

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**

Basic Financial Statements and  
Independent Auditors' Report

December 31, 2019 and 2018



DINGUS | ZARECOR & ASSOCIATES <sup>PLLC</sup>  
Certified Public Accountants

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Greeley County Hospital  
a Component Unit of Greeley County, Kansas  
Tribune, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Greeley County Hospital, a component unit of Greeley County, Kansas (the Hospital) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the provisions of the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of December 31, 2019 and 2018, 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.

## **Other Matters**

### *Required Supplementary Information*

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 is not affected by this missing information.

*Dingus, Zarecor & Associates PLLC*

Spokane Valley, Washington  
March 25, 2020

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Statements of Net Position**  
**December 31, 2019 and 2018**

| <b>ASSETS</b>   | <b>2019</b>          | <b>2018</b>         |
|---|----------------------|---------------------|
| <i>Current assets</i>                                     |                      |                     |
| Cash and cash equivalents                                 | \$ 2,285,377         | \$ 2,492,128        |
| Receivables:  |                      |                     |
| Patient accounts  | 1,012,574            | 711,258             |
| Estimated third-party payor settlements                   | 600,000              | 400,000             |
| Other   | 122,158              | 164,229             |
| Inventories   | 127,475              | 103,077             |
| Prepaid expenses  | 194,332              | 172,114             |
| Total current assets                                      | 4,341,916            | 4,042,806           |
| <i>Noncurrent assets</i>                                  |                      |                     |
| Capital assets, net                                       | 15,320,717           | 2,249,785           |
| <b>Total assets</b>                                       | <b>\$ 19,662,633</b> | <b>\$ 6,292,591</b> |
| <b>LIABILITIES AND NET POSITION</b>                       |                      |                     |
| <i>Current liabilities</i>                                |                      |                     |
| Accounts payable  | \$ 302,596           | \$ 346,069          |
| Accrued compensation and related liabilities              | 989,972              | 983,252             |
| Current maturities of Greeley County bond contribution    | 759,661              | -                   |
| Total current liabilities                                 | 2,052,229            | 1,329,321           |
| <i>Noncurrent liabilities</i>                             |                      |                     |
| Greeley County bond contribution, less current maturities | 9,520,699            | -                   |
| Total liabilities   | 11,572,928           | 1,329,321           |
| <i>Net position</i>                                       |                      |                     |
| Net investment in capital assets                          | 5,040,357            | 2,249,785           |
| Unrestricted  | 3,049,348            | 2,713,485           |
| Total net position  | 8,089,705            | 4,963,270           |
| <b>Total liabilities and net position</b>                 | <b>\$ 19,662,633</b> | <b>\$ 6,292,591</b> |

See accompanying notes to basic financial statements.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2019 and 2018**

|  | 2019                | 2018                |
|--|---------------------|---------------------|
| <i>Operating revenues</i>  |                     |                     |
| Net patient service revenue  | \$ 10,292,792       | \$ 9,678,865        |
| Grants   | 212,605             | 368,788             |
| Other  | 439,343             | 557,713             |
| <b>Total operating revenues</b>  | <b>10,944,740</b>   | <b>10,605,366</b>   |
| <i>Operating expenses</i>  |                     |                     |
| Salaries and wages   | 5,948,263           | 5,823,015           |
| Employee benefits  | 1,551,599           | 1,429,384           |
| Professional fees and other purchased services                                   | 1,611,154           | 1,359,570           |
| Supplies   | 1,405,899           | 1,427,511           |
| Repairs and maintenance  | 395,916             | 491,852             |
| Depreciation   | 722,073             | 234,840             |
| Utilities  | 256,513             | 221,019             |
| Insurance  | 101,232             | 92,680              |
| Leases and rentals   | 76,187              | 71,806              |
| Other  | 218,622             | 263,536             |
| <b>Total operating expenses</b>  | <b>12,287,458</b>   | <b>11,415,213</b>   |
| <i>Operating loss</i>  | <b>(1,342,718)</b>  | <b>(809,847)</b>    |
| <i>Nonoperating revenues</i>   |                     |                     |
| Intergovernmental revenue  | 966,550             | 891,050             |
| Interest income  | 61,096              | 47,522              |
| Contributions  | 8,849               | 5,000               |
| <b>Total nonoperating revenues</b>   | <b>1,036,495</b>    | <b>943,572</b>      |
| Excess of revenues over (under) expenses before capital grants and contributions | <b>(306,223)</b>    | 133,725             |
| Greeley County capital contributions   | <b>3,432,658</b>    | -                   |
| Capital grants and contributions   | -                   | 223,686             |
| <b>Total capital grants and contributions</b>                                    | <b>3,432,658</b>    | <b>223,686</b>      |
| Change in net position   | <b>3,126,435</b>    | 357,411             |
| Net position, beginning of year  | <b>4,963,270</b>    | 4,605,859           |
| <b>Net position, end of year</b>   | <b>\$ 8,089,705</b> | <b>\$ 4,963,270</b> |

