Mark Milford Hicksville Joint Township Hospital District and Subsidiary

Consolidated Financial Statements and
Compliance Report

December 31, 2021 and 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Governors
Mark Milford Hicksville Joint Township Hospital District and Subsidiary
208 Columbus St
Hicksville, OH 43526

We have reviewed the *Independent Auditor's Report* of the Mark Milford Hicksville Joint Township Hospital District and Subsidiary, Defiance County, prepared by Baker Tilly US, LLP, for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 18, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Mark Milford Hicksville Joint Township
Hospital District and Subsidiary
Hicksville, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mark Milford Hicksville Joint Township Hospital District and Subsidiary (Organization), as of and for the years ended December 31, 2021 and 2020, and the related notes to the consolidated financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mark Milford Hicksville Joint Township Hospital District and Subsidiary, Hicksville, Ohio as of December 31, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 required supplementary information, as listed in the table of contents be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic or historical 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 September 19, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Charleston, West Virginia
September 19, 2022, except for the supplementary information, as to which the date is October 31, 2022.

Introduction

The discussion and analysis of Mark Milford Hicksville Joint Township Hospital District and Subsidiary’s financial performance provides an overview of the consolidated activities and operations of Community Memorial Hospital and Community Memorial Hospital Foundation, Inc. (collectively, the Organization) for the fiscal years ended December 31, 2021 and 2020. Please read it in conjunction with the Organization’s consolidated financial statements. Unless otherwise indicated, amounts are in thousands.

Financial Highlights

- The Organization’s net position increased (decreased) in 2021 and 2020 by $5,018 and $(3,454), respectively.
- The Organization reported operating gains (losses) of $765 and $(8,353) in 2021 and 2020, respectively.
- Total operating revenues decreased from 2020 to 2021 by $631 or 2%.
- The Organization made capital additions in 2021 totaling $757, which was funded from operations and through direct financing.

Using This Annual Report

The Organization’s consolidated financial statements consist of three statements – a Consolidated Balance Sheet; a Consolidated Statement of Operations and Changes in Net Position (Deficit); and a Consolidated Statement of Cash Flows. These consolidated financial statements and related notes provide information about the activities of the Organization.

The Consolidated Balance Sheet and Statement of Operations and Changes in Net Position (Deficit)

The analysis of the Organization’s finances begins on page 10. One of the most important questions asked about the Organization’s finances is, “Is the Organization as a whole better or worse off as a result of the year’s activities?” The Consolidated Balance Sheet and Statement of Operations and Changes in Net Position (Deficit) report information about the Organization’s resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities 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 Organization’s net position and related changes. You can think of the Organization’s net position (deficit) – the difference between assets and liabilities – as one way to measure the Organization’s financial health or financial position. Over time, increases or decreases in the Organization’s net position (deficit) 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 Organization’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 health of the Organization.

Consolidated Statement of Cash Flows

The final required statement is the Consolidated Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, 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 (Deficit)

The Organization's net position (deficit) is the difference between its assets, deferred outflows, liabilities, and deferred inflows reported on the Consolidated Balance Sheets on pages 9 and 10. The Organization's net position (deficit) increased (decreased) by $5,018 and $(3,454) in 2021 and 2020, respectively, as illustrated in Table 1.

Table 1: Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net (Deficit) (in thousands)

ASSETS AND DEFERRED OUTFLOWS	2021	2020	2019
ASSETS			
Current assets	$ 7,923	$ 6,675	$ 6,988
Resticted and limited use assets	751	4,847	1,094
Capital assets, net	7,583	7,639	7,468
Other noncurrent assets	385	427	434
Total assets	16,642	19,588	15,984
NET PENSION ASSET	312	286	162
DEFERRED OUTFLOWS			
Public employee retirement system	2,196	3,987	7,295
Other post employment benefits	875	2,341	1,578
Total deferred outflows	3,071	6,328	8,873
Total assets and deferred outflows	$ 20,025	$ 26,202	$ 25,019
LIABILITIES, DEFERRED INFLOW AND NET POSITION (DEFICIT)			
LIABILITIES			
Current liabilities	$ 10,401	$ 10,005	$ 14,713
Long-term obligations, net of current portion	7,357	8,217	418
Interest rate swap	-	18	166
Net pension liability	11,037	15,989	20,560
Other post employment liability	1,458	12,334	11,023
Total liabilities	30,253	46,563	46,880
DEFERRED INFLOWS			
Public employee retirement system	5,631	3,503	637
Other post employment benefits	5,105	2,118	30
Total deferred inflows	10,736	5,621	667
NET POSITION (DEFICIT)			
Net invested in capital assets	(670)	(1,086)	(1,880)
Restricted	700	2,628	818
Unrestricted	(20,994)	(27,524)	(21,466)
Total net position (deficit)	(20,964)	(25,982)	(22,528)
Total liabilities, deferred inflows and net position (deficit)	$ 20,025	$ 26,202	$ 25,019

A significant component of the Organization's assets is capital assets. Capital assets decreased by $56 or 1% in 2021 and increased by $171 or 2% in 2020. Fixed assets acquired by the Organization either through direct purchase or financing were $747 in 2021 and $1,030 in 2020. These additions were offset by depreciation of $813 and $809 in 2021 and 2020, respectively. The decrease in assets from 2020 to 2021 primarily reflects depreciation expense in excess of capital expenditures.

The net pension liability (NPL) is the largest single liability reported by the Organization at December 31, 2021 and 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Organization adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this consolidated financial statement will gain a clearer understanding of the Organization's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Organization's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Organization is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Organization's consolidated statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Operating Results and Changes in the Organization's Net Position (Deficit)

Table 2 shows three years of revenues and expenses for 2021, 2020, and 2019.

Table 2: Operating Results and Changes in Net Position (Deficit) (in thousands)

	2021	2020	2019
OPERATING REVENUES			
Net patient service revenue	**$ 27,426**	$ 27,999	$ 30,135
Other operating revenue	**806**	864	1,063
Total operating revenue	**28,232**	28,863	31,198
OPERATING EXPENSES			
Salaries and wages	**16,635**	15,176	16,352
Employee benefits	**(3,076)**	9,324	9,841
Purchased services	**3,249**	4,192	3,452
Supplies	**4,485**	3,312	3,516
Physician services	**1,237**	1,175	1,077
Depreciation and amortization	**813**	809	798
Maintenance and repairs	**1,567**	1,390	1,063
Utilities	**572**	562	664
Miscellaneous	**1,671**	879	673
Insurance	**315**	397	372
Total operating expenses	**27,468**	37,216	37,808
Operating income (loss)	**764**	(8,353)	(6,610)
NONOPERATING GAINS (LOSSES)	**4,253**	4,899	(335)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE CAPITAL APPROPRIATIONS	**5,017**	(3,454)	(6,945)
Capital appropirations	**-**	-	129
Decrease in Net Position (Deficit)	**5,017**	(3,454)	(6,816)
Net Net Position (Deficit), Beginning of Year	**(25,982)**	(22,528)	(15,712)
Net Position (Deficit), End of Year	**$ (20,965)**	$ (25,982)	$ (22,528)

Net patient service revenue decreased by $573 or 2% from 2020 to 2021 and decreased by $2,136 or 7% from 2019 and 2020.

Salaries and wages increased by 9.6% from 2020 to 2021 and decreased by 7.2% from 2019 to 2020 primarily due to changes in FTEs. Employee benefits experienced a decrease of 133% from 2020 to 2021 and a decrease of 5% from 2019 to 2020, due primarily to fluctuations in pension cost, OPEB costs and employee health insurance claims.

Sources of Revenue

The Organization 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 table below presents the percentages of gross revenue for patient services by payor, for the years ended December 31, 2021 and 2020, respectively.

	2021	2020
Medicare	**31%**	35%
Commerical and other	**56%**	49%
Medicaid	**7%**	9%
Self-pay	**6%**	7%
	100%	100%

The Organization 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 consolidated 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 Organization's net position (deficit) 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. Operating income (loss) was $765 and $(8,353) in 2021 and 2020, respectively.

The increase in the Organization's total operating income in 2021 of $9,118 from 2020 is the result of a significant decrease in employee benefits due to changes within the calculated net pension and other post-employment benefit liabilities in fiscal year 2021. Excluded from net patient service revenue are charges for patient service waived under the Organization's charity care policy. Charity care represents unreimbursed charges incurred by the Organization in providing uncompensated care to indigent patients. Based on established rates, charges of $27 and $64 were waived during 2021 and 2020, respectively. The Organization participates in the Hospital Care Assurance Program (HCAP), which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services. The net amounts received under the HCAP program resulted in revenue of $868 and $953 in 2021 and 2020, respectively.

The Organization 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 Organization when it was established. Because there is no expectation of repayment, charity care is not reported as patient service revenue of the Organization.

Net Nonoperating Gains (Losses)

Net nonoperating gains (losses) decreased due to less pandemic related funding received during 2021. The Organization received significant amount through the CARES Act in 2020 due to the COVID-19 pandemic. In 2021, the Organization amounts due to the forgiveness of the Paycheck Protection Program Loan and Provider Relief Fund Program. Total nonoperating gains were $4,253 and $4,899 in 2021 and 2020, respectively.

