Gove County Medical Center
A Component Unit of Gove County, Kansas

Independent Auditor's Report and Financial Statements

December 31, 2025 and 2024

Gove County Medical Center
A Component Unit of Gove County, Kansas
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December 31, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Gove County Medical Center
Quinter, Kansas

Opinion

We have audited the financial statements of Gove County Medical Center, a component unit of Gove County, Kansas, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Gove County Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Gove County Medical Center as of December 31, 2025 and 2024, and the changes in 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Gove County Medical Center 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gove County Medical Center's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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, 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 Gove County Medical Center'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 Gove County Medical Center'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 pension and other postemployment benefit be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Gove County Medical Center's basic financial statements. The net patient service revenue, contractual adjustments, charity care and other operating revenue, and operating expenses schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the net patient service revenue, contractual adjustments, charity care and other operating revenue, and operating expenses schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

Wichita, Kansas
August 4, 2026

Gove County Medical Center
A Component Unit of Gove County, Kansas
Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	$ 6,070,297	$ 2,626,051
Short-term investments	103,074	103,074
Patient accounts receivable, net of allowance; 2025 - $200,000, 2024 - $295,500	3,628,764	5,187,160
Estimated amounts due from third-party payers	127,811	-
Supplies	187,509	242,120
Prepaid expenses and other	532,555	526,980
Total Current Assets	10,650,010	8,685,385
Capital Assets, Net	4,117,553	4,605,441
Total Assets	14,767,563	13,290,826
Deferred Outflows of Resources		
Pension	1,705,061	1,844,137
Other postemployment benefits	3,111	3,952
Total Deferred Outflows of Resources	1,708,172	1,848,089
Total Assets and Deferred Outflows of Resources	$ 16,475,735	$ 15,138,915

Gove County Medical Center
A Component Unit of Gove County, Kansas
Balance Sheets
December 31, 2025 and 2024 **(Continued)**

	2025	2024
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Current maturities of long-term debt	$ 99,853	$ 260,476
Accounts payable	908,839	808,114
Accrued expenses	702,166	645,032
Accrued vacation pay	300,081	239,067
Estimated amounts due to third-party payers	-	438,000
Total Current Liabilities	2,010,939	2,390,689
Long-Term Debt	-	127,681
Net Pension Liability	6,698,573	6,721,317
Total Other Postemployment Benefits Liability	82,066	83,544
Total Liabilities	8,791,578	9,323,231
Deferred Inflows of Resources		
Pension	826,743	881,121
Other postemployment benefits	121,296	127,920
Total Deferred Inflows of Resources	948,039	1,009,041
Net Position		
Net investment in capital assets	4,017,700	4,217,284
Unrestricted	2,718,418	589,359
Total Net Position	6,736,118	4,806,643
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 16,475,735	$ 15,138,915

Gove County Medical Center
A Component Unit of Gove County, Kansas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2025 - $242,905, 2024 - $320,961	$ 17,456,082	$ 16,968,092
340B drug pricing program	929,354	654,691
Other	302,146	334,518
Total Operating Revenues	18,687,582	17,957,301
Operating Expenses		
Salaries and wages	8,783,109	8,405,574
Employee benefits	3,303,942	3,652,618
Purchased services and professional fees	4,404,798	3,702,016
Drugs	1,279,371	1,374,589
Medical and surgical supplies	358,512	372,412
Utilities	231,861	219,800
Repairs and maintenance	508,186	434,945
Supplies and other	2,302,425	1,912,669
Depreciation	818,042	851,557
Total Operating Expenses	21,990,246	20,926,180
Operating Loss	(3,302,664)	(2,968,879)
Nonoperating Revenues (Expenses)		
Noncapital appropriations - Gove County	1,327,037	1,405,146
Sales tax revenue	755,186	742,998
Interest income	252,589	175,057
Interest expense	(9,521)	(19,073)
Employee Retention Credit (ERC)	2,676,529	-
Noncapital grants and gifts	230,319	145,525
Total Nonoperating Revenues	5,232,139	2,449,653
Increase (Decrease) in Net Position	1,929,475	(519,226)
Net Position, Beginning of Year	4,806,643	5,325,869
Net Position, End of Year	$ 6,736,118	$ 4,806,643

