Scott County Rest Home, Inc.
D.B.A. Park Lane Nursing Home

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021 and 2020

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LEWIS, HOOPER & DICK LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Scott County Rest Home, Inc.
Scott City, KS 67871

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of Scott County Rest Home, Inc. (d.b.a. Park Lane Nursing Home), a component unit of Scott County, Kansas, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of Scott County Rest Home, Inc. (d.b.a. Park Lane Nursing Home) as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Scott County Rest Home, Inc. (d.b.a. Park Lane Nursing Home), as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scott County Rest Home, Inc. (d.b.a. Park Lane Nursing Home), and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Scott County Rest Home, Inc.'s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Scott County Rest Home, Inc. (d.b.a. Park Lane Nursing Home)'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and the *Kansas Municipal Audit and Accounting Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home'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 management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Lewis, Hooper & Dick, LLC
LEWIS, HOOPER & DICK, LLC

April 6, 2022

Scott County Rest Home, Inc.

Management Discussion and Analysis

For the years ended December 31, 2021 and 2020

The following information provides an overview of Scott County Rest Home, Inc.'s financial performance for fiscal years ending December 31, 2021 and 2020. The information contained here is intended to provide the users of these financial statements with a well-rounded picture of the Home's financial condition. A more detailed presentation is given in the Home's basic financial statements and notes (pages 2-18). Responsibility for this discussion and the completeness and fairness of the information presented resides with the Home.

Financial Highlights

The assets and deferred outflows of resources of Scott County Rest Home, Inc. exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $2,440,353 (*net position*). Of this amount, $561,883 represents unrestricted net position, which may be used to meet the Home's ongoing obligations to citizens and creditors.

The Home's assets and deferred outflows decreased from 2020 to 2021 by $1,099,608. At December 31, 2021, total assets and deferred outflows were $2,752,692 as compared to $3,852,300 at December 31, 2020.

The Home had no long-term debt at December 31, 2021, and $3,600 of long-term debt at December 31, 2020, which is a decrease of $3,600.

The Home's reported resident service revenues (net of contractual allowances and provision for bad debts) was $4,051,976 for fiscal year 2021, and was $5,336,045 for fiscal year 2020; a decrease of $1,284,069 or 24.06%.

The Home reported revenues under expenses before capital grants and contributions of $527,327 for fiscal year 2021, as compared to revenues over expenses before capital grants and contributions of $545,377 for fiscal year 2020. This was a decrease of $1,072,704.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to Scott County Rest Home, Inc.'s basic financial statements. The Home's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Home, including resources held by the Home for restricted purposes by contributors, grantors, or enabling legislation.

The *statement of net position* presents financial information on all of Scott County Rest Home, Inc.'s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Home is improving or deteriorating.

The *notes to the financial statements* provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 6-18 of this report.

The discussion following is provided to allow for a more simplified understanding of the Home's level of financial stability in relation to that of the previous year (fiscal year 2020).

Net Position

The Home's net position is the difference between its assets and deferred outflows, and its liabilities and deferred inflows reported in the statements of net position on page 2. The Home's net position decreased in the past year by $517,442 or 17.49%, compared to a increase in net position of $667,996, or 29.17%, in the previous year, as you can see in the following table.

	2021	2020	2019
Assets:			
Current assets	$ 954,678	$ 1,896,301	$ 845,882
Noncurrent assets	1,798,014	1,955,999	1,818,255
Total assets	$ 2,752,692	$ 3,852,300	$ 2,664,137
Liabilities:			
Current liabilities	$ 197,887	$ 311,779	$ 349,759
Long-term debt	-	3,600	7,201
Total liabilities	$ 197,887	$ 315,379	$ 356,960
Total deferred inflows of resources	$ 114,452	$ 579,126	$ 17,378
Net position:			
Invested in capital assets net of related debt	$ 1,794,414	$ 1,948,798	$ 1,807,453
Restricted expendable net assets	84,056	89,395	30,266
Unrestricted	561,883	919,602	452,080
Total net position	$ 2,440,353	$ 2,957,795	$ 2,289,799

There was a decrease in the amount of current assets of $941,623 from 2020; while total assets also decreased from $3,852,300 at December 31, 2020, to $2,752,692 at December 31, 2021.