Cash Flows

Changes in the Organization's cash flows are consistent with changes in operating gains and non-operating gains and losses as discussed earlier. Non-cash expenses such as depreciation and bad debt expense represent primary reasons the net cash from operating activities is greater than the change in net position (deficit). The Organization generated negative cash flows from operations in 2021 and 2020 of $6,277 and $600, respectively.

Capital Asset and Debt Administration

Capital Assets

The Organization had $7,583 and $7,639 invested in capital assets, net of accumulated depreciation in 2021 and 2020, respectively. The Organization acquired or constructed capital assets in the amount of $757 and $1,030 during 2021 and 2020, respectively.

Debt

The Organization had $7,532 and $11,300 in bonds, paycheck protection program loan and capital lease obligations outstanding at December 31, 2021 and 2020, respectively. The Organization experienced forgiveness of the Small Business Administration's paycheck protection program loan of 2,452 in 2021.

Contacting the Organization's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 208 Columbus Street, Hicksville, Ohio 43526.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

ASSETS AND DEFERRED OUTFLOWS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 621,736	$ 2,371,467
Patient accounts receivable, net of estimated uncollectible accounts of $6,750,858 in 2021 and $2,452,211 in 2020	6,412,293	3,429,214
Inventories	227,194	488,962
Prepaid expense and other assets	661,479	385,560
Total current assets	7,922,702	6,675,203
ASSETS LIMITED AS TO USE	751,169	4,846,955
CAPITAL ASSETS, net	7,583,210	7,639,063
OTHER ASSETS	384,748	427,364
Total assets	16,641,829	19,588,585
NET PENSION ASSET	312,149	285,163
DEFERRED OUTFLOWS		
Public employee retirement system	2,194,412	3,987,453
Other post employment benefits	875,129	2,341,270
Total deferred outflows	3,069,541	6,328,723
Total assets and deferred outflows	$ 20,023,519	$ 26,202,471

See Notes to Consolidated Financial Statements

LIABILITIES, DEFERRED INFLOW AND NET POSITION (DEFICIT)	2021	2020
CURRENT LIABILITIES		
Current portion of long-term debt	**$ 896,088**	$ 3,083,284
Accounts payable and accrued expenses	**5,075,551**	2,657,739
Estimated third party settlement	**1,150,661**	1,428,306
Deferred revenue	**1,012,996**	913,077
Accrued salaries, wages, and employee benefits	**2,265,390**	1,923,735
Total current liabilities	**10,400,686**	10,006,141
LONG-TERM DEBT, net of current portion	**7,357,237**	8,216,726
OTHER LIABILITIES		
Interest rate swap liability	**-**	17,751
Net pension liability	**11,036,863**	15,988,853
Other post employment liability	**1,457,831**	12,333,959
Total current liabilities	**12,494,694**	28,340,563
Total liabilities	**30,252,617**	46,563,430
DEFERRED INFLOWS		
Public employee retirement system	**5,630,870**	3,503,045
Other post employment benefits	**5,104,883**	2,118,248
Total deferred inflows	**10,735,753**	5,621,293
Total liabilities and deferred inflows	**40,988,370**	52,184,723
NET POSITION (DEFICIT)		
Net invested in capital assets	**(670,115)**	(1,086,291)
Restricted	**699,625**	2,627,605
Unrestricted	**(20,994,361)**	(27,523,566)
Total net position (deficit)	**(20,964,851)**	(25,982,252)
Total liabilities and net position (deficit)	**$ 20,023,519**	$ 26,202,471

See Notes to Consolidated Financial Statements

MARK MILFORD HICKSVILLE JOINT TOWNSHIP
HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET POSITION (DEFICIT)
Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUE		
Net patient service revenue (net of provision for bad debts of $8,097,523 in 2021 and $2,847,710 in 2020)	$ 27,426,287	$ 27,999,490
Other operating revenue	806,204	864,021
Total operating revenue	28,232,491	28,863,511
OPERATING EXPENSES		
Salaries and wages	16,634,708	15,176,484
Employee benefits	(3,075,935)	9,324,391
Purchased services	3,249,316	4,192,088
Supplies	4,484,648	3,312,105
Physician services	1,237,135	1,174,577
Depreciation and amortization	812,969	808,531
Maintenance and repairs	1,566,684	1,390,184
Utilities	572,360	562,438
Miscellaneous	1,671,370	878,373
Insurance	314,745	396,882
Total operating expenses	27,468,000	37,216,053
Operating income (loss)	764,491	(8,352,542)
NON-OPERATING GAINS (LOSSES)		
Grant, contributions, and program revenue	2,143,306	5,146,100
Investment and other income, net	101,325	155,479
Interest expense	(462,272)	(550,365)
Paycheck Protection Program Loan forgiveness	2,452,800	-
Change in the value of swap agreement	17,751	147,866
Total net nonoperating gains	4,252,910	4,899,080
DECREASE IN NET POSITION (DEFICIT)	5,017,401	(3,453,462)
Net position (deficit):		
Beginning of year	(25,982,252)	(22,528,790)
End of year	$ (20,964,851)	$ (25,982,252)

See Notes to Consolidated Financial Statements

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	$ 24,165,563	$ 31,318,749
Cash paid to employees for wages and benefits	(18,622,423)	(21,190,175)
Cash paid to vendors for goods and services	(12,726,138)	(12,505,611)
Other receipts, net	906,123	1,777,098
Net cash (used in) operating activities	(6,276,875)	(599,939)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of long-term debt and capital leases	(873,667)	(770,866)
Interest paid on long-term debt and capital leases	(462,272)	(550,365)
New borrowings of long term debt	-	2,452,800
Grant, contributions, and program revenue	2,143,306	5,146,100
Proceeds on sale of assets	-	50,278
Purchase of capital assets	(477,334)	(759,533)
Net cash provided by capital and related financing activities	330,033	5,568,414
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in assets limited as to use	(19,155)	(30,767)
Investment income	101,325	155,079
Net cash provided by investing activities	82,170	124,312
Net increase (decrease) in cash and cash equivalents	(5,864,672)	5,092,787
Cash and cash equivalents:		
Beginning of year	7,103,275	2,010,488
End of year	$ 1,238,603	$ 7,103,275
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and cash equivalents and investments	$ 621,736	$ 2,371,467
Cash and cash equivalents in assets limited as to use	616,867	4,731,808
Total cash and cash equivalents	$ 1,238,603	$ 7,103,275

See Notes to Consolidated Financial Statements

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
Years Ended December 31, 2021 and 2020

		2021		2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	**$**	**764,491**	$	(8,352,542)
Adjustment to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization		**812,969**		808,531
(Loss) on disposal of capital assets		**-**		-
Provision for bad debts		**8,097,523**		2,847,710
Changes in:				
Patient accounts receivable		**(11,080,602)**		(1,604,842)
Inventories, prepaid expenses, and other assets		**28,465**		(201,597)
Accounts payable and accrued expenses, accrued salaries, wages, and employee benefits		**2,759,467**		(1,201,609)
Deferred revenue		**99,919**		913,077
Estimated third-party payor settlements		**(277,645)**		2,076,391
Deferred outflow of resources		**3,259,182**		2,544,151
Deferred inflow of resources		**5,114,460**		4,954,777
Net pension asset		**(26,986)**		(123,453)
Net pension liability		**(4,951,990)**		(4,571,298)
Other post employment liability		**(10,876,128)**		1,310,765
Net cash (used in) operating activities	**$**	**(6,276,875)**	$	(599,939)
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING				
Activities change in fair value of interest rate swap	**$**	**17,751**	$	147,866
Acquisition of capital assets through direct financing	**$**	**279,782**	$	270,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING CAPITAL AND NON-CAPITAL FINANCIANG ACTIVITIES				
Paycheck Protection Program Loan forgiveness	**$**	**2,452,800**	$	-

See Notes to Consolidated Financial Statements

Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting entity: Mark Milford Hicksville Joint Township Hospital District doing business as Community Memorial Hospital (the Hospital), was established for the purpose of exercising the rights and privileges conveyed to it by law. The Hospital is a hospital district created under provisions of Section 513.07 of the Ohio Revised Code. The Hospital operates under the direction of a nine-member board consisting of the township trustees of Mark, Milford, and Hicksville Townships. The Hospital is responsible for establishing and maintaining a joint township district hospital or other hospital facilities for residents of the contiguous townships of Mark, Milford, and Hicksville.

Blended component unit: In order to comply with the provisions of *GASB Statement No. 61 The Financial Reporting Entity – An Amendment of GASB Statements No. 14 and No. 34, and No. 39, Determining Whether Certain Organizations are Component Units,* issued by the Governmental Accounting Standards Board (GASB), the accompanying consolidated financial statements include the accounts of Community Memorial Hospital Foundation, Inc. (the Foundation), a blended component unit of the Hospital (collectively, the Organization). The Foundation exists solely to support the operations of the Hospital. All significant inter-company transactions and balances have been eliminated in consolidation.