Gove County Medical Center
A Component Unit of Gove County, Kansas
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 18,448,667	$ 15,032,799
Payments to suppliers and contractors	(8,935,392)	(7,771,630)
Payments to employees	(11,914,210)	(11,699,390)
Other receipts, net	1,231,500	989,209
Net Cash Used in Operating Activities	(1,169,435)	(3,449,012)
Cash Flows From Noncapital Financing Activities		
Noncapital appropriations - Gove County	1,327,037	1,405,146
Sales tax revenue	755,186	742,998
Employee Retention Credit (ERC)	2,676,529	-
Noncapital grants and gifts	230,319	145,525
Net Cash Provided by Noncapital Financing Activities	4,989,071	2,293,669
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(288,304)	(250,925)
Interest paid on long-term debt	(9,521)	(19,073)
Purchase of capital assets	(330,154)	(333,755)
Net Cash Used in Capital and Related Financing Activities	(627,979)	(603,753)
Cash Flows From Investing Activities		
Interest income	252,589	175,057
Net Cash Provided by Investing Activities	252,589	175,057
Increase (Decrease) in Cash	3,444,246	(1,584,039)
Cash, Beginning of Year	2,626,051	4,210,090
Cash, End of Year	$ 6,070,297	$ 2,626,051
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (3,302,664)	$ (2,968,879)
Depreciation	818,042	851,557
Changes in operating assets and liabilities		
Patient accounts receivable, net	1,558,396	(2,427,293)
Estimated amounts due from and to third-party payers	(565,811)	492,000
Accounts payable and accrued expenses	218,873	185,788
Net pension liability	(22,744)	(541,189)
Total other postemployment benefits liability	(1,478)	14,098
Deferred outflows of resources - pension and OPEB	139,917	654,782
Deferred inflows of resources - pension and OPEB	(61,002)	163,903
Other assets and liabilities	49,036	126,221
Net Cash Used in Operating Activities	$ (1,169,435)	$ (3,449,012)

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

Nature of Operations and Reporting Entity

Gove County Medical Center (Hospital) is an acute care hospital located in Quinter, Kansas. The Hospital is a component unit of Gove County, Kansas (County), and the Board of County Commissioners appoints members to the Board of Trustees of the Hospital. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Gove County area.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific such as county appropriations, sales taxes, interest income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025 and 2024, there were no cash equivalents.

Noncapital Appropriations – Gove County and Sales Tax Revenue

The Hospital received approximately 9% and 11% of its financial support from the proceeds of noncapital appropriations from Gove County and sales taxes in 2025 and 2024, respectively. One hundred percent of these funds were used to support operations in both years.

Property taxes are levied by the County and shared with the Hospital for hospital operational purposes. Taxes are assessed by the County in November and are received beginning in January of each year. Noncapital appropriations revenue is recognized in full in the year in which use is first permitted.

Sales tax revenue is recognized based on sales tax collected by the County's retailers in the Hospital's accounting period. The Hospital sales tax is 1% and is currently set to expire in 2029.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; workers' compensation; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Hospital:

Land improvements	8 – 20 years
Buildings and building improvements	5 – 40 years
Fixed equipment	5 – 20 years
Major moveable equipment	4 – 20 years

Capital Asset Impairment

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2025 and 2024.

Deferred Outflows of Resources

The Hospital reports the consumption of net position that is applicable to a future period as deferred outflows of resources in a separate section of its balance sheets.

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

Cost-Sharing Defined Benefit Pension Plan

The Hospital participates in a cost-sharing multiple-employer defined benefit pension plan, the Kansas Public Employees Retirement Savings Plan (KPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

The Hospital has a single-employer defined benefit other postemployment benefit (OPEB) plan, Long-Term Disability Plan (the OPEB Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

The Hospital reports an acquisition of net position that is applicable to a future period as deferred inflows of resources in a separate section of its balance sheets.

Net Position

Net position of the Hospital is classified in two components on its balance sheets.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

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

Income Taxes

As an essential government function of the County, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

Note 2. Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2025 and 2024, $5,940,743 and $2,347,374 of the Hospital's bank balances of $6,390,231 and $2,731,174, respectively, were exposed to custodial credit risk as follows:

	2025	2024
Uninsured and uncollateralized	$ 201,726	$ -
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the Hospital's name	5,739,017	2,347,374
	$ 5,940,743	$ 2,347,374

Investments

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At December 31, 2025 and 2024, the Hospital had $103,074 and $103,074, respectively, of investments with a maturity date of less than one year.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2025	2024
Carrying value		
Deposits	$ 6,070,000	$ 2,625,754
Cash on hand	297	297
Investments	103,074	103,074
	$ 6,173,371	$ 2,729,125
Included in the following balance sheet captions		
Cash	$ 6,070,297	$ 2,626,051
Short-term investments	103,074	103,074
	$ 6,173,371	$ 2,729,125

Note 3. Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at December 31 consisted of:

	2025	2024
Medicare	$ 1,669,068	$ 3,051,507
Medicaid	252,016	154,473
Blue Cross	792,740	754,321
Other third-party payers	782,341	1,082,252
Patients	332,599	440,107
	3,828,764	5,482,660
Less allowance for uncollectible accounts	200,000	295,500
	$ 3,628,764	$ 5,187,160