Long-term debt has decreased from $3,600 at December 31, 2020, to zero at December 31, 2021. There was an overall decrease in the total liabilities and deferred inflows at December 31, 2021; total liabilities and deferred inflows at December 31, 2021, were $312,339 as compared to $894,505 at December 31, 2020.

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Operating Results and Changes in Net Position

In 2021, the Home's net position decreased by $517,442 or 17.49%, as shown in the following table. This decrease is made up of different components.

	2021	2020	2019
Operating revenues			
Total net resident service revenues	$ 4,051,976	$ 5,336,045	$ 4,381,994
Other operating revenues	290,433	301,591	299,833
Total operating revenues	4,342,409	5,637,636	4,681,827
Operating expenses			
Salaries and benefits	3,784,960	3,996,843	3,697,289
Supplies and other expenses	744,470	816,814	726,606
Professional services	697,252	913,152	733,515
Depreciation	216,850	180,149	180,493
Total operating expenses	5,443,532	5,906,958	5,337,903
Operating loss	(1,101,123)	(269,322)	(656,076)
Nonoperating revenues (expenses)			
County appropriations	10,000	43,828	5,340
CARES Act funding - HHS	495,902	102,477	-
CARES Act funding - SPARK	66,084	73,946	-
SBA Paycheck Protection Plan	-	609,900	-
Interest income	1,810	2,300	473
Other nonoperating revenues (expenses), net	-	(17,752)	-
Total nonoperating revenues (expenses)	573,796	814,699	5,813
Excess (deficit) of revenues over expenses before capital grants and contributions	(527,327)	545,377	(650,263)
Capital grants and contributions	9,885	122,619	14,337
Increase (decrease) in net position	(517,442)	667,996	(635,926)
Net position, beginning of year	2,957,795	2,289,799	2,925,725
Net position, end of year	$ 2,440,353	$ 2,957,795	$ 2,289,799

The increase in the operating loss from fiscal year 2020 to fiscal year 2021 of $831,801 can be primarily attributed to a decrease in total net resident service revenues, decreasing from the prior year by $1,284,069. This was a result of a decrease in the census due to the COVID-19 pandemic, which helped contribute to the increase in the total operating loss for fiscal year 2021.

In March 2020, the Home, along with other providers in the United States, were negatively impacted by the worldwide coronavirus pandemic. Resident volumes and related revenues for the Home's services were significantly impacted beginning in the latter part of March 2020. In response, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), American Rescue Plan (ARP) Act, and subsequent legislation have provided funding during these uncertain times. The Home received several grants from the Department of Health and Human Services (HHS) to prevent, prepare for, and respond to the coronavirus pandemic.

Capital Asset and Debt Administration

At the end of 2021, the Home had $1,798,014 invested in capital assets, net of accumulated depreciation, as detailed in Note 3E to the financial statements. In 2021, the Home purchased new equipment and building improvements costing $58,865. A large part of the 2021 acquisitions were the following:

INAalert Wander Management System	$	38,873
New hallway flooring		10,142

At December 31, 2021, the Home had $3,601 in capital lease obligations outstanding. The Home issued no new debt in 2021 or in 2020. The Home's formal debt issuances – revenue bonds – cannot be issued without approval of the citizens of Scott County. The amount of debt issued is subject to limitations that apply to the Home.

Other Economic Factors

As previously mentioned, the Home along with all providers in the United States, has been negatively impacted by the worldwide coronavirus pandemic. This has caused a disruption in resident volumes and other changes required to control the pandemic. In response to this disruption, Congress has passed several laws to provide emergency funding to nursing homes for the replacement of lost revenues, additional direct expenses incurred, and preserving the employment of staff. While these funds were much needed, it is uncertain at this time as to how much of this funding the Home will be able to keep in accordance with the terms of the various programs.

Although the Home, as any other healthcare entity does, will have to deal with continued reimbursement challenges and rising costs of providing healthcare, we feel positive that we are working to counter those issues with increased service offerings and better efficiency.