Enterprise fund accounting: The Organization uses Enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Fund Accounting, as superseded by GASB Statement No. 62, codification of Accounting and Financial Reporting Guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements.

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

The most significant of the Organization’s accounting policies are described below.

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Patient accounts receivable: Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectable accounts. The allowance is based upon a review of the outstanding balances aged by financial class. Management uses collection percentages based upon historical collection experience to determine collectability. Management also reviews troubled, aged accounts to determine collection potential. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Recoveries of accounts previously written off are recorded as a reduction to bad debt expense when received. Interest is not charged on patient accounts receivable.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or market.

Assets limited as to use: Assets limited as to use consist of assets restricted by donors, assets held by trustees under an indenture agreement, externally restricted under a reimbursement agreement, assets externally restricted for capital improvements, and assets internally designated by the Board of Governors for capital improvements. The Organization's policy is to invest available funds in obligations of the U.S. Government, certificates of deposit, mutual funds, and money market funds.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating gains/(losses) when earned.

Capital assets: Capital assets are reported at historical cost. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation over the expected useful lives of depreciable assets.

Amortization expense on capital leases is included in depreciation expense. The Organization recognizes a capital asset when the cost of the item purchased is (1) greater than $2,500 or a minimum useful life of 3 years, (2) a group of 3 or more like items costing more than $1,500, or (3) a building or remodeling project with total costs in excess of $10,000.

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. Grants that are unrestricted are reported as other operating revenue and those restricted for a specific purpose are reported as nonoperating gains/(losses). Contributions that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating gains/(losses). Contributions restricted to capital acquisitions are reported after non-operating revenues and expenses.

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.

Pensions/Other Postemployment Benefits (OPEB): Substantially all of the Organization's employees are eligible to participate in a defined benefit pension plan sponsored by the Ohio Public Employees' Retirement System (OPERS). The Organization funds pension costs based on contribution rates determined by OPERS. For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflows of resources (expense) until then. For the Organization, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Organization, deferred inflows of resources include pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

Net position (deficit): Net position (deficit) of the Organization is classified in three components. *Net position invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net position* are noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Organization, including amounts deposited with trustees as required by revenue bond indentures and reimbursement agreement. *Unrestricted net position* are remaining net position that do not meet the definition of *invested in capital assets net of related debt or restricted*.

Compensated absences: The Organization's employees earn vacation time at varying rates depending on years of service. Employees may accumulate vacation time, up to a specified amount, to be carried over to the subsequent year. The estimated amount of vacation time payable for hours earned is reported as a current liability. The Organization's employees also earn sick leave on an annual basis at a flat rate regardless of years of service. The estimated amount of sick leave time payable for hours earned is reported as a current liability.

Risk management: The Organization 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 coverage in any of the three preceding years.

Net patient service revenue and patient accounts receivable: Normal billing rates for patient services less contractual adjustments are included in patient service revenue. Patient accounts receivable is adjusted for contractual allowances which are recorded on the basis of preliminary estimates of the amounts to be received from third-party payors. Final adjustments are recorded in the period such amounts are finally determined.

Charity care: The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net revenue. The Organization maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The amount of charity care not recorded as revenue was approximately $27,000 and $64,000 in 2021 and 2020, respectively. The cost of caring for charity care patient for the years ended December 31, 2021 and 2020, was approximately $15,000 and $46,000, respectively. The Organization 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 amount received through this program totaled approximately $868,000 and $953,000 in 2021 and 2020, respectively. This amount is reported as net patient service revenue on the consolidated statements of operations and changes in net position (deficit).

Operating revenues and expenses: The Organization's consolidated statements of operations and changes in net position (deficit) distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Organization's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Subsequent events: Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the current year presentation. Such reclassifications did not impact the previously reported change in net assets.

Subsequent events: The Organization has evaluated subsequent events through September 19, 2022, the date on which the consolidated financial statements were available to be issued.

New or recent accounting statements: GASB No. 87, *Leases*, issued June 2017, relates to improving accounting and financial reporting for leases by governments. The new guidance increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activity. The new standard is effective for financial statements for periods beginning after June 15, 2022. The Organization is currently evaluating the impact that adoption will have on its consolidated financial statements.

GASB No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in GASB No. 87, *Leases.* It defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The new standard is effective for financial statements for periods beginning after June 15, 2022. The Organization is currently evaluating the impact that adoption will have on its December 31, 2023 combined financial statements.

Note 2. Deposits and Investments and Investment Risks

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Organization's deposits may not be returned to it. The Organization's deposit policy for custodial risk is to require all deposits with financial institutions to be entirely insured or collateralized by securities held by financial institutions. At December 31, 2021 and 2020, the carrying amount of the Organization's bank deposits for all funds was $1,233,638 and $7,098,865, respectively, as compared to a bank balance of $1,889,500 and $7,793,161, respectively. Of the bank balances at December 31, 2021 and 2020, $995,311 and $1,042,514, respectively, are covered by Federal insurance programs and $894,190 and $4,434,431, respectively, are collateralized with securities held by the financial institution or by its trust department or agent but not in the Organization's name. The Organization has $0 and $2,316,216 as of December 31, 2021 and 2020, respectively, as uninsured and uncollateralized accounts.

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2021 and 2020, are set forth in the following table. The Organization's investments included in assets limited as to use are categorized to give an indication of the level of risk assumed by the Organization. Investments with limited use are comprised of the following:

	2021	2020
INTERNALLY DESIGNATED FOR OPERATIONS AND CAPITAL IMPROVEMENTS		
Cash and cash equivalents	**$ 51,544**	$ 2,219,350
HELD BY TRUSTEE UNDER INDENTURE AGREEMENT		
Cash and cash equivalents	**386,991**	386,914
EXTERNALLY RESTRICTED UNDER REIMBURSEMENT AGREEMENT		
Cash and cash equivalents	**2,545**	1,851,931
EXTERNALLY RESTRICTED BY DONORS		
Cash and cash equivalents	**10,758**	258,383
Mutual funds	**134,302**	115,147
	145,060	373,530
EXTERNALLY RESTRICTED FOR CAPITAL IMPROVEMENTS		
Cash and cash equivalents	**165,029**	15,230
Total	**$ 751,169**	$ 4,846,955

Investments

Interest rate risk – The Organization has a formal investment policy that limits investment maturities to two years or less as a means of managing its exposure to fair value losses arising from changes in interest rates.

Credit risk – The Organization may invest in United States obligations or any other obligation guaranteed by the United States; bonds, notes, or any other obligations or securities issued by any federal government or instrumentality; time certificate of deposit or savings or deposit accounts, including passbook accounts, in eligible institutions; bonds and other obligations of the State of Ohio or the political subdivisions of the state provided that such political subdivisions are located wholly or partly within the same county; certain no load money market mutual funds; certain commercial paper; and certain repurchase agreements.

Concentration of credit risk – The Organization places no limit on the amount it may invest in any one issuer. The Organization maintains its investments, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes that it is not exposed to any significant credit risk on investments.

Note 3. Patient Accounts Receivable and Accrued Salaries, Wages and Employee Benefits

Patient accounts receivable reported as current assets and accrued expenses reported as current liabilities at December 31, 2021 and 2020, consisted of these amounts:

	2021	2020
Patient accounts receivable	$ 23,700,426	$ 10,501,489
Allowance for uncollectible accounts	(10,537,275)	(4,620,064)
Allowance for contractual adjustments	(6,750,858)	(2,452,211)
Patient accounts receivable, net	$ 6,412,293	$ 3,429,214

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2021 and 2020, are as follows:

	2021	2020
Other third-party payors	36%	40%
Self-pay	23%	15%
Medicare and Managed Medicare	33%	35%
Medicaid and Managed Medicaid	8%	10%
	100%	100%

Accrued salaries, wages, and employee benefits consist of the following as of December 31:

	2021	2020
Payroll and related items	$ 532,867	$ 464,982
Self-insured benefits	73,370	109,526
Health insurance claims	443,449	283,936
Compensated absences	1,215,704	1,065,291
Total	$ 2,265,390	$ 1,923,735

Note 4. Capital Assets

Capital assets additions, retirements, and balances for the year ended December 31 are as follows:

	2021				
	2020	**Additions**	**Transfers**	**Retirements**	**2021**
CAPITAL ASSETS					
Land improvements	**$ 562,725**	**$ 6,448**	**$ -**	**$ -**	**$ 569,173**
Buildings and equipment	**29,574,716**	**663,023**	**526,483**	**-**	**30,764,222**
Land	**221,271**	**-**	**-**	**-**	**221,271**
Construction in process	**594,422**	**87,645**	**(526,483)**	**-**	**155,584**
Total capital assets	**30,953,134**	**757,116**	**-**	**-**	**31,710,250**
Less accumulated depreciation and amortization for:					
Land improvements	**(363,739)**	**(16,208)**	**-**	**-**	**(379,947)**
Buildings and equipment	**(22,950,332)**	**(796,761)**	**-**	**-**	**(23,747,093)**
Total accumulated depreciation and amortization	**(23,314,071)**	**(812,969)**	**-**	**-**	**(24,127,040)**
CAPITAL ASSETS, net	**$ 7,639,063**	**$ (55,853)**	**$ -**	**$ -**	**$ 7,583,210**