Note 4. Capital Assets

Capital assets activity for the years ended December 31 was:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 220,596	$ -	$ -	$ -	$ 220,596
Land improvements	97,694	-	-	34,160	131,854
Buildings and leasehold improvements	8,029,273	-	-	-	8,029,273
Fixed equipment	4,190,744	-	-	-	4,190,744
Major moveable equipment	5,915,188	-	-	233,451	6,148,639
Construction in progress	45,867	330,154	-	(267,611)	108,410
	18,499,362	330,154	-	-	18,829,516
Less accumulated depreciation					
Land improvements	122,507	39,684	-	-	162,191
Buildings and leasehold improvements	6,178,793	231,615	-	-	6,410,408
Fixed equipment	2,873,388	229,788	-	-	3,103,176
Major moveable equipment	4,719,233	316,955	-	-	5,036,188
	13,893,921	818,042	-	-	14,711,963
Capital assets, net	$ 4,605,441	$ (487,888)	$ -	$ -	$ 4,117,553

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 220,596	$ -	$ -	$ -	$ 220,596
Land improvements	97,694	-	-	-	97,694
Buildings and leasehold improvements	7,452,928	-	-	576,345	8,029,273
Fixed equipment	4,190,744	-	-	-	4,190,744
Major moveable equipment	5,757,860	157,328	-	-	5,915,188
Construction in progress	445,785	176,427	-	(576,345)	45,867
	18,165,607	333,755	-	-	18,499,362
Less accumulated depreciation					
Land improvements	95,292	27,215	-	-	122,507
Buildings and leasehold improvements	5,940,445	238,348	-	-	6,178,793
Fixed equipment	2,642,522	230,866	-	-	2,873,388
Major moveable equipment	4,364,105	355,128	-	-	4,719,233
	13,042,364	851,557	-	-	13,893,921
Capital assets, net	$ 5,123,243	$ (517,802)	$ -	$ -	$ 4,605,441

Note 5. Long-Term Obligations

The following is a summary of long-term obligation transactions for the Hospital for the years ended December 31:

	2025					
	Beginning Balance	Additions	Payments	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Long-term debt						
Note payable – County	$ 55,655	$ -	$ 55,655	$ -	$ -	$ -
Financed capital purchases	332,502	-	232,649	99,853	99,853	-
Total long-term obligations	$ 388,157	$ -	$ 288,304	$ 99,853	$ 99,853	$ -

	2024					
	Beginning Balance	Additions	Payments	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Long-term debt						
Note payable – County	$ 83,483	$ -	$ 27,828	$ 55,655	$ 27,827	$ 27,828
Financed capital purchases	555,599	-	223,097	332,502	232,649	99,853
Total long-term obligations	$ 639,082	$ -	$ 250,925	$ 388,157	$ 260,476	$ 127,681

Note Payable – County – 2016

The note payable – County – 2016 consists of an agreement with the County to repay on its behalf revenue bonds in the original amount of $278,275 dated March 21, 2016. These bonds were purchased in their entirety by Western Cooperative Electric at their par value with no interest due on these bonds pursuant to a Rural Economic Development Loan and Grant Program. The proceeds from this loan were used to complete a renovation of the HVAC system at the Hospital. The bonds were paid off in full in 2025.

Financed Capital Purchases

Financed capital purchases are in the form of a note payable to bank, with a maturity date of May 15, 2026. Principal and interest is payable monthly. The interest rate is 4.20%. The note is secured by certain capital assets.

The debt service requirements as of December 31, 2025, are as follows:

Year Ending December 31,	Total to be Paid	Principal	Interest
2026	$ 100,904	$ 99,853	$ 1,051

Note 6. Medical Malpractice Coverage and Claims

The Hospital purchases medical malpractice insurance which provides $500,000 of coverage for each medical incident and $1,500,000 of aggregate coverage for each policy year. The policy is claims-made, which only covers claims made and reported to the insurer during the policy term, regardless of when the incident giving rise to the claim occurred. The Kansas Health Care Stabilization Fund provides an additional $500,000 of coverage for each medical incident and $1,500,000 of aggregate coverage for each policy year.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 7. Net Patient Service Revenue

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

Medicare. The Hospital is recognized as a CAH. Under CAH rules, inpatient acute care, skilled swing-bed and certain outpatient services rendered to Medicare program beneficiaries are paid at 101% of allowable cost subject to certain limitations. Other outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and cost reimbursement methodologies. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed on a prospective payment methodology, which includes a hospital specific add-on percentage based on prior filed cost reports. The add-on percentage may be rebased at some time in the future.

Services rendered for long-term care facility residents are reimbursed under a cost-based prospective reimbursement methodology. The Hospital is reimbursed at a prospective rate with annual cost reports submitted to the Medicaid program. Rates are adjusted on July 1 and January 1 using an average of the three previously filed annual cost reports and changes in the Medicaid resident case mix. The Medicaid cost reports are subject to audit by the State and adjustments to rates can be made retroactively.