Contact Information

If you have any questions about this report or need additional financial information, please contact the Administrator at Scott County Rest Home, Inc., 210 E. Parklane, Scott City, KS 67871 or at (620) 872-5871.

BASIC FINANCIAL STATEMENTS

SCOTT COUNTY REST HOME, INC.
Statements of Net Position
As of December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 458,940	$ 1,278,135
Donor restricted cash	124,854	127,238
Resident accounts receivable, net of allowance for doubtful accounts of $23,791 and $35,448, respectively	342,185	470,363
Prepaid expenses	28,699	20,565
TOTAL CURRENT ASSETS	954,678	1,896,301
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	1,798,014	1,955,999
TOTAL NONCURRENT ASSETS	1,798,014	1,955,999
TOTAL ASSETS	$ 2,752,692	$ 3,852,300
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 63,405	$ 170,469
Accrued payroll	40,220	40,084
Accrued compensated absences	63,963	69,547
Other accrued expenses	26,699	28,078
Current portion of long-term debt	3,600	3,601
TOTAL CURRENT LIABILITIES	197,887	311,779
LONG-TERM DEBT, net of current maturities	-	3,600
TOTAL LIABILITIES	197,887	315,379
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - security deposits	20,953	20,114
Unearned revenue - CARES Act funding - HHS	9,904	492,928
Unearned revenue - CARES Act funding - SPARK	-	66,084
Unearned revenue - American Rescue Plan (ARP)	83,595	-
TOTAL DEFERRED INFLOWS OF RESOURCES	114,452	579,126
NET POSITION		
Invested in capital assets net of related debt	1,794,414	1,948,798
Restricted:		
Expendable for capital acquisitions	73,265	78,341
Expendable for employee and resident activities	8,586	8,849
Expendable for the chapel	2,205	2,205
Unrestricted	561,883	919,602
TOTAL NET POSITION	2,440,353	2,957,795
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 2,752,692	$ 3,852,300

The accompanying Notes to Financial Statements are an integral part of these statements.

SCOTT COUNTY REST HOME, INC.
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
RESIDENT SERVICE REVENUES		
Net resident service revenue (net of provision for uncollectible accounts; $23,791 in 2021 and $35,448 in 2020)	$ 3,996,597	$ 5,266,335
Ancillary services - other	55,379	69,710
TOTAL NET RESIDENT SERVICE REVENUES	4,051,976	5,336,045
OTHER OPERATING REVENUES		
Other	290,433	301,591
TOTAL OPERATING REVENUES	4,342,409	5,637,636
OPERATING EXPENSES		
Salaries	3,012,481	3,249,800
Employee benefits	772,479	747,043
Supplies and other expenses	744,470	816,814
Professional services	697,252	913,152
Depreciation	216,850	180,149
TOTAL OPERATING EXPENSES	5,443,532	5,906,958
OPERATING LOSS	(1,101,123)	(269,322)
NONOPERATING REVENUES (EXPENSES)		
County appropriations	10,000	43,828
CARES Act funding - HHS	495,902	102,477
CARES Act funding - SPARK	66,084	73,946
SBA Paycheck Protection Plan	-	609,900
Interest income	1,810	2,300
Loss on disposal of assets	-	(17,752)
TOTAL NONOPERATING REVENUES (EXPENSES)	573,796	814,699
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(527,327)	545,377
CAPITAL GRANTS AND CONTRIBUTIONS	9,885	122,619
INCREASE (DECREASE) IN NET POSITION	(517,442)	667,996
NET POSITION, BEGINNING OF YEAR	2,957,795	2,289,799
NET POSITION, END OF YEAR	$ 2,440,353	$ 2,957,795

The accompanying Notes to Financial Statements are an integral part of these statements.