	2020				
	2019	**Additions**	**Transfers**	**Retirements**	**2020**
CAPITAL ASSETS					
Land improvements	$ 552,408	$ 10,317	$ -	$ -	$ 562,725
Buildings and equipment	29,294,422	380,294	-	(100,000)	29,574,716
Land	226,643	44,500	-	(49,872)	221,271
Construction in process	-	594,422	-	-	594,422
Total capital assets	30,073,473	1,029,533	-	(149,872)	30,953,134
Less accumulated depreciation and amortization for:					
Land improvements	(349,028)	(14,711)	-	-	(363,739)
Buildings and equipment	(22,256,506)	(793,820)	-	99,994	(22,950,332)
Total accumulated depreciation and amortization	(22,605,534)	(808,531)	-	99,994	(23,314,071)
CAPITAL ASSETS, net	$ 7,467,939	$ 221,002	$ -	$ (49,878)	$ 7,639,063

The cost of equipment under capital lease included in capital assets for the Center as of December 31 are as follows:

		2021		2020
Cost of equipment under capital lease	$	1,149,078	$	776,179
Accumulated amortization		(477,608)		(335,025)
Net carrying amount	$	671,470	$	441,154

Note 5. Estimated Third-Party Payor Settlements

Estimated third-party payor settlements consist of amounts due from the Medicare and Medicaid programs for the settlement of current and prior year cost reports. The balance at December 31 consist of estimated amounts as follows:

		2021		2020
Medicare	$	237,187	$	1,102,833
HCAP		240,175		230,436
Medicare Advance Payments		(1,628,023)		(2,761,575)
Total third-party payor settlements	$	(1,150,661)	$	(1,428,306)

Note 6. Long-Term Debt, Capital Lease Obligations, and Other Noncurrent Liabilities

A schedule of changes in the Organization's noncurrent liabilities for 2021 and 2020, are as follows:

	December 31, 2020	Additions	Reductions	December 31, 2021	Amounts Due within 1 year
LONG-TERM DEBT					
2005 bonds	$ 4,000,000	$ -	$ 375,000	$ 3,625,000	$ 375,000
2007 bonds	4,244,000	-	177,000	4,067,000	185,000
Paycheck Protection Program loan	2,452,800	-	2,452,800	-	-
Capital lease obligations	208,328	279,782	145,994	342,116	170,413
Notes payable	394,882	-	175,673	219,209	165,675
	11,300,010	279,782	3,326,467	8,253,325	896,088
OTHER NONCURRENT LIABILITIES					
Interest rate swap	17,751	-	17,751	-	-
Total noncurrent liabilities	$ 11,317,761	$ 279,782	$ 3,344,218	$ 8,253,325	$ 896,088

	December 31, 2019	Additions	Reductions	December 31, 2020	Amounts Due within 1 year
LONG-TERM DEBT					
2005 bonds	$ 4,340,000	$ -	$ 340,000	$ 4,000,000	$ 190,000
2007 bonds	4,414,000	-	170,000	4,244,000	177,000
Paycheck Protection Program loan	-	2,452,800	-	2,452,800	2,452,800
Capital lease obligations	289,651	-	81,323	208,328	86,472
Notes payable	304,425	270,000	179,543	394,882	177,012
	9,348,076	2,722,800	770,866	11,300,010	3,083,284
OTHER NONCURRENT LIABILITIES					
Interest rate swap	165,617	-	147,866	17,751	-
Total noncurrent liabilities	$ 9,513,693	$ 2,722,800	$ 918,732	$ 11,317,761	$ 3,083,284

A description of long-term debt at December 31 follows:

	2021	2020
2005 County Hospital Facilities Revenue Bonds (2005 Bonds), adjustable interest rate (1.15% at December 31, 2021 and an effective rate of 4.46%), due December 1, 2034, mandatory annual redemption beginning December 1, 2008, in installments ranging from $95,000 to $555,000 plus interest.	**$ 3,625,000**	$ 4,000,000
Ohio Hospital Facilities Revenue Refunding (2007 Bonds), 4.125% fixed rate, mandatory annual redemption beginning December 1, 2008, in installments ranging from $105,000 to $338,000, maturity date of December 1, 2037.	**4,067,000**	4,244,000
Payroll Protection Program Loan (See Below)	**-**	2,452,800
Note payable - three annual principle and interest payments of $90,000 beginning December 2020, and through December 2022, with interest at 5% per annum, secured by the property financed	**90,000**	180,000
Capital lease obligation - monthly principal and interest payments of $3,050 through January 2022, with interest at 8.11%, secured by the equipment leased.	**3,029**	32,329

	2021	2020
Equipment financing obligation, due in monthly installments of $6,181 through November 2023 with interest at 7.096%, secured by related equipment.	**114,186**	175,129
Capital lease obligation, due monthly installments of $2,125 through December 2023 with interest 2.25%, secured by related equipment.	**63,750**	-
Capital lease obligation, due in monthly installments of $5,986 through March 2024 with interest of 5.67%, secured by related equipment.	**152,457**	-
Capital lease obligation, due in monthly installments of $5,379 through November 2023 with interest at 11.20%, secured by related equipment.	**122,879**	175,999
Equipment financing obligation, due in monthly installments of $2,316 through June 2022 with interest at 7.096%, secured by related equipment.	**15,024**	39,753
	8,253,325	11,300,010
Less current portion	**(896,088)**	(3,083,284)
Long-term debt	**$ 7,357,237**	$ 8,216,726

Minimum payments on these obligations to maturity as of December 31, 2021, follows:

	Long-Term Debt		Capital Lease Obligations	
	Principal	**Interest**	**Principal**	**Interest**
2022	$ 725,675	$ 333,935	$ 170,413	$ 11,322
2023	455,534	313,425	154,777	12,451
2024	420,000	285,790	16,926	1,017
2025	438,000	267,282	-	-
2026	457,000	247,998	-	-
Thereafter	5,415,000	1,255,488	-	-
	$ 7,911,209	$ 2,703,918	$ 342,116	$ 24,790

During 2005, the Organization obtained $12,600,000 of Adjustable Rate Demand County Hospital Facilities Revenue Bonds, Series 2005 (2005 Bonds), for constructing, equipping, installing, and improving additional Hospital facilities. The bonds are payable in varying annual installments beginning December 2008. The bonds mature December 2037. The adjustable interest rate for the year ended December 31, 2021 was 1.15%.

The debt was collateralized by total revenues and a letter of credit issued by Fifth Third Bank. On October 29, 2020, the agreement was amended to extend the expiration date to January 20, 2022. At December 31, 2021 and 2020, the Reserve Account had a balance of $2,545 and $1,851,931, and are included within assets limited as to use in the accompanying balance sheets.

During 2007, the Organization obtained $6,000,000 of Ohio Hospital Facilities Revenue Refunding Bonds (2007 Bonds). The bonds refunded a portion of the series 2005 bond issue. The bonds are payable in varying annual installments beginning December 2008 and mature December 2037. The bonds bear interest at an annual fixed rate of 4.125%. The bonds are collateralized by total revenues.

On April 28, 2020, the Organization obtained a loan under the Paycheck Protection Program (PPP) in the amount of $2,452,800 pursuant to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (see Note 15). In order to obtain forgiveness, proceeds from the loan must be spent on qualifying expenses as allowed under the CARES Act and matures in April 2022. The allowable costs under the PPP include covered payroll costs, mortgage interest on real or personal property, rental obligations on real or personal property, and covered utility costs. The Organization believes it used all PPP loan proceeds in accordance with the requirements of the PPP. The Organization initially accounted for the PPP loans as debt. The Organization received a letter dated June 8, 2021, from the Small Business Administration forgiving the loan. As a result, the Organization recognized Paycheck Protection Program Loan forgiveness in the amount of $2,452,800 during the year ended December 31, 2021, on the combined statement of revenues, expenses, and changes in net position (deficit). As of December 31, 2021, the Hospital had no remaining PPP loans outstanding.

The SBA is requiring both lenders and borrowers to retain all documentation related to PPP loans for six years from the time the loan is forgiven or repaid in full so that the SBA can review the property of forgiveness decision. If the documentation should indicate that the borrower was ineligible for the loan, the loan amount, or the loan forgiveness, the loan forgiveness decision can be reversed.

The Organization is required to meet certain financial covenants including debt service coverage. At December 31, 2021, the Organization was in compliance with the debt service coverage requirements.

Note 7. Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payment to the Organization at amounts different from its established rates. The Organization is designated as a Critical Access Hospital (CAH) under the Medicare and Medicaid programs. Contractual adjustments under third-party reimbursement programs represent the difference between the Organization’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: The Organization is a Critical Access Hospital. Inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Other outpatient services are based on fee schedules.

The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary. The Organization'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 Organization’s charge or predetermined fee schedule amounts. Capital related expenditures are subject to annual cost report settlement.