Approximately 72% and 67% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2025 and 2024, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Note 8. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Plan Description

The Kansas Public Employees Retirement System Plan is an umbrella organization administering the following three statewide retirement systems under one plan as provided by K.S.A. 74, Article 49: *Kansas Public Employees Retirement System (KPERS), Kansas Police and Fire Retirement System and Kansas Retirement System for Judges*.

The KPERS plan is a cost-sharing multiple-employer defined benefit pension plan. KPERS is intended to be a qualified retirement plan under Section 401(a) of the Code. Information relating to KPERS, including stand-alone financial statements, is available by writing to KPERS, 611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3869 or accessing the internet at www.KPERS.org.

KPERS makes separate calculations for pension-related amounts for the following four groups participating in the plan:

- State/School
- Local
- Police and Firemen
- Judges

The Hospital's employees participate in the Local group.

Benefits Provided

Retirement benefits for employees are calculated based on the credited service, final average salary and a statutory multiplier. KPERS has two levels of benefits depending on retirement age and years of credited service. Tier 1 benefits are for members who are age 65 or age 62 with ten years of credited service or of any age when combined age and years of credited service equal 85 "points." Tier 2 benefits are for members who are age 65 with five years of credited service or age 60 with 30 years of credited service. Tier 1 members receive a participating service credit of 1.75% of the final average salary for years of service prior to January 1, 2014. Participating service credit is 1.85% of final average salary for years of service after December 31, 2013. Tier 2 members retiring on or after January 1, 2012, participating service credit is 1.85% for all years of service.

Early retirement is permitted at the age of 55 and 10 years of credited service. Benefits are reduced by 0.2% per month for each month between the ages of 60-62, plus 0.6% for each month between the ages of 55 and 60 for Tier 1 members. For Tier 2 members, benefits are reduced actuarially for each early commencement. The reduction factor is 35% at the age of 60 and 57.5% at age 55. If the member has 30 years of credited service, the early retirement reduction is less (50% of regular reduction). The plan also provides disability and death benefits to plan members and their beneficiaries.

The terms of the plan provide for annual 2% cost-of-living adjustment for Tier 2 members who retired prior to July 1, 2012, beginning the later of age of 65 or the second July 1 after retirement date. Other participants do not receive a cost-of-living adjustment.

Contributions

The law governing KPERS requires an actuary to make an annual valuation of the liabilities and reserves and a determination of the contributions required to discharge the KPERS liabilities. The actuary then recommends to the KPERS Board of Trustees the statewide employer-contribution rates required to maintain the three systems on the actuarial reserve basis. Prior to January 1, 2014, Tier 1 participants were required to contribute 4% of their annual pay. Effective January 1, 2014, the rate was raised to 5% with an increase in the benefit multiplier to 1.85% beginning January 1, 2014, for future years of service only. Effective January 1, 2015, the contribution rate was raised to 6%. Tier 2 participants are required to contribute 6% of compensation. The Hospital's contractually required contribution rate for the years ended December 31, 2025 and 2024, was 9.71% and 9.26% of annual payroll, respectively. The employer contribution is 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 Hospital's contributions to KPERS for pensions for the years ended December 31, 2025 and 2024, were $798,269 and $752,518, respectively.

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

At December 31, 2025 and 2024, the Hospital reported a liability of $6,698,573 and $6,721,317, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of December 31, 2024 and 2023, respectively, rolled forward to June 30, 2025 and 2024, respectively. The Hospital's proportion of the net pension liability was based on the ratio of the Hospital's actual contributions to total employer and nonemployer actual contributions of the group for the respective measurement periods. At June 30, 2025, the Hospital's proportion was 0.334219%, which was an increase of 0.017807% from its proportion measured as of June 30, 2024, of 0.316412%. At June 30, 2023, the proportion was 0.346179%.

For the years ended December 31, 2025 and 2024, the Hospital recognized pension expense of $861,280 and $1,057,208, respectively. At December 31, 2025 and 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 863,175	$ -
Net difference between projected and actual earnings on pension plan investments	-	230,051
Changes of assumptions	165,585	-
Changes in proportion	273,492	596,692
Hospital's contributions subsequent to the measurement date	402,809	-
Total	$ 1,705,061	$ 826,743

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 817,604	$ -
Net difference between projected and actual earnings on pension plan investments	41,177	-
Changes of assumptions	406,268	-
Changes in proportion	198,018	881,121
Hospital's contributions subsequent to the measurement date	381,070	-
Total	$ 1,844,137	$ 881,121

At December 31, 2025, the Hospital reported $402,809 as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2025, related to pensions will be recognized in pension expense as follows:

2026	$ 515,075
2027	(28,981)
2028	(24,306)
2029	13,721
	$ 475,509

Actuarial Assumptions

The total pension liability in the December 31, 2024 and 2023, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Price inflation	2.75%	2.75%
Salary increases, including inflation	3.50% to 15.50%	3.50% to 15.50%
Investment rate of return, net of pension plan investment expense, including inflation	7.00%	7.00%

Mortality rates used in the December 31, 2024 and 2023 actuarial valuations were based on the PUB 2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study prepared during 2024.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study prepared during 2023.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2025		2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Non-U.S. Equities	43.0%	8.20%	43.0%	8.20%
Core Fixed Income	13.0%	2.20%	13.0%	2.20%
Yield Driven	12.0%	5.30%	12.0%	5.30%
Infrastructure	3.0%	6.80%	3.0%	6.80%
Real Estate	15.0%	5.70%	15.0%	5.70%
Alternatives	11.0%	12.00%	11.0%	12.00%
Short-Term Investments	3.0%	0.30%	3.0%	0.30%
	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the contractually required rate. Participating employer contributions do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by KPERS' Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. 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.

Sensitivity of the Hospital's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Hospital's proportionate share of the net pension liability has been calculated using a discount rate of 7.00%. The following presents the Hospital's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Hospital's proportionate share of the net pension liability	$ 9,884,988	$ 6,698,573	$ 4,022,410

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS' financial report.

Note 9. Other Postemployment Benefit Plan

Plan Description

The Hospital contributes to the KPERS Long-Term Disability Plan (the OPEB Plan), a single-employer defined benefit other postemployment benefit (OPEB) plan covering substantially all employees. The OPEB Plan is administered by a board of trustees appointed by KPERS. The OPEB Plan's assets are not accumulated in a qualified trust because contributions from the employer to the OPEB Plan and earnings on those contributions are not irrevocable. Benefit provisions are contained in the plan document and were established and can be amended by action of the KPERS's governing body. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The OPEB Plan provides LTD and life insurance benefits to eligible disabled members. Benefits provided are self-funded, and the full cost of the benefits is covered by the OPEB Plan. The monthly benefit is 60% of the member's monthly rate of compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever first occurs. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the date of the member's retirement, whichever first occurs. Upon the death of a member who is receiving monthly disability benefits, the plan will pay a lump sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of (a) the member's annual rate of compensation at the time of disability, or (b) the member's previous 12 months of compensation at the time of the last date on payroll. If the member had been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, he or she may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary.

The employees covered by the benefit terms at June 30 (the measurement date), are:

	2025	2024
Active employees	114	120
Disabled employees	1	1
	115	121

Total OPEB Liability

The Hospital's total OPEB liability of $82,066 and $83,544 was measured as of June 30, 2025 and 2024, for the years ended December 31, 2025 and 2024, respectively, and was determined by actuarial valuations as of December 31, 2024 and 2023, respectively, and rolled forward to June 30, 2025 and 2024, respectively.

The total OPEB liability in the December 31, 2024 and 2023, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2025	2024
Inflation	2.75%	2.75%
Discount rate	5.20%	3.93%
Salary increases, including inflation	3.50% to 10.30%	3.50% to 10.30%

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate changed from 3.65% in 2023 to 3.93% in 2024 and to 5.20% in 2025.

Mortality rates were based on the PUB 2010 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups, as appropriate with adjustments for mortality improvements based on MP-2021 Mortality Tables for the December 31, 2024 and 2023, actuarial valuations.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the three-year period ended December 31, 2022.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study for the three-year period ended December 31, 2022.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	2025	2024
Balance, beginning of year	$ 83,544	$ 69,446
Changes for the year:		
Service cost	16,364	16,828
Interest	3,872	3,093
Differences between expected and actual experience	(12,993)	(3,049)
Changes of assumptions	(5,956)	296
Benefit payments	(2,765)	(3,070)
Net changes	(1,478)	14,098
Balance, end of year	$ 82,066	$ 83,544

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability of the Hospital, at December 31, 2025, has been calculated using a discount rate of 5.20%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Hospital's total OPEB liability	$ 86,747	$ 82,066	$ 77,477

The total OPEB liability of the Hospital is not impacted by health care cost trend rates given the nature of the benefits provided by the OPEB Plan, as such no sensitivity tables were prepared for the health care trend rates.