See accompanying notes to basic financial statements.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

|   | 2019                | 2018                |
|---|---------------------|---------------------|
| <i>Increase (Decrease) in Cash and Cash Equivalents</i>                 |                     |                     |
| <i>Cash flows from operating activities</i>                             |                     |                     |
| Receipts from and on behalf of patients                                 | \$ 9,791,476        | \$ 9,443,723        |
| Cash received from grants   | 212,605             | 338,285             |
| Other receipts, net   | 481,414             | 999,934             |
| Payments to and on behalf of employees                                  | (7,493,142)         | (7,245,212)         |
| Payments to suppliers and contractors                                   | (4,155,612)         | (3,873,820)         |
| Net cash used in operating activities                                   | (1,163,259)         | (337,090)           |
| <i>Cash flows from noncapital financing activities</i>                  |                     |                     |
| Intergovernmental revenue   | 966,550             | 891,050             |
| Cash received from contributions  | 8,849               | 5,000               |
| Net cash provided by noncapital financing activities                    | 975,399             | 896,050             |
| <i>Cash flows from capital and related financing activities</i>         |                     |                     |
| Purchase of capital assets  | (79,987)            | (82,890)            |
| Capital grants and contributions  | -                   | 223,686             |
| Principal paid on long-term debt  | -                   | (14,398)            |
| Net cash provided by (used in) capital and related financing activities | (79,987)            | 126,398             |
| <i>Cash flows from investing activities</i>                             |                     |                     |
| Interest income received  | 61,096              | 47,522              |
| Net increase (decrease) in cash and cash equivalents                    | (206,751)           | 732,880             |
| Cash and cash equivalents, beginning of year                            | 2,492,128           | 1,759,248           |
| <b>Cash and cash equivalents, end of year</b>                           | <b>\$ 2,285,377</b> | <b>\$ 2,492,128</b> |

*See accompanying notes to basic financial statements.*

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2019 and 2018**

|   | 2019                  | 2018                |
|---|-----------------------|---------------------|
| <b><i>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</i></b> |                       |                     |
| Operating loss  | \$ (1,342,718)        | \$ (809,847)        |
| <i>Adjustments to reconcile operating loss to net cash used in operating activities</i> |                       |                     |
| Depreciation  | 722,073               | 234,840             |
| Provision for bad debts   | 67,680                | 369,954             |
| (Increase) decrease in assets:  |                       |                     |
| Receivables:  |                       |                     |
| Patient accounts receivable   | (368,996)             | (217,607)           |
| Estimated third-party payor settlements   | (200,000)             | (355,000)           |
| Other   | 42,071                | 331,263             |
| Inventories   | (24,398)              | (21,046)            |
| Prepaid expenses  | (22,218)              | 9,755               |
| Increase (decrease) in liabilities:   |                       |                     |
| Accounts payable  | (43,473)              | 65,445              |
| Accrued compensation and related liabilities  | 6,720                 | 55,153              |
| <b>Net cash used in operating activities</b>  | <b>\$ (1,163,259)</b> | <b>\$ (337,090)</b> |

***Noncash Capital and Related Financing Activities***

During 2019, Greeley County transferred \$13,713,018 of buildings and improvements to the Hospital. The Hospital recognized as a liability \$10,280,360 for future bond payment contributions and \$3,432,658 as capital contributions from Greeley County.