Other payors: The Organization 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. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Gross patient service revenue and the allowances to reconcile to net patient service revenue for the year ended December 31 are as follows:

	2021	2020
Gross patient service revenue	**$ 50,118,178**	$ 51,770,969
Uncompensated care reimbursement, net	**868,215**	830,571
Less third-party allowances	**15,462,583**	21,690,506
Less bad debts and charity care	**8,097,523**	2,911,544
	$ 27,426,287	$ 27,999,490

Note 8. Pension Plans

Plan Description

The Organization contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees. All employees are required to join OPERS. OPERS administers three pension plans as described below. Each of the three options is discussed in greater detail in the following sections:

1. The Traditional Pension Plan – cost-sharing, multiple-employer defined benefit pension plan.

2. 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% 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.

3. The Combined Plan – a cost-sharing, multi-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.

OPERS issues a stand-alone financial report, these reports may be obtained by contacting the organization as follows:

OPERS
277 East Town Street
Columbus, Ohio 43215-4642
Telephone: (800) 222-7377
www.opers.org

Benefits Provided

Plan benefits for OPERS are established under Chapter 145 of the Ohio Revised Code (ORC). Members are categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire on January 7, 2013, and those eligible to retire no later than five years after that date comprise transition group A. Members who have 20 years of service credit prior to January 7, 2013, or are eligible to retire no later than 10 years after January 7, 2013, are included in transition group

B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Additionally, OPERS has three separate divisions with varying degrees of benefits: (1) state and local, (2) law enforcement and (3) public safety. The Organization does not have any employees included in the law enforcement or public safety divisions.

Benefits in the Traditional Plan for state and local members are calculated on the basis of age, final average salary 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 final average salary 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. Final average salary 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. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount.

OPERS offers a combined plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Eligibility requirements under the combined plan for age and years of service are identical to the defined benefit plan described earlier. The benefit formula for the defined benefit component of the plan for state and local members in transition groups A and B applies a factor of 1.0% to the member’s final average salary and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

A cost-of-living adjustment (COLA) is provided each year and is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

All employees are required to become contributing members of OPERS when they begin employment at the Organization unless they are exempted or excluded as defined by the ORC. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS.

Contributions

The ORC provides OPERS statutory authority over employee and employer contributions. The required contractually determined contribution rates, respectively of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contractually required contribution rates for the employee and the Organization are as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Employee	**10 %**	10 %
Organization	**14 %**	14 %

For the years ended December 31, 2021 and 2020, contributions to the pension plans from the Organization were as follows:

	2021	2020
Traditional	**$ 1,668,396**	$ 1,584,835
Combined	**86,574**	71,794
	$ 1,754,970	$ 1,656,629

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Relate to Pensions

The Organization reported a liability for OPERS of $11,036,863 and $15,988,853 as of December 31, 2021 and 2020, respectively, for its proportionate share of the net pension liability. The Organization reported an asset for OPERS of $312,149 and $285,163 as of December 31, 2021 and 2020, respectively, for its proportionate share of the net pension asset. The net pension liability and net pension asset as of December 31, 2021, are measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) were determined by an actuarial valuation as of that date. The net pension liability and net pension asset as of December 31, 2020, are measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) were determined by an actuarial valuation as of that date. The Organization’s proportion of the net pension liability and net pension asset were based on the Organization’s share of contributions to the respective defined benefit pension plans relative to the contributions of all participating employers during the measurement period. At December 31, 2021 and 2020, the Organization’s proportion was 0.074534% and 0.080892%, respectively, for the Traditional Plan and 0.108136% and 0.136753%, respectively, for the Combined Plan.

For the years ended December 31, 2021 and 2020, the Organization recognized pension expense related to the defined benefit pension plans of $210,339 and $2,647,120, respectively. At December 31, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan		**Combined Plan**	
2021	**Outflows of Resources**	**Inflows of Resources**	**Outflows of Resources**	**Inflows of Resources**
Differences between expected and actual experience	**$ -**	**$ 461,681**	**$ -**	**$ 58,890**
Net difference between projected and actual earnings on pension plan investments	**-**	**4,301,847**	**-**	**46,421**
Change in assumptions	**-**	**-**	**19,494**	**-**
Changes in proportion and differences between employer and proportionate share contributions	**346,609**	**755,545**	**73,339**	**6,486**
Organization's contributions subsequent to the measurement date	**1,668,396**	**-**	**86,574**	**-**
	$ 2,015,005	**$ 5,519,073**	**$ 179,407**	**$ 111,797**

	Traditional Plan				Combined Plan			
2020	**Outflows of Resources**		**Inflows of Resources**		**Outflows of Resources**		**Inflows of Resources**	
Differences between expected and actual experience	$	-	$	3,189,417	$	-	$	36,987
Net difference between projected and actual earnings on pension plan investments		-		202,156		-		66,947
Change in assumptions		853,992		-		29,403		-
Changes in proportion and differences between employer and proportionate share contributions		1,422,661		-		24,768		7,538
Organization's contributions subsequent to the measurement date		1,584,835		-		71,794		-
	$	3,861,488	$	3,391,573	$	125,965	$	111,472

At December 31, 2021, the Organization reported $1,668,396 and 86,574 for the traditional and combined plans, respectively, as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date that will be recognized as a(n) decrease (increase) to the net pension liability/(asset) in the year ended December 31, 2021. At December 31, 2020, the Organization reported $1,584,835 and $71,794 for the traditional and combined plans, respectively, as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date that will be recognized as a(n) decrease (increase) to the net pension liability/(asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2021, related to pensions will be recognized in pension expense as follows:

	Traditional		Combined		Total	
2022	$	(1,970,546)	$	(12,300)	$	(1,982,846)
2023		(861,631)		(4,145)		(865,776)
2024		(1,753,579)		(14,853)		(1,768,432)
2025		(586,708)		(2,011)		(588,719)
2026		-		2,644		2,644
Thereafter		-		11,701		11,701
	$	(5,172,464)	$	(18,964)	$	(5,191,428)

Actuarial Assumptions

The total pension liability in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2020	
Accrual Information	**Traditional Plan**	**Combined Plan**
Experience study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Wage Inflation	3.25%	3.25%
Future salary increases, including inflation	3.25%-10.75% including inflation at 3.25%	3.25%-8.25% including inflation at 3.25%
Investment rate of return	7.20%	7.20%
Cost-of-living adjustments	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 0.50% simple through 2021, then 2.15% simple	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 0.50% simple through 2021, then 2.15% simple

	December 31, 2019	
Accrual Information	**Traditional Plan**	**Combined Plan**
Experience study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Wage Inflation	3.25%	3.25%
Future salary increases, including inflation	3.25%-10.75% including inflation at 3.25%	3.25%-8.25% including inflation at 3.25%
Investment rate of return	7.20%	7.20%
Cost-of-living adjustments	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 1.40% simple through 2020, then 2.15% simple	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 1.40% simple through 2020, then 2.15% simple

For the December 31, 2020 and 2019, actuarial evaluation, mortality rates were based on the RP-2014 Healthy Annuitant mortality table. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were 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 allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2021 and 2020 and the long-term expected real rates of return.

2021	**Allocation**	**Long-Term Expected Rate of Return**
ASSET CLASS		
Domestic equities	**21.00 %**	**5.64 %**
International equities	**23.00**	**7.36**
Fixed income	**25.00**	**1.32**
Real estate	**10.00**	**5.39**
Private equity	**12.00**	**10.42**
Other investments	**9.00**	**4.75**
	100.00 %	

2020	**Allocation**	**Long-Term Expected Rate of Return**
ASSET CLASS		
Domestic equities	19.00 %	5.75 %
International equities	21.00	7.66
Fixed income	25.00	1.83
Real estate	10.00	5.20
Private equity	12.00	10.70
Other investments	13.00	4.98
	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 7.20% for both valuation periods ending December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total pension asset.

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The Organization's proportionate share of the net pension liability (asset) has been calculated using a discount rate of 7.20%. The following presents the Organization's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate as:

2021	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Organization's proportionate share of the net pension liability - Traditional	**$ 21,052,874**	**$ 11,036,863**	**$ 2,708,566**
Organization's proportionate share of the net pension (asset) - Combined	**$ (217,353)**	**$ (312,149)**	**$ (382,801)**

2020	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Organization's proportionate share of the net pension liability - Traditional	$ 26,370,792	$ 15,988,853	$ 6,655,794
Organization's proportionate share of the net pension (asset) - Combined	$ (172,309)	$ (285,163)	$ (366,498)

Pension Plans Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued OPERS financial report.

Payable to the Pension Plans

At December 31, 2021 and 2020, the Organization reported payables of $36,833 and $129,469, respectively, for the outstanding amount of contributions to the pension plans required for the years ended December 31, 2021 and 2020.

Defined Contribution Plan

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). 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 (benefit) expense recorded for the years ended December 31, 2021 and 2020 for contributions to Member-Directed Plan were approximately $(30,499) and $(3,046), respectively.