SCOTT COUNTY REST HOME, INC.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of residents	$ 4,180,993	$ 5,276,063
Payments to suppliers and contractors	(1,558,299)	(1,709,341)
Payments to employees	(3,790,408)	(4,056,054)
Other receipts and payments, net	290,433	301,591
NET CASH USED BY OPERATING ACTIVITIES	(877,281)	(187,741)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants and contributions	9,885	122,619
County appropriations	10,000	43,828
CARES Act funding - HHS	12,878	595,405
CARES Act funding - SPARK	-	140,030
Proceeds from SBA Paycheck Protection Plan	-	609,900
American Rescue Plan (ARP)	83,595	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	116,358	1,511,782
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment	(58,865)	(335,645)
Principal paid on long-term debt	(3,601)	(3,601)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(62,466)	(339,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,810	2,300
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,810	2,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(821,579)	987,095
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,405,373	418,278
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 583,794	$ 1,405,373
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents in current assets	$ 458,940	$ 1,278,135
Donor restricted cash	124,854	127,238
TOTAL CASH AND CASH EQUIVALENTS	$ 583,794	$ 1,405,373
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	$ (1,101,123)	$ (269,322)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Provision for uncollectible accounts	23,791	35,448
Depreciation	216,850	180,149
Changes in:		
Patient accounts receivable	104,387	(98,166)
Prepaid expenses	(8,134)	(606)
Accounts payable	(107,064)	48,344
Accrued payroll	136	(82,586)
Accrued compensated absences	(5,584)	23,375
Other accrued expenses	(1,379)	(27,113)
Unearned revenue - security deposits	839	2,736
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (877,281)	$ (187,741)

The accompanying Notes to Financial Statements are an integral part of these statements.

SCOTT COUNTY REST HOME, INC.
Statements of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2021 and 2020

	Custodial Funds 2021	Custodial Funds 2020
ASSETS		
Cash	$ 11,748	$ 25,411
TOTAL ASSETS	$ 11,748	$ 25,411
NET POSITION		
Net position restricted for others	$ 11,748	$ 25,411
TOTAL NET POSITION	$ 11,748	$ 25,411

Statements of Changes in Fiduciary Net Position
Fiduciary Funds
As of December 31, 2021 and 2020

	Custodial Funds 2021	Custodial Funds 2020
Additions:		
Resident activities	$ 12,537	$ 23,888
Employee activities	168	79
TOTAL ADDITIONS	12,705	23,967
Deductions:		
Resident activities	24,034	10,102
Employee activities	2,334	1,309
TOTAL DEDUCTIONS	26,368	11,411
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(13,663)	12,556
NET POSITION, BEGINNING OF YEAR	25,411	12,855
NET POSITION, END OF YEAR	$ 11,748	$ 25,411

The accompanying Notes to Financial Statements are an integral part of these statements.

1. Summary of significant accounting policies

Scott County Rest Home, Inc. is a quasi-governmental entity which operates as Park Lane Nursing Home located in Scott City, Kansas. The Home is a health care facility that includes the operation of a nursing home care unit and independent living apartments. They are operated from facilities owned and leased by Scott County Rest Home, Inc.

The financial statements of the Home have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Home's accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Business-type activities, which rely to a significant extent on fees and charges to external customers for support, are reported separately. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Financial reporting entity

Scott County Rest Home, Inc. is a component unit of Scott County, Kansas, and is governed by an appointed five-member board. These financial statements present Scott County Rest Home, Inc. (a component unit of Scott County, Kansas) and its component units. Component units are included in the reporting entity because of the significance of their operational or financial relationship with the primary government; however, Scott County Rest Home, Inc. has no component units.

C. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

D. Use of estimates

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

E. Assets, liabilities, deferred outflows/inflows of resources, and net position

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

1. Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources, and net position (continued)

Deposits and investments
State statues authorize the Home to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The report value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares.

Allowance for doubtful accounts
For the years ended December 31, 2021 and 2020, fifteen percent of the accounts receivable in excess of four months are charged to the allowance for doubtful accounts.

Prepaid items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital assets
Capital assets are defined by the Home as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. None of the Home's interest costs were capitalized in 2021 or 2020.