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

For the years ended December 31, 2025 and 2024, the Hospital recognized OPEB credit of $(4,496) and $(2,931), respectively. At December 31, 2025 and 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 96,920
Changes of assumptions	3,111	24,376
Total	$ 3,111	$ 121,296

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 104,845
Changes of assumptions	3,952	23,075
Total	$ 3,952	$ 127,920

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2025, related to OPEB will be recognized in OPEB expense as follows:

2026	$ (24,463)
2027	(22,827)
2028	(19,975)
2029	(17,950)
2030	(12,135)
Thereafter	(20,835)
	$ (118,185)

Note 10. 340B Drug Pricing Program

The Hospital participates in the 340B Drug Pricing Program (340B Program) enabling the Hospital to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The Hospital recorded revenues related to the 340B Program of $929,354 and $654,691 for the years ended December 31, 2025 and 2024, respectively. The Hospital recorded expenses related to the 340B Program of $421,439 and $302,353 for the years ended December 31, 2025 and 2024, respectively, which is included in drugs expense in the accompanying statements of revenues, expenses and changes in net position. The 340B Program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term.

Note 11. Employee Retention Credit

The *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) and subsequent legislation provides a refundable employee retention tax credit (ERC) to eligible employers who meet either a gross receipts test or a governmental mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Hospital applied for $2,676,529 in refunds, including interest, for ERCs related to payroll for the first and second quarters of the year ended December 31, 2021. Payments from the IRS were received in 2025. As a result, the Hospital recognized nonoperating revenue in its financial statements for the year ended December 31, 2025.

The statute of limitations for the first and second quarter filings expired on April 15, 2025, and the Hospital has not received any notification from the IRS challenging its filings, or other information that makes the Hospital believe the filing was improper.

Note 12. Subsequent Events

Subsequent to year-end, Gove County Medical Center executed an affiliation agreement with Hays Medical Center, with operations under the new structure commencing on April 1, 2026. Management is continuing to evaluate the ongoing impact of the affiliation on the organization’s financial positions and results of operations.

Required Supplementary Information

Gove County Medical Center
A Component Unit of Gove County, Kansas
Schedule of the Hospital's Proportionate Share of the Net Pension Liability
Kansas Public Employees Retirement System Plan
Last Ten Fiscal Years

	2025 *	2024 *	2023 *	2022 *	2021 *
Hospital's proportion of the net pension liability	0.334219%	0.316412%	0.346179%	0.386346%	0.414765%
Hospital's proportionate share of the net pension liability	$ 6,698,573	$ 6,721,317	$ 7,262,506	$ 7,680,730	$ 4,976,998
Hospital's covered-employee payroll	$ 8,187,934	$ 7,714,484	$ 7,625,407	$ 7,714,883	$ 7,146,693
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.81%	87.13%	95.24%	99.56%	69.64%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	72.75%	70.70%	69.75%	76.40%

* The amounts presented for each fiscal year are as of the measurement date (June 30 of each fiscal year).

Gove County Medical Center
A Component Unit of Gove County, Kansas
Schedule of the Hospital's Proportionate Share of the Net Pension Liability
Kansas Public Employees Retirement System Plan
Last Ten Fiscal Years **(Continued)**

2020 *	2019 *	2018 *	2017 *	2016 *
0.356081%	0.330458%	0.315715%	0.307998%	0.310951%
$ 6,173,212	$ 4,617,729	$ 4,400,404	$ 4,461,214	$ 4,810,504
$ 6,459,382	$ 6,037,151	$ 5,560,349	$ 5,412,610	$ 5,461,409
95.57%	76.49%	79.14%	82.42%	88.08%
66.30%	69.88%	68.88%	67.12%	65.10%

Gove County Medical Center
A Component Unit of Gove County, Kansas
Schedule of the Hospital's Pension Contributions
Kansas Public Employees Retirement System Plan
Last Ten Fiscal Years

	2025 *	2024 *	2023 *	2022 *	2021 *
Contractually required contribution	$ 798,269	$ 752,518	$ 582,234	$ 686,614	$ 675,459
Contribution in relation to the contractually required contribution	798,269	752,518	582,234	686,614	675,459
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Hospital's covered-employee payroll	$ 8,221,097	$ 8,126,547	$ 6,906,688	$ 7,714,801	$ 7,615,093
Contributions as a percentage of covered-employee payroll	9.71%	9.26%	8.43%	8.90%	8.87%

*The amounts presented for each fiscal year are as of the fiscal year-end (December 31).

Gove County Medical Center
A Component Unit of Gove County, Kansas
Schedule of the Hospital's Pension Contributions
Kansas Public Employees Retirement System Plan
Last Ten Fiscal Years **(Continued)**

2020 *	2019 *	2018 *	2017 *	2016 *
$ 648,377	$ 572,655	$ 488,474	$ 441,447	$ 491,268
648,377	572,655	488,474	441,447	491,268
$ -	$ -	$ -	$ -	$ -
$ 7,530,515	$ 6,441,554	$ 5,822,095	$ 5,218,053	$ 5,351,504
8.61%	8.89%	8.39%	8.46%	9.18%

Gove County Medical Center
A Component Unit of Gove County, Kansas
Schedule of Changes in the Hospital's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years