Note 9. Defined Benefit OPEB Plans and Change in Accounting Principle

Net Other Post-Retirement Employee Benefit Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions, between an employer and its employee, of salaries and benefits for employee services. OPEB are provided to an employee, on a deferred-payment basis, as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Organization's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Organization's obligation for this liability to annually required payments. The Organization cannot control benefit terms or the manner in which OPEB are financed; however, the Organization does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Other Post-Retirement Employee Benefit (OPEB)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage 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.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021 and 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. 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 into the RMA for participants in the Member-Directed Plan for 2021 and 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Organization's contractually required contribution was $53,871 and $58,679 for 2021 and 2020.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020 for year ended December 31, 2021 and December 31, 2018, rolled forward to the measurement date of December 31, 2019 for year ended December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Organization's proportion of the net OPEB liability was based on the Organization's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2021	2020
Proportionate Share of the Net OPEB Liability	**$ 1,457,831**	$ 12,333,959
Proportion of the Net OPEB Asset/Liability	**0.081828%**	0.089295%
OPEB Expense (Benefit)	**$ (8,822,598)**	$ 1,398,508

At December 31, 2021 and 2020, the Organization reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	**Deferred Inflows**	**Deferred Outflows**
Net difference between projected and actual earnings on OPEB plan investments	**$ 776,461**	**$ -**
Change in assumptions	**2,362,123**	**716,686**
Change in proportion and differences between employer contributions and proportionate share of contributions	**650,614**	**158,443**
Differences between expected and actual experience	**1,315,685**	**-**
	$ 5,104,883	**$ 875,129**

2020	Deferred Inflows	Deferred Outflows
Net difference between projected and actual earnings on OPEB plan investments	$ 628,042	$ -
Change in assumptions	-	1,952,334
Change in proportion and differences between employer contributions and proportionate share of contributions	362,209	388,605
Differences between expected and actual experience	1,127,997	331
	$ 2,118,248	$ 2,341,270

The Organization reported $0 as deferred outflows of resources related to OPEB resulting from Organization contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the years ending December 31, 2021 and 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	
2022	$ (2,195,161)
2023	(1,605,683)
2024	(337,418)
2025	(91,492)
	$ (4,229,754)

Actuarial Assumptions - OPEB

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020 and December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

For both years 2020 and 2019, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and 2019 and the long-term expected real rates of return:

2021	**Target Allocation**	**Long-Term Expected Real Rate of Return**
ASSET CLASS		
Domestic equities	**25.00%**	**5.64%**
International equities	**25.00%**	**7.36%**
Fixed income	**34.00%**	**1.07%**
REITs	**7.00%**	**6.48%**
Other investments	**9.00%**	**4.02%**
	100.00%	

2020	**Target Allocation**	**Long-Term Expected Real Rate of Return**
ASSET CLASS		
Domestic equities	21.00%	5.75%
International equities	23.00%	7.66%
Fixed income	36.00%	1.53%
REITs	6.00%	5.69%
Other investments	14.00%	4.90%
	100.00%	

Discount Rate - A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Organization's proportionate share of the net OPEB liability calculated using the single discount rate, as well as what the Organization's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

2021	**1% Decrease 5.00%**	**Current Discount Rate 6.00%**	**1% Increase 7.00%**
Net OPEB Liability (Asset)	**$ (362,498)**	**$ 1,457,831**	**$ (2,358,283)**

2020	**1% Decrease 2.16%**	**Current Discount Rate 3.16%**	**1% Increase 4.16%**
Net OPEB Liability	$ 16,140,964	$ 12,333,959	$ 9,285,787

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

2021	**1% Decrease**	**Current Health Care Cost Trend Rate Assumption**	**1% Increase**
Net OPEB Liability (Asset)	**$ (1,493,361)**	**$ 1,457,831**	**$ (1,418,079)**

2020	**1% Decrease**	**Current Health Care Cost Trend Rate Assumption**	**1% Increase**
Net OPEB Liability	$ 11,969,995	$ 12,333,959	$ 12,693,284

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 and 2020 is 8.50% and 10.50%. 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases 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% in the most recent valuation.

Note 10. Professional Liability Insurance

The Organization has professional liability insurance with a commercial carrier. Coverage is $1,000,000 per occurrence and $3,000,000 in the aggregate. In addition, the Organization has umbrella coverage of $5,000,000 per occurrence and $5,000,000 in the aggregate. The policy also requires that certain members of the medical staff carry professional liability coverage of no less than $1,000,000 per occurrence and $3,000,000 in the aggregate. The Organization's coverage is on a claims made basis.

Note 11. Risk Management – Health Insurance

The Organization is self-insured, subject to certain stop-loss coverage, for its employees' health benefits. The Organization accrues the estimated costs of reported and incurred-but-not-reported claims based on its actual claims history. The plan is covered by a stop-loss policy that covers claims over $90,000 per employee per annum up to an aggregate amount of $1,000,000. Expenses charged to operations, including an estimate of incurred but unreported claims, totaled $2,313,906 and $2,933,519 for 2021 and 2020, respectively.

Note 12. Fair Value of Financial Instruments

The *Fair Value Measurements and Disclosures Topic* of the Financial Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

This Topic defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. This Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair Value Measurements

Following are description of the valuation methodologies used for assets and a liability measured at fair value on a recurring basis and recognized on the accompanying consolidated balance sheet, as well as the general classification of such assets and liability pursuant to the valuation hierarchy.

Investments and Assets Limited as to Use: Investment securities and assets limited as to use are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating. Level 1 securities include those traded by dealers or brokers in active over-the-counter markets and money market funds.

Interest Rate Swap Agreement: Valued using pricing models that are derived principally from observable market data based on discounted cash flows and interest rate yield curves.

Assets at Fair Value on a Recurring Basis

The table below presents the recorded amount of assets measured at fair value on a recurring basis.

December 31, 2021	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	**$ 1,238,603**	**$ -**	**$ -**	**$ 1,238,603**
Mutual funds	**134,302**	-	-	**134,302**
Total	**$ 1,372,905**	**$ -**	**$ -**	**$ 1,372,905**
LIABILITIES				
Interest rate swap agreement	**$ -**	**$ -**	**$ -**	**$ -**

December 31, 2020	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	$ 7,103,275	$ -	$ -	$ 7,103,275
Mutual funds	115,147	-	-	115,147
Total	$ 7,218,422	$ -	$ -	$ 7,218,422
LIABILITIES				
Interest rate swap agreement	$ -	$ 17,751	$ -	$ 17,751

Assets Recorded at Fair Value on a Nonrecurring Basis

The Organization has no assets or liabilities that are recorded at fair value on a nonrecurring basis.

Note 13. COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. The pandemic has significantly impacted both the world and U.S. economies. Since March 2020, many state and local governments, in addition to the federal government, reacted to the public health crisis, creating significant uncertainties in the U.S. economy. In response to this coronavirus outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In certain geographic regions in which the Hospital operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses.

As a result of the COVID-19 pandemic, the Organization has experienced a decline in volume, visits, and revenue which has contributed to decreases in total operating revenue and increases in expenses related to supplies such as personal protective equipment and other expenditures.

Federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, which included, among other programs, Paycheck Protection Program (Note 6), the Provider Relief Fund and Medicare Advance Payments. The American Rescue Plan Act of 2021 (ARPA) was enacted on March 11, 2021, and authorized additional distributions to hospitals and other health care providers through the Provider Relief Fund.

Department of Health and Human Services (HHS) Provider Relief Fund (PRF): During the years ended December 31, 2021 and December 31, 2020, the Organization received $1,012,996 and $5,390,864, respectively, in funding through the HHS PRF program. In accordance with the terms and conditions, the Organization can apply the funding against lost revenues and eligible expenses. Noncompliance with the terms and conditions could result in repayment of some or all of the support. HHS has indicated relief fund payments are subject to future reporting and audit requirements.

Based on the Organization's calculation of lost revenue and COVID-19 expenses, the Organization has recognized $913,077 and $4,477,787 as grants, contributions, and program revenue on the consolidated statements of revenue, expenses, and changes in net position (deficit) during the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, $1,012,996 and $913,077, respectively, was recorded as deferred revenue on the consolidated balance sheets. As it relates to the amount recognized as revenue, the Hospital believes that the conditions for receipt and conditions for expenditure have both occurred during the years ended December 31, 2021 and 2020.

While the Organization has utilized all available current information in determining the proper utilization and accounting for these funds, additional regulatory guidance is expected that could have an impact on how the Organization has recognized PRF funds.

Medicare Advance Payments: The Organization received $2,761,575 during the year ended December 31, 2020, in provider relief funding as a result of the COVID-19 pandemic from the CMS Medicare Advanced Payment Program to be used to offset lost revenues or direct costs incurred as a result of the pandemic. Amounts are recorded as payable under the terms set forth by the Centers for Medicare & Medicaid Services' (CMS) Expanded Accelerated and Advance Payments (AAP) Program. The Organization has recorded these advance payments as liabilities in estimated third party settlements as of December 31, 2021 and 2020. Repayment of accelerated or advance payments were to begin one year from the issuance date of accelerated or advance payment. During the first eleven months after repayment begins, repayment will occur through an automatic recoupment of 25% of Medicare payments. During the succeeding six months, repayment will occur through an automatic recoupment of 50% of Medicare payments. At the conclusion of the succeeding six months, the outstanding balance of Medicare payments are due on demand, subject to a 4% interest rate. The Organization began repayment in April 2021. Advance payments due to CMS within the year from the Organization amounted to $1,628,023 as of December 31, 2021, and are recorded estimated third party settlements on consolidated balance sheets. As of December 31, 2020, the Organization had $2,761,575 recorded in estimated third party settlements.