Capital assets are recorded at historical cost. Capital assets contributed to the Home are reported at their estimated acquisition value at the time of their donation. All capital assets other than land and construction in progress are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using the following estimated useful lives:

Land improvements	10 to 25 years
Buildings and building improvements	10 to 25 years
Equipment	5 to 10 years

Deferred outflows/inflows of resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Home has two types of items that qualify for reporting in this category. (1) The Home reports unearned revenues from security deposits as a deferred inflow of resources. (2) The Home reports unearned revenues for grant funding as a deferred inflow of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

1. Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources, and net position (continued)

Long-term obligations
In the financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Net position flow assumption
Sometimes the Home will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Home's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position
Net position of the Home is classified in three components. *Net position invested in capital assets net of related debt* consists of property and equipment 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* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Home. *Unrestricted net position* is remaining net position that does not meet the definition of *invested in capital assets net of related debt* or *restricted in expendable net position.*

F. Revenues and expenses

Net resident service revenue
Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. 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.

Concentration of credit risk
The Home's business activity is primarily with residents located within Scott County, Kansas. The Home grants credit without collateral to its residents, most of whom are from the local area. Receivables from residents and third-party payors were as follows:

	2021	2020
Medicare and Medicaid	66%	58%
Other third-party payors (none over 10%)	1%	1%
Residents	33%	41%
	100%	100%

1. Summary of significant accounting policies (continued)

F. Revenues and expenses (continued)

Grants and contributions
From time to time, the Home receives grants from the State of Kansas as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Operating and nonoperating revenues and expenses
The Home's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Home's principal activity. Nonexchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisitions, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CARES Act and ARP Act Funding
On March 27, 2020, President Trump signed into law the CARES Act, as part of the government's response to the spread of the SARS-CoV-2 virus (coronavirus or COVID-19) and the incidence of COVID-19. On March 11, 2021, President Biden signed into law the American Rescue Plan (ARP) Act of 2021 to provide additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. The CARES Act and ARP Act contained provisions for certain healthcare providers to receive Provider Relief Funds (PRF) from the Department of Health and Human Services (HHS). The Home is accounting for such payments as voluntary nonexchange transactions. As such, payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been substantially met. The unrecognized amount of distributions from the PRF are recorded as unearned revenue in the accompanying balance sheets.

Compensated absences

Vacation
The Home's policy regarding vacation leave pay permits employees to accumulate leave days at a maximum rate of .096 hours per hour worked up to 150 hours per year. Vacation leave pay is accrued when incurred in the financial statements. Vacation leave not used within twelve months after an employee's anniversary date is paid to the employee in the last payroll prior to the anniversary date. The Home has estimated the value of accrued vacation leave pay at December 31, 2021 and 2020, to be $63,963 and $69,547, respectively.

Sick leave
The Home's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of .024 hours per hour worked up to 96 hours. The Home's policy is to recognize the costs of sick leave when actually paid since employees are not reimbursed for unused sick leave when they leave the Home's employ.

1. Summary of significant accounting policies (continued)

G. New Pronouncements

The GASB has issued the following statements which may have an impact on the Home's future financial reporting, although they are not yet required to be implemented by the Home:

- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the Home beginning with its year ending December 31, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the Home beginning with its year ending December 31, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

- GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the Home beginning with its year ending December 31, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

- GASB Statement No. 93, *Replacement of interbank offered rates*, issued March 2020, will be effective for the Home beginning with its year ending December 31, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the Home beginning with its year ending December 31, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

- GASB Statement No. 96, *Subscription-based information technology arrangements*, issued May 2020, will be effective for the Home beginning with its year ending December 31, 2023. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The Home's management has not yet determined the effect these Statements will have on the Home's financial statements.

2. Stewardship, compliance and accountability

A. Compliance with finance related legal and contractual provisions

References made herein to the statutes are not intended as interpretations of the law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representation of the Home.

There are no known material violations of finance related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the years ended December 31, 2021 and 2020.