	2025 *	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *	2017 *
Total OPEB Liability									
Service cost	$ 16,364	$ 16,828	$ 16,309	$ 30,542	$ 25,071	$ 19,810	$ 17,362	$ 17,178	$ 18,949
Interest	3,872	3,093	3,115	3,160	2,651	5,819	6,786	7,085	5,699
Differences between expected and actual experience	(12,993)	(3,049)	(20,306)	(45,692)	(4,961)	(69,857)	(19,973)	(30,773)	-
Changes in assumptions	(5,956)	296	(314)	(29,515)	181	5,281	2,525	(2,602)	(8,031)
Benefit payments	(2,765)	(3,070)	(2,058)	(3,004)	(1,203)	(23,876)	(12,639)	(14,617)	(19,219)
Net Change in Total OPEB Liability	(1,478)	14,098	(3,254)	(44,509)	21,739	(62,823)	(5,939)	(23,729)	(2,602)
Hospital's Total OPEB Liability - Beginning	83,544	69,446	72,700	117,209	95,470	158,293	164,232	187,961	190,563
Hospital's Total OPEB Liability - Ending	$ 82,066	$ 83,544	$ 69,446	$ 72,700	$ 117,209	$ 95,470	$ 158,293	$ 164,232	$ 187,961
Hospital's Covered-employee Payroll	$ 7,646,216	$ 6,778,662	$ 7,013,909	$ 6,954,752	$ 7,518,812	$ 6,367,739	$ 5,550,333	$ 5,157,397	$ 5,215,125
Hospital's Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.07%	1.23%	0.99%	1.05%	1.56%	1.50%	2.85%	3.18%	3.60%
Changes of Assumptions									
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

Note to Schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. No assets are accumulated in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75.

*The amounts presented for each fiscal year are as of the measurement date (June 30 of each fiscal year).

Supplementary Information

Gove County Medical Center
A Component Unit of Gove County, Kansas
Net Patient Service Revenue
Years Ended December 31, 2025 and 2024

	2025		
	Inpatient	Outpatient	Total
Hospital nursing service	$ 2,604,718	$ -	$ 2,604,718
Nursery	333,700	-	333,700
Operating room	318,584	901,161	1,219,745
Delivery room	511,206	-	511,206
Anesthesiology	196,423	313,512	509,935
Radiology	236,473	2,183,566	2,420,039
Laboratory	582,513	2,181,815	2,764,328
Respiratory therapy	551,695	35,093	586,788
Physical therapy	183,594	1,307,546	1,491,140
Occupational therapy	62,718	102,165	164,883
Speech therapy	4,252	13,604	17,856
Electrocardiology	27,916	201,967	229,883
Cardiac rehabilitation	-	55,964	55,964
Implantable devices	3,698	6,640	10,338
Medical supplies	140,215	44,511	184,726
Pharmacy	716,118	2,011,896	2,728,014
Orthopedic, urology, ENT, pain clinics	1,066,209	3,834,488	4,900,697
Emergency room	52,337	814,159	866,496
Observation	17,334	459,595	476,929
Sleep lab	-	6,447	6,447
Senior life solutions	-	1,564,773	1,564,773
Home health agency	-	10,857	10,857
	$ 7,609,703	$ 16,049,759	23,659,462
Provision for uncollectible accounts			242,905
Contractual allowances and charity care			5,960,475
Net patient service revenue			$ 17,456,082

Gove County Medical Center
A Component Unit of Gove County, Kansas
Net Patient Service Revenue
Years Ended December 31, 2025 and 2024 **(Continued)**

	2024		
	Inpatient	**Outpatient**	**Total**
Hospital nursing service	$ 1,258,468	$ -	$ 1,258,468
Nursery	128,296	-	128,296
Operating room	192,669	1,131,971	1,324,640
Delivery room	302,473	-	302,473
Anesthesiology	129,843	307,804	437,647
Radiology	330,357	3,267,864	3,598,221
Laboratory	419,692	2,125,182	2,544,874
Respiratory therapy	304,792	28,507	333,299
Physical therapy	190,039	1,183,455	1,373,494
Occupational therapy	78,635	97,197	175,832
Speech therapy	4,804	6,688	11,492
Electrocardiology	26,967	191,627	218,594
Cardiac rehabilitation	-	55,270	55,270
Implantable devices	18,824	-	18,824
Medical supplies	101,649	45,884	147,533
Pharmacy	667,846	1,548,175	2,216,021
Orthopedic, urology, ENT, pain clinics	812,118	3,780,470	4,592,588
Emergency room	45,346	811,158	856,504
Observation	26,418	472,827	499,245
Sleep lab	-	43,115	43,115
Senior life solutions	-	899,289	899,289
Home health agency	-	10,135	10,135
	$ 5,039,236	$ 16,006,618	21,045,854
Provision for uncollectible accounts			320,961
Contractual allowances and charity care			3,756,801
Net patient service revenue			$ 16,968,092