Note 14. Blended Component Unit

The consolidated financial statements include Community Memorial Hospital Foundation, Inc., a separate not-for-profit entity organized to support the operations of the Hospital as a blended component unit. The following is a summary of the financial position and activities of the Foundation as of and for the years ended December 31:

	2021	2020
ASSETS		
Assets limited as to use	$ 145,060	$ 373,530
Related party loans	295,000	-
Other	63,024	76,250
Total assets	$ 503,084	$ 449,780
NET ASSETS		
Restricted	$ 145,060	$ 373,530
Unrestricted	358,024	76,250
Total liabilities and net position	$ 503,084	$ 449,780
OPERATING EXPENSES	$ 64,449	$ 37,125
NON-OPERATING GAINS	117,753	147,217
EXCESS OF REVENUES OVER EXPENSES	$ 53,304	$ 110,092
CASH PROVIDED BY (USED IN)		
Operating activities	$ (64,449)	$ 112,875
Investing activities	(300,928)	(31,247)
Financing activities	117,753	71,446
Net increase (decrease) in cash	(247,624)	153,074
Cash:		
Beginning of year	258,382	105,308
End of year	$ 10,758	$ 258,382

Schedule of Organization's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS)

Traditional Defined Benefit Pension Plan	**2021**	2020	2019	2018	2017	2016
Organization's proportion of the net pension liability	**0.074534%**	0.080892%	0.075070%	0.066197%	0.070177%	0.063390%
Organization's proportionate share of the net pension liability	**$ 11,036,863**	$ 15,988,853	$ 20,560,151	$ 10,385,026	$ 15,936,003	$ 10,979,947
Organization's covered-employee payroll	**$ 11,917,114**	$ 11,381,557	$ 10,139,414	$ 8,749,877	$ 7,889,017	$ 7,889,017
Organization's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**92.61%**	140.48%	220.77%	118.69%	175.50%	139.18%
Plan fiduciary net position as a percentage of the total pension liability	**86.88%**	82.17%	74.70%	84.66%	77.25%	81.08%

Combined Defined Benefit Pension Plan	**2021**	2020	2019	2018	2017	2016
Organization's proportion of the net pension asset	**0.108136%**	0.136753%	0.144613%	0.137531%	0.147146%	0.182490%
Organization's proportionate share of the net pension asset	**$ (312,149)**	$ (285,163)	$ (161,710)	$ (187,224)	$ (81,897)	$ (88,803)
Organization's covered-employee payroll	**$ 618,386**	$ 608,764	$ 618,500	$ 610,192	$ 569,925	$ 664,125
Organization's proportionate share of the net pension asset as a percentage of its covered-employee payroll	**(46.84)%**	(46.84)%	(26.15)%	(30.68)%	(14.37)%	(13.37)%
Plan fiduciary net position as a percentage of the total pension asset	**157.67%**	145.28%	126.60%	137.28%	116.55%	116.90%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 68. Information in these schedules has been determined as of the measurement date (December 31, of the prior fiscal year) of the collective net pension liability (asset).

Schedule of Organization's Contributions
Ohio Public Employees Retirement System (OPERS)

Traditional Defined Benefit Pension Plan	**2021**	2020	2019	2018	2017	2016
Statutorily required contribution	**$ 1,668,396**	$ 1,584,835	$ 1,593,418	$ 1,419,518	$ 1,137,484	$ 1,089,627
Contributions in relation to the statutorily required contributions	**(1,668,396)**	(1,584,835)	(1,593,418)	(1,419,518)	(1,137,484)	(1,089,627)
Contributions deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Organization's covered-employee payroll	**$ 11,917,114**	$ 11,320,260	$ 11,381,557	$ 10,139,414	$ 8,749,877	$ 9,080,225
Contributions as a percentage of covered-employee payroll	**14.00%**	14.00%	14.00%	14.00%	13.00%	12.00%

Combined Defined Benefit Pension Plan	**2021**	2020	2019	2018	2017	2016
Statutorily required contribution	**$ 86,574**	$ 71,794	$ 85,227	$ 86,590	$ 73,223	$ 68,391
Contributions in relation to the statutorily required contributions	**(86,574)**	(71,794)	(85,227)	(86,590)	(73,223)	(68,391)
Contributions deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Organization's covered-employee payroll	**$ 613,386**	$ 512,814	$ 608,764	$ 618,500	$ 610,192	$ 569,925
Contributions as a percentage of covered-employee payroll	**14.00%**	14.00%	14.00%	13.00%	12.00%	12.00%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 68. Information in these schedules has been determined as of the Organization's most recent fiscal year-end.

Schedule of the Organization’s Proportionate Share of the Net Post-Retirement Employee Benefit (OPEB) Liability

	2021	2020	2019	2018
Organization's proportion of the net OPEB liability (percentage)	**0.081828%**	0.089295%	0.084549%	0.074740%
Organization's proportionate share of the net OPEB liability	**$ 1,457,831**	$ 12,333,959	$ 11,023,194	$ 8,116,213
Organization's covered-employee payroll	**$ 13,490,786**	$ 13,490,786	$ 12,263,429	$ 10,588,571
Organization's proportionate share of the net OPEB liability as a pecentage of its covered-employee payroll	**10.81%**	91.43%	89.89%	76.65%
Plan fiduciary net position as a percentage of the total OPEB liability	**115.57%**	47.80%	46.33%	54.14%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 75. Information in these schedules has been determined as of the measurement date (December 31, of the prior fiscal year) of the collective net OPEB liability (asset).

Schedule of the Organization’s OPEB Contributions

	2021	2020	2019	2018
Contractually required contribution	**$ 53,871**	$ 58,679	$ 60,019	$ 60,221
Contribution in relation to the contractually required contribution	**(53,871)**	(58,679)	(60,019)	(60,221)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Organization's covered-employee payroll	**$ 13,126,971**	$ 13,300,014	$ 13,490,789	$ 12,263,429
Contributions as a percentage of covered-employee payroll	**0.41%**	0.44%	0.44%	0.49%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 75. Information in these schedules has been determined as of the Organization’s most recent fiscal year-end.

Pension Information

Benefit Changes

There were no changes of benefit terms in 2021 and 2020.

Changes in Assumptions

There were no changes in methods and assumptions used in the calculation of the actuarially determined contribution for 2015-2016. In 2016, the OPERS' Board of Trustees; actuarial consultants conducted an experience study for the period 2011 through 2015. The experience study compared assumptions to actual results and led to changes in both demographic and economic assumptions for the actuarial valuation as of December 31, 2016 and used for the Hospital's 2017 fiscal year. For 2017, the most significant changes of assumptions that affected the net pension liability included a reduction in the investment rate of return from 8.0% to 7.5%, a decrease in the wage inflation from 3.75% to 3.25%, and a change in the future salary increase from a range of 4.25% to 10.05% to a range of 3.25% to 10.75%. For 2018, the most significant change of assumption that affected the net pension liability included an increase in inflation from 2.5% to 3.25%. For 2020, the most significant change included a decrease in the investment rate of return from 7.50% to 7.20%. There were no significant changes to assumptions for 2021.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2021 and 2020.

Changes in Assumptions

For 2019, there was no changes in assumptions. For 2020, the health care cost trend rate increased from 10.0% initial, 3.25% ultimate in 2028 to 10.5 initial, 3.5% ultimate in 2030. The discount rate also decreased from 3.96% to 3.16%. For 2021, the most significant change included an increase in single discount rate from 3.16% in 2020 to 6.00% in 2021. Additionally, in 2021, the health care cost trend rate decreased from 10.5% initial, 3.5% ultimate in 2030 to 8.5% initial, 3.5% ultimate in 2035.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Board of Governors
Mark Milford Hicksville Joint Township
Hospital District and Subsidiary
Hicksville, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, (*Government Auditing Standards*), the consolidated financial statements of Mark Milford Hicksville Joint Township Hospital District and Subsidiary (Organization), which comprise the balance sheet, as of December 31, 2021, and the related statements of operations and changes in net position (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses as findings 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.*

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Charleston, West Virginia
September 19, 2022

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Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

To the Board of Governors of
Mark Milford Hicksville Joint Township
Hospital District and Subsidiary

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Mark Milford Hicksville Joint Township Hospital District and Subsidiary‘s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance 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 Administrative 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 Organization's federal programs.