3. Detailed notes

A. Restricted net position

Restricted, expendable net position is available for the following purposes:

	2021	2020
Capital acquisitions	$ 73,265	$ 78,341
Employee / resident activities	8,586	8,849
Chapel	2,205	2,205
Total expendable, restricted net position	$ 84,056	$ 89,395

B. Deposits and investments

Cash and investments

A reconciliation of cash and investments as shown on the balance sheets is as follows:

	2021	2020
Cash	$ 33,061	$ 49,584
Operating savings	425,879	1,228,551
Total cash and cash equivalents	458,940	1,278,135
Donor restricted cash	124,854	127,238
Total	$ 583,794	$ 1,405,373

	2021	2020
Cash	$ 50	$ 50
Carrying amount of deposits	595,492	1,430,734
Other investments	-	-
Less agency funds	(11,748)	(25,411)
Total cash and investments	$ 583,794	$ 1,405,373

3. Detailed notes (continued)

B. Deposits and investments (continued)

Cash deposits with financial institutions

Custodial credit risk - deposits
Custodial credit risk is the risk that in the event of a bank failure, the Home's deposits may not be returned to it. State statutes require the Home's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Home has no designated "peak periods".

At December 31, 2021, the Home's carrying amount of deposits was $595,492 and the bank balance was $610,986. One hundred percent of the bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $435,107 was covered by federal depository insurance and $175,879 was collateralized with securities held by the pledging financial institutions' agents in the Home's name. The Home's cash deposits at year end are as follows:

	First National Bank	Security State Bank
FDIC coverage	$ 250,000	$ 185,107
Pledged securities at market value	789,901	614,632
Total coverage	$ 1,039,901	$ 799,739
Funds on deposit	$ 425,879	$ 185,107
Funds at risk	$ -	$ -

At December 31, 2020, the Home's carrying amount of deposits was $1,430,734 and the bank balance was $1,557,890. One hundred percent of the bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $502,978 was covered by federal depository insurance and $1,054,912 was collateralized with securities held by the pledging financial institutions' agents in the Home's name.

Credit and interest rate risks
K.S.A. 9-1401 establishes the depositories which may be used by the Home. The statute requires banks eligible to hold the Home's funds have a main or branch bank in the county in which the Home is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Home has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Home's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Home has no investment policy that would further limit its investment choices. The rating of the Home's investment is noted above.

3. Detailed notes (continued)

B. Deposits and investments (continued)

Concentration of credit risk
State statutes place no limit on the amount the Home may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial credit risk - investments
Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the Home will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

C. Accounts receivable
Accounts receivable reported as current assets by the Home at December 31, 2021 and 2020, consists of the following amounts:

	2021	2020
Receivable from residents	$ 120,808	$ 205,773
Receivable from Medicare	145,210	162,548
Receivable from Medicaid	96,052	132,366
Receivable from Zella Carpenter Trust	3,906	5,124
Total receivable	365,976	505,811
Less allowance for doubtful accounts	(23,791)	(35,448)
Accounts receivable, net	$ 342,185	$ 470,363

D. Third-party reimbursement agreements
The Home has agreements with third-party payers that provide for payments to the Home at amounts different from its established rates. These payment arrangements include:

- Medicare – The Home has been reimbursed for services rendered to residents covered by the federal Medicare program on a prospective payment system. The reimbursement plan is on a prospective basis and no additional settlement will be made on the difference between the rates paid and actual costs.

- Medicaid – The Medicaid program reimburses the Home for services rendered to the Medicaid beneficiaries based on a prospective per diem rate established by the Medicaid program. The per diem rate established by Medicaid is based primarily on prior years' cost, subject to a maximum per diem rate set by the State of Kansas.

Revenue from the Medicare and Medicaid programs accounted for approximately 9% and 42%, respectively, of the Home's resident service revenue (net of contractual allowances) for the year ended December 31, 2021. Revenue from the Medicare and Medicaid programs accounted for approximately negative 9% and 42%, respectively, of the Home's resident service revenue (net of contractual allowances) for the year ended December 31, 2020. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation.

