYANDOT MEMORIAL HOSPITAL**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Assistance Listing Number | Pass-through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| U.S. Department of Health and Human Services/ | | | | |
| Health Resources and Services Administration: | | | | |
| COVID-19 - Provider Relief Fund | 93.498 | | $ - | $ 1,628,182 |
| Ohio Department of Health | | | | |
| COVID-19 - Hospital Preparedness Program | 93.074 | | - | 7,000 |
| | | | $ - | $ 1,635,182 |

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the year ended December 31, 2022 includes the federal grant activity that Wyandot Memorial Hospital (the Hospital) received and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Hospital has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Fair Market Value of Donated Personnel Protective Equipment (Unaudited)

During 2022, the Hospital did not receive donated personnel protective equipment from federal sources.

Note D – Provider Relief Fund Reporting

Under the terms and conditions of the Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distributions grant under the Coronavirus Aids, Relief, and Economic Security Act, the Hospital was required to report the Coronavirus (COVID-19) related expense and lost revenues to the U.S. Department of Health and Human Services (HHS)/Health Resources and Services Administration (HRSA). Guidance from the HHS has required the reporting of the COVID-19 related expenses and lost revenues in certain reporting periods based on when the funds were received. In 2022, SEFA includes PRF of approximately $1,628,000, which was received by the Hospital in 2021, the date designated by HHS for its third and fourth PRF reporting period. The Hospital recognized approximately $982,000 and $3,743,000 for the years ended December 31, 2022 and 2021, respectively, in the statements of revenues, expenses, and changes in net position as the terms and conditions of the PRF and ARP grants were satisfied by the Hospital. HHS required $1,628,182 to be reported on the 2022 SEFA.

# WYANDOT MEMORIAL HOSPITAL

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

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

| Traditional Defined Benefit Pension Plan | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Hospital proportion of the collective net pension liability | 0.13% | 0.12% | 0.11% | 0.11% | 0.11% | 0.10% | 0.10% | 0.09% |
| Hospital proportionate share of the net pension liability | $ 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 | $ 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 | 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 | 92.6% | 86.9% | 82.2% | 74.7% | 84.7% | 77.3% | 81.1% | 86.5% |

| Combined Defined Benefit Pension Plan | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Hospital proportion of the collective net pension asset | 0.12% | 0.10% | 0.07% | 0.07% | 0.08% | 0.06% | 0.06% | 0.05% |
| Hospital proportionate share of the net pension asset | $ 476,000 | $ 278,000 | $ 149,000 | $ 80,000 | $ 103,000 | $ 35,000 | $ 29,000 | $ 18,000 |
| Hospital covered payroll | $ 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 | 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 | 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 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 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 | $ 3,348,000 | $ 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 | $ 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% | 13.0% | 12.0% | 12.0% |

| Combined Defined Benefit Pension Plan | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 78,000 | $ 77,000 | $ 59,000 | $ 45,000 | $ 40,000 | $ 40,000 | $ 29,000 | $ 26,000 |
| Contributions in relation to the contractually required contribution | $ 78,000 | $ 77,000 | $ 59,000 | $ 45,000 | $ 40,000 | $ 40,000 | $ 29,000 | $ 26,000 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | | |
| Covered payroll | $ 600,000 | $ 551,000 | $ 424,000 | $ 319,000 | $ 289,000 | $ 309,000 | $ 244,000 | $ 220,000 |
| Contributions as a percentage of covered payroll | 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.

*See Independent Auditor's Report*

# WYANDOT MEMORIAL HOSPITAL

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

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

| OPEB | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Hospital proportion of the collective net OPEB asset | 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 | 0.00% | 0.00% | 0.11% | 0.11% | 0.10% |
| Hospital proportionate share of the net OPEB liability | $ - | $ - | $ 15,556,000 | $ 14,444,000 | $ 11,332,000 |
| Hospital covered payroll | $ 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 | 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 | 0.0% | 0.0% | 91.4% | 97.3% | 76.9% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 128.2% | 115.6% | 47.8% | 46.3% | 54.1% |

**Schedule of Hospital Contributions**
**(rounded to the nearest thousand)**

| OPEB | 2022 | 2021 | 2020 | 2019 | |
|---|---|---|---|---|---|
| Contractually required OPEB contribution | $ 58,000 | $ 34,000 | $ 17,000 | $ 22,000 | $ 21,000 |
| Contributions in relation to the contractually required contribution | $ 58,000 | $ 34,000 | $ 17,000 | $ 22,000 | $ 21,000 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 25,815,000 | $ 20,333,000 | $ 18,308,000 | $ 17,020,000 | $ 14,841,000 |
| Contributions as a percentage of covered payroll | 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.

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, 2021, used for the Hospital's 2022 fiscal year. Amounts reported in the Hospital's 2022 fiscal year for the OPERS pension plans reflect the following change of assumptions from the amounts reported for the 2018 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 2022.

2. Defined Benefit Postemployment Benefits other than Pensions

   Changes of Assumptions

   Amounts reported in 2022 for OPERS reflect the following changes in assumptions based on an experience study for the five year period ending December 31, 2015:

   - Wage inflation assumption decreased from 3.25% to 2.75%
   - Actuarially assumed discount rate increased from 6.0% to 6.9%.
   - Health care cost trend rate decreased from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2034.

CPAs / ADVISORS

blue

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, 2022, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2023.

***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.

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 have not been 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 29, 2023

CPAs / ADVISORS

blue

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 AUDITORS REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Governors

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Wyandot Memorial Hospital's (the "Hospital") compliance with the types of compliance requirements identified as subject to the audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Hospital's major federal program for the year ended December 31, 2022. The Hospital's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

The Hospital's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or implementation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Co., LLC

Westerville, Ohio
June 29, 2023

## Section I – Summary of Auditor's Results

*Financial Statements*

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____ yes | ___x___ none reported |
| Significant deficiency(s) identified that are not considered to be material weakness(es)? | _____ yes | ___x___ none reported |
| Noncompliance material to financial statements noted? | _____ yes | ___x___ none reported |

*Federal Awards*

| | | |
|---|---|---|
| Internal controls over major programs: | | |
| Material weakness(es) identified? | _____ yes | ___x___ none reported |
| Significant deficiency(s) identified that are not considered to be material weakness(es)? | _____ yes | ___x___ none reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | |
| Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit findings paragraph (a) of the Uniform Grant Guidance | _____ yes | ___x___ none reported |

Identification of major programs:

| Assistance Listing Number | Name of Federal Program or Cluster |
|---|---|
| 93.498 | Provider Relief Funds |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | _____ yes ___x___ no |

**Section II - Findings related to financial statements reported in accordance with *Government Auditing Standards*:**

No matters reported.

**Section III - Findings and questioned costs relating to Federal awards:**

No matters reported.

**Section IV – Summary schedule of prior audit findings:**

2020-001 Prior Audit Material Weakness

*Prior Year Finding Number: 2020-001,* Material Weakness in month end closing procedures.

*Fiscal Year in Which the Finding Initially Occurred:* 2020

*Condition:* At December 31, 2021, the Organization had a material weakness in internal control regarding month-end closing procedures. Several accounts were not being reviewed, reconciled, or approved in a timely and accurate manner.

*Recommendation:* The auditor recommended the Organization establish a monthly financial statement close checklist and process to outline necessary duties, required reconciliations and approvals.

*Current Status:* This recommendation was adopted by management and no such deficiencies in internal control were detected during the 2022 audit.

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 9/14/2023**

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