Auditors' 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 Organization's compliance based on our audit. 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, *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 Organization'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 Organization'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 Organization'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 Organization'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.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Tilly US, LLP

Charleston, West Virginia
October 31, 2022

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

Federal Grantor / Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Grant Number	Federal Expenditures	Payments Made to Subrecipients
U.S. Department of Health and Human Services					
Health Resources and Services Administration					
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Period 1	93.498	N/A	N/A	$ 4,240,864	$ -
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Period 2	93.498	N/A	N/A	1,150,000	-
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697	N/A	N/A	597,846	-
Small Rural Hospital Improvement Grant Program	93.301	Ohio Department of Health and Human Resources	N/A	270,231	-
Total U.S. Department of Health and Human Services				6,258,941	-
U.S. Department of the Treasury					
Coronvirus Relief Fund	21.019	Ohio Hospital Association	N/A	245,901	-
Total U.S. Department of the Treasury				245,901	-
Total expenditures of federal awards				$ 6,504,842	$ -

See Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Mark Milford Hicksville Joint Township Hospital District and Subsidiary (the Organization) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mark Milford Hicksville Joint Township Hospital District and Subsidiary.

Note 2. Summary of Significant Accounting Policy

Expenditures reported on the Schedule are reported on the accrual basis of accounting, with the exception of expenditures associated with Provider Relief Funds (PRF). 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. PRF expenditures are reported based upon the PRF report that is required to be submitted to the Health Resources and Services Administration (HRSA) reporting portal.

For the HHS award related to the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (PRF) program, HHS has indicated the amounts on the Schedule be reported corresponding to reporting requirements of the Health Resources and Services Administration (HRSA) PRF Reporting Portal. Payments from HHS for PRF are assigned to 'Payment Received Periods' (each, a Period) based upon the date each payment from the PRF was received. Each Period has a specified Period of Availability and timing of reporting requirements. Entities report into the HRSA PRF Reporting Portal after each Period's deadline to use the funds (i.e., after the end of the Period of Availability).

Note 3. Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Assistance Listing Number 93.498

The Schedule includes $5,390,864 received from the HHS between April 21, 2020, through December 31, 2020. In accordance with guidance from the HHS, these amounts are presented on the Schedule as Period 1 and Period 2. Such amounts were recognized as Provider Relief Fund revenue in the Organization’s consolidated financial statements in the amounts of $913,077 and $4,477,787 for the years ended December 31, 2021 and 2020, respectively.

The Schedule includes the following entity that received the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution:

Legal Entity Name	Tax Identification Number
Mark Milford Hicksville Joint Township Hospital District and Subsidiary	346401873

Note 4. Indirect Cost Rate

The Organization has not elected to use the 10% de minimis indirect cost rate.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_X_ Yes	___ No
Significant deficiency(ies) identified?	___ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

Type of auditor's report issued on compliance for major program:	Unmodified	
Internal control over major program:		
Material weakness(es) identified?	___ Yes	_X_ No
Significant deficiency(ies) identified?	_X_ Yes	___ None Reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	_X_ Yes	___ No

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
93.498	COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Dollar threshold used to distinguish between type A and type B programs	$750,000	
Auditee qualified as low-risk auditee?	___ Yes	_X_ No

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

2021-001: Material Weakness - Internal controls related to financial reporting and compliance

Criteria or Specific Requirement: Internal control is a process which captures and records transactions, safeguards assets, and assures compliance with laws and regulations.

Condition and Cause: The Organization had turnover at executive and accounting leadership around year-end. The current Chief Financial Officer and Controller were not employed until after year-end. During the time when the positions were vacant, there was a lack of oversight to ensure proper internal controls were maintained over financial reporting and compliance. During the process of performing our audit, we noted several issues related to financial reporting including:

- Lack of timely period-end close
- Lack of reconciliations performed
- Lack of treasury management controls
- Inadequate oversight of compliance with laws and regulations
- Lack of segregation of duties over controls for reporting on Provider Relief Funds
- Lack of segregation of duties over lost revenue calculation on Provider Relief Funds
- Inadequate oversight of the general ledger

Effect: The fact that these items were noted, which are a normal and required component of internal control over financial reporting, constitutes a material weakness in internal control over financial reporting.

Recommendation: We recommend that management institute systematic controls and processes to ensure that the financial reporting and compliance with laws and regulations are addressed accurately and timely on an on-going basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the auditor's recommendation. There was significant turnover in executive and accounting leadership. Subsequent to year-end, the Organization has developed and implemented controls over the accounting and financial reporting processes.

2021-002: Material Weakness - Allowance for Bad Debt

Criteria or Specific Requirement: The allowance for bad debt calculation should be reviewed on a monthly basis to include any possible changes in collections in accounts receivable to ensure accounts receivable and net patient service revenue are properly reflected.

Condition and Cause: During the current year, the Organization converted electronic health record keeping systems. The conversion caused significant delays in billing and collections around year-end. The allowance calculation for patient accounts receivable was not adequately adjusted for the changes in collections.

2021-002 Allowance for Bad Debt (Continued)

Effect: Net patient receivables and net patient revenue were overstated by approximately $700,000.

Recommendation: We recommend that management establish monthly collections and billing monitoring procedures and update the allowance for bad debt calculation appropriately. Monthly review routines should include monitoring of collections and researching collection decreases to the extent necessary to determine if adjustments to the allowance calculation are required.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the auditor's recommendation. In 2021, the Organization switched electronic billing systems, which caused significant delays in billing and collections. Shortly after the switch in systems, there was significant turnover in executive and accounting leadership. Subsequent to year-end, the Organization has developed an allowance model and revenue cycle processes to ensure proper estimation of accounts receivable on a monthly basis.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-003 Significant Deficiency - Internal Control over the Major Federal Program

Federal Program: COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Assistance Listing Number: 93.498

Federal Agency: U.S. Department of Health and Human Services

Pass through Agency: N/A

Award Number: N/A

Award Year: 2020

Questioned Costs: N/A

Criteria*:* As required by Section 200.512 of the Uniform Guidance, the Organization must submit their Single Audit Reporting Package to the Federal Audit Clearinghouse no later than nine months after its fiscal year end.

Condition and Context*:* The federal reporting deadline for the Organization's Single Audit Reporting Package was September 30, 2022; however, the Organization did not issue their Single Audit Reporting Package until October 2022.

2021-003 Significant Deficiency - Internal Control over the Major Federal Program Reporting (Continued)

Effect*:* The Organization is not in compliance with the reporting deadline administered by the Federal Audit Clearinghouse.

Cause: The Organization had delays in reconciling balance sheet accounts and turnover within executive management and accounting department. The Organization also implemented new electronic health records system, which lead to delays in getting accurate accounting records.

Recommendation: It is recommended that the Organization file their Single Audit Reporting Package timely with the Federal Audit Clearinghouse going forward.

View of Responsible Officials: Management of agrees with the finding and has worked on creating processes to ensure timely reporting.

Financial Statement Findings:

Finding 2020-001 Accrued Payroll

An accrued payroll calculation should be calculated on a monthly basis and reconciled to the general ledger monthly to ensure liability and expenses are properly recorded. During 2021, an accrued payroll calculation was not being reconciled to the general ledger on a monthly basis that resulted in liabilities and expenses being overstated. Monthly reconciling routines should include research of reconciling differences to the extent necessary to determine if adjustments to the general ledger account balances are required.

Action Taken: Management agreed with the finding. Management followed the recommendations and corrective action plan in 2021. Payroll accrual was properly reconciled and estimated at December 31, 2021.

Finding 2020-002: Allowance for bad debt

The allowance for bad debt calculation should be reviewed on a monthly basis to include any possible changes in collections in accounts receivable to ensure accounts receivable and net patient service revenue are properly estimated.

Action Taken: Management agreed with the finding. Due to a system conversion and change of executive and accounting leadership around year-end, the recommendations and corrective action plan were not fully implemented for 2021. A similar finding was noted in the current year and reported in the schedule of findings and questioned costs as Finding 2021-002.

Community Memorial Hospital

MARK MILFORD HICKSVILLE JOINT TOWNSHIP
HOSPITAL DISTRICT AND SUBSIDIARY

CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2022

October 31, 2022

Corrective Action Plan for Mark Milford Hicksville Joint Township Hospital District and Subsidiary Consolidated Financial Statement and Compliance Report for the fiscal year ended December 31, 2022 as required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200* (Uniform Guidance).

2021-003 Significant Deficiency - Internal Control over the Major Federal Program

Federal Program: COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Assistance Listing Number: 93.498

Federal Agency: U.S. Department of Health and Human Services

Pass through Agency: N/A

Award Number: N/A

Award Year: 2020

Questioned Costs: N/A

Condition and Context*:* The federal reporting deadline for the Organization's Single Audit Reporting Package was September 30, 2022; however, the Organization did not issue their Single Audit Reporting Package until October 2022.

Corrective Action Plan: Management has worked on updating processes and procedures to ensure timely reporting.

Anticipation completion date will be December 31, 2022 audit and report submission.

Contact Person: Robert Goshia, Chief Financial Officer, 419-542-5695

Signature 10/31/2022
Date

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OHIO AUDITOR OF STATE
KEITH FABER

MARK-MILFORD-HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

DEFIANCE 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 12/1/2022

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