3. Detailed notes (continued)

E. Capital assets

Capital asset additions, retirements and balances for the year ended December 31, 2021, are as follows:

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21
Capital assets not being depreciated:				
Land	$ 24,000	$ -	$ -	$ 24,000
Total capital assets not being depreciated	24,000	-	-	24,000
Capital assets being depreciated:				
Buildings and improvements	3,888,157	49,628	-	3,937,785
Equipment	1,258,839	9,237	-	1,268,076
Total capital assets being depreciated	5,146,996	58,865	-	5,205,861
Less accumulated depreciation for:				
Buildings and improvements	(2,211,825)	(149,153)	-	(2,360,978)
Equipment	(1,003,172)	(67,697)	-	(1,070,869)
Total accumulated depreciation	(3,214,997)	(216,850)	-	(3,431,847)
Total capital assets being depreciated, net of accumulated depreciation	1,931,999	(157,985)	-	1,774,014
Net capital assets	$ 1,955,999	$ (157,985)	$ -	$ 1,798,014

Capital asset additions, retirements and balances for the year ended December 31, 2020, are as follows:

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20
Capital assets not being depreciated:				
Land	$ 24,000	$ -	$ -	$ 24,000
Total capital assets not being depreciated	24,000	-	-	24,000
Capital assets being depreciated:				
Buildings and improvements	3,714,892	173,265	-	3,888,157
Equipment	1,195,888	162,380	99,429	1,258,839
Total capital assets being depreciated	4,910,780	335,645	99,429	5,146,996
Less accumulated depreciation for:				
Buildings and improvements	(2,090,577)	(121,248)	-	(2,211,825)
Equipment	(1,025,948)	(58,907)	(81,683)	(1,003,172)
Total accumulated depreciation	(3,116,525)	(180,155)	(81,683)	(3,214,997)
Total capital assets being depreciated, net of accumulated depreciation	1,794,255	155,490	17,746	1,931,999
Net capital assets	$ 1,818,255	$ 155,490	$ 17,746	$ 1,955,999

3. Detailed notes (continued)

F. Leases

Capital leases payable

The Home has entered into various lease agreements to finance the acquisition of equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a summary of assets acquired through these capital lease agreements by the Home at December 31, 2021:

Nursing home office equipment	$ 18,004
Less accumulated depreciation	(14,404)
Total	$ 3,600

Capital leases payable consist of the following:

	2021	2020
Capital lease obligation, at 0.0% imputed interest collateralized by leased equipment with cost of $18,004 at January 3, 2018.	3,600	7,201
Total capital leases payable	3,600	7,201
Less current portion	3,600	3,601
Long-term portion	$ -	$ 3,600

Future minimum lease obligations and the net present value of the minimum lease payments at December 31, 2021, are as follows:

2022	$ 3,600
Total minimum lease payments	3,600
Less amount representing interest	-
Present value of future minimum lease obligations	$ 3,600

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3. Detailed notes (continued)

G. Long-term debt

Changes in long-term liabilities
Long-term liability activity for the Home for the years ended December 31, 2021 and 2020, are as follows:

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Amounts Due Within One Year
Capital leases payable	$ 7,201	$ -	$ 3,601	$ 3,600	$ 3,600
Total long-term debt	7,201	-	3,601	3,600	$ 3,600
Less current maturities	3,601	3,600	3,601	3,600	
Net long-term debt	$ 3,600	$ (3,600)	$ -	$ -	

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Amounts Due Within One Year
Capital leases payable	$ 10,802	$ -	$ 3,601	$ 7,201	$ 3,601
Total long-term debt	10,802	-	3,601	7,201	$ 3,601
Less current maturities	3,601	3,601	3,601	3,601	
Net long-term debt	$ 7,201	$ (3,601)	$ -	$ 3,600	

Interest expense
There was no amount of interest cost incurred or charged to expense during the years ended December 31, 2021 and 2020.

4. Other information

A. Risk management
The Home is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Post-employment health care benefits
Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Home makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. This program is offered for a maximum duration of 36 months after the employee's termination date. There is no cost to the Home under this program. There were no participants in the program at December 31, 2021, and one participant in the program at December 31, 2020.