Gove County Medical Center
A Component Unit of Gove County, Kansas
Contractual Adjustments, Charity Care and Other Operating Revenues
Years Ended December 31, 2025 and 2024

Contractual Adjustments and Charity Care

	2025	2024
Charity Care	$ 126,442	$ 152,430
Contractual Adjustments		
Medicare and Medicaid – Hospital	1,858,795	635,296
Blue Cross – Hospital	2,575,420	2,086,536
Commercial insurance – Hospital	1,010,934	605,898
Administrative adjustments	388,884	276,641
	$ 5,960,475	$ 3,756,801

Other Operating Revenues

	2025	2024
Day care revenue	$ 107,398	$ 102,430
Contract revenue	8,276	33,214
Cafeteria sales	76,182	70,962
Rent	6,467	2,114
Guest meals	11,131	9,969
340B drug pricing program	929,354	654,691
Miscellaneous	92,692	115,829
	$ 1,231,500	$ 989,209

Gove County Medical Center
A Component Unit of Gove County, Kansas
Operating Expenses
Years Ended December 31, 2025 and 2024

	2025		
	Salaries	Other	Total
Hospital nursing service	$ 1,085,382	$ 984,296	$ 2,069,678
Nursery	15,325	7,558	22,883
Long-term care	54,424	21,287	75,711
Operating room	216,791	328,638	545,429
Delivery room	136,486	771,645	908,131
Anesthesiology	-	290,433	290,433
Radiology	384,813	437,214	822,027
Laboratory	309,620	887,093	1,196,713
Respiratory therapy	122,742	103,559	226,301
Physical therapy	578,115	64,164	642,279
Occupational therapy	70,432	61,448	131,880
Speech therapy	-	13,291	13,291
Electrocardiology	9,056	3,774	12,830
Cardiac rehabilitation	52,196	1,720	53,916
Implantable devices	-	31,199	31,199
Medical supplies	16,378	52,904	69,282
Pharmacy	102,457	1,389,676	1,492,133
Orthopedic, urology, ENT, pain clinics	2,373,747	571,182	2,944,929
Emergency room	38,809	203,311	242,120
Sleep lab	-	6,712	6,712
Senior life solutions	-	601,445	601,445
Home health agency	411	4,196	4,607
Depreciation	-	818,042	818,042
Employee benefits	-	3,258,525	3,258,525
Administrative and general	1,851,499	1,721,020	3,572,519
Operation of plant	148,905	307,790	456,695
Laundry and linen	22,051	4,517	26,568
Housekeeping	144,591	31,253	175,844
Dietary	286,272	147,150	433,422
Nursing service administration	511,207	26,331	537,538
Purchasing	41,903	8,750	50,653
Medical records	209,497	47,014	256,511
	$ 8,783,109	$ 13,207,137	$ 21,990,246

Gove County Medical Center
A Component Unit of Gove County, Kansas
Operating Expenses
Years Ended December 31, 2025 and 2024 **(Continued)**

	2024		
	Salaries	Other	Total
Hospital nursing service	$ 995,199	$ 690,442	$ 1,685,641
Nursery	4,925	6,046	10,971
Long-term care	46,353	18,163	64,516
Operating room	233,525	205,962	439,487
Delivery room	137,634	255,739	393,373
Anesthesiology	-	401,643	401,643
Radiology	342,843	367,537	710,380
Laboratory	315,511	946,026	1,261,537
Respiratory therapy	133,759	100,316	234,075
Physical therapy	472,700	148,837	621,537
Occupational therapy	109,108	926	110,034
Speech therapy	-	10,857	10,857
Electrocardiology	5,848	291	6,139
Cardiac rehabilitation	48,866	5,794	54,660
Implantable devices	-	6,794	6,794
Medical supplies	25,975	51,341	77,316
Pharmacy	100,808	1,579,959	1,680,767
Orthopedic, urology, ENT, pain clinics	2,290,207	580,071	2,870,278
Emergency room	40,948	109,675	150,623
Sleep lab	9,595	2,112	11,707
Senior life solutions	-	508,960	508,960
Home health agency	1,315	5,605	6,920
Depreciation	-	851,557	851,557
Employee benefits	-	3,626,678	3,626,678
Administrative and general	1,693,453	1,476,232	3,169,685
Operation of plant	151,078	324,016	475,094
Laundry and linen	21,854	3,591	25,445
Housekeeping	124,321	26,839	151,160
Dietary	249,247	116,585	365,832
Nursing service administration	583,836	67,160	650,996
Purchasing	41,310	6,849	48,159
Medical records	225,356	18,003	243,359
	$ 8,405,574	$ 12,520,606	$ 20,926,180