4. Other information (continued)

C. Pension plan
The Home adopted a defined contribution pension plan, covering substantially all of its employees, on January 1, 1986, with model amendment January 1, 2002, to reflect provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 and amendment January 1, 2012, to bring the Plan into compliance with the Pension Protection Act of 2006 and other legislative and regulatory changes. The plan is administered by Scott County Rest Home, Inc. and is funded through a group annuity contract issued by American United Life Insurance Company, and both the employer and employees contribute to the plan. The Home makes biweekly contributions to the Plan for each plan year equal to 5% of the participant's compensation up to 50% of the Social Security taxable wage base (SSTWB), plus 9.3% of their compensation, if any, in excess of the 50% of the SSTWB. The contributions made by the Home to the plan in 2021 and 2020 total $85,638 and $84,316, respectively.

D. Paycheck Protection Program Loan
The Home received a PPP loan established by the CARES Act to provide a direct incentive for small businesses to keep their workers on payroll during the COVID-19 pandemic in 2020. The PPP loans are administered by the Small Business Administration (SBA) and provide direct loans to qualifying business entities through SBA approved lending institutions (banks). The funds are intended to be used for paying employee wages and other critical expense, such as mortgage interest and utilities. The PPP loans are two or five year promissory notes with a 1% interest rate, with deferred interest payments and require no collateral or personal guarantees. Additionally, the entire loan and applicable interest, or a portion thereof, can qualify for forgiveness if the proceeds are used for defined forgivable purposes, such as employee wages and benefits, that are incurred and paid within a covered time period and other stipulations are met.

The Home applied for and received a PPP loan totaling $609,900 on April 29, 2020. The loan carried a 1% interest rate, with interest only payments deferred for ten months after the loan forgiveness covered period. The principal amount of $609,900, along with any outstanding accrued interest, was due in a lump sum payment on April 29, 2022; however, the Home applied for and received full forgiveness for the PPP loan on November 3, 2020. The Home did not receive a PPP loan for the year ended December 31, 2021.

E. COVID-19 Pandemic
On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020 the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Home's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Home is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity on future fiscal years.

4. Other information (continued)

F. Provider Relief Fund
During the year ended December 31, 2021, the Home received $12,878 of distributions from the CARES Act Provider Relief Fund (PRF) and $83,595 of distributions from the American Rescue Plan (ARP) Act Provider Relief Fund. During the year ended December 31, 2020, the Home received $595,405 of distributions from the CARES Act PRF. These distributions from the PRF are not subject to repayment, provided the Home is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services. Based on an analysis of the compliance and reporting requirements of the PRF and the impact of the pandemic on the Home's revenues and expenses through December 31, 2021, the Home recognized $495,902, related to the distributions from PRF, and these payments are recorded as CARES Act funding – HHS in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of distributions from the PRF of $9,904 and $83,595 is recorded as unearned revenue – CARES Act funding – HHS and unearned revenue – American Rescue Plan (ARP), respectively, in the accompanying balance sheets as of December 31, 2021. Based on an analysis of the compliance and reporting requirements of the PRF and the impact of the pandemic on the Home's revenues and expenses through December 31, 2020, the Home recognized $102,477, related to the distributions from PRF, and these payments are recorded as CARES Act funding – HHS in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of distributions from the PRF of $492,928 is recorded as unearned revenue – CARES Act – HHS in the accompanying balance sheets as of December 31, 2020.

G. Coronavirus Relief Fund
In addition, the Home received funding through the Coronavirus Relief Fund (CRF) under the CARES Act. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/. These distributions from the CRF are not subject to repayment, provided the Home is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services. Based on an analysis of the compliance and reporting requirements of the CRF and the impact of the pandemic on the Home's revenues and expenses through December 31, 2021, the Home recognized $66,084, related to the distributions from the CRF, and these payments are recorded as CARES Act funding - SPARK in the accompanying statements of revenues, expenses and changes in net position. There is no unrecognized revenue related to the CRF distributions as of December 31, 2021. Based on an analysis of the Home's revenues and expenses through December 31, 2020, the Home recognized $73,946, related to the distributions from the CRF, and these payments are recorded as CARES Act funding – SPARK in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of distributions from the CRF of $66,084 as of December 31, 2020, is recorded an unearned revenue – CARES Act – SPARK in the accompanying balance sheets.