*See accompanying notes to basic financial statements.*



**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements**  
**Years Ended December 31, 2019 and 2018**

**1. Reporting Entity and Summary of Significant Accounting Policies:**

**a. Reporting Entity**

Greeley County Hospital (the Hospital) is an acute care hospital located in Tribune, Kansas. The Hospital is a component unit of Greeley County (County) and the Board of County Commissioners appoints members to the Board of Trustees of the Hospital. The Hospital provides inpatient, outpatient, emergency care, residential long-term care services, and primary care to patients in the Greeley and Wallace Counties area.

On January 1, 2006, the Board of Trustees of Greeley County Hospital (Lessor) (Hospital) organized Greeley County Health Services, Inc. (Lessee) (GCHS) as a Section 501(c)(3) organization for the purpose of assuming custody of certain assets and liabilities related to hospital operations and operate the Hospital as of January 1, 2006, pursuant to a lease agreement ending December 31, 2011. Board members of the Lessor act as the Board of Trustees for the Lessee. At the conclusion of the lease, the Lessee has the right to extend the term of the lease for two (2) additional periods of five (5) years each, beyond the expiration of the initial term. Rent expense under this lease is \$1 paid at the beginning of the lease term. The Lessee has exercised the right to extend the lease for a five-year period ending December 31, 2021.

As required by accounting principles generally accepted in the United States of America, these financial statements include the Hospital and its component unit, GCHS. Although GCHS is legally separate from the Hospital, GCHS is reported as if it were part of the Hospital because the Hospital's Board of Trustees also serves as its governing body. GCHS is considered a component unit of the Hospital and is included in the financial statements of the Hospital using the blended method. All significant intercompany accounts and transactions have been eliminated. Separate financial statements for GCHS are not available.

**b. Summary of Significant Accounting Policies**

***Use of estimates*** – The preparation of basic 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 disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Enterprise fund accounting*** – The Hospital's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

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

***Inventories*** – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operation of the Hospital.

***Prepaid expenses*** – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued):**

**Compensated absences** – Hospital policies permit most employees to accumulate vacation, holiday 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 benefits and are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

**Net position** – Net position of the Hospital is classified into three components. *Net investment in capital assets* consists of the Hospital’s capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net position* is composed of remaining net position that does not meet the definition of *net investment in capital assets*. The Hospital did not have any restricted net position at December 31, 2019 and 2018.

**Restricted resources** – When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital’s policy to use restricted resources before unrestricted resources.

**Operating revenues and expenses** – The Hospital’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the Hospital’s principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

**Grants and contributions** – From time to time, the Hospital receives federal and state grants 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 restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the Hospital’s operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating 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 (IRC) and a similar provision of state law. GCHS is exempt from income taxes under Section 501(c)(3) of the IRC and a similar provision of state law. However, both entities are subject to federal income tax on any unrelated business taxable income. The entities evaluate uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2019 and 2018, the Hospital and GCHS had no uncertain tax positions requiring accrual.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

*Change in accounting principle* – The Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*, which is effective for the year ended December 31, 2019, GASB No. 84 requires fiduciary component units to be presented in the basic financial statements as discretely presented component units. The District's Plan is not material to the District's financial statements and has not been presented in the District's financial statements.

*Upcoming accounting standard pronouncements* – In June 2017, the GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the District's year ending December 31, 2020, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for the District's year ending December 31, 2020. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

*Reclassifications* – Certain reclassifications have been made in the 2018 financial statements to conform to the classifications used in the 2019 financial statements with no effect on the previously reported change in net position.

*Subsequent events* – The Hospital has evaluated subsequent events through March 25, 2020, the date on which the financial statements were available to be issued.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**2. Bank Deposits:**

K.S.A. 9-1401 establishes the depositories which may be used by the Hospital. The statute requires banks eligible to hold the Hospital's funds have a main or branch bank in the county in which the Hospital 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 Federal Deposit Insurance Corporation coverage. The Hospital has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Hospital'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 Hospital has no investment policy that would further limit its investment choices.

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

*Custodial credit risk - deposits* – Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. State statutes require the Hospital'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.

At December 31, 2019, the Hospital's carrying amount of deposits was \$2,282,403 and the bank balance was \$2,404,172. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$285,197 was covered by federal depository insurance; \$2,097,132 was collateralized with securities held by the pledging financial institutions' agents in the Hospital's name.

*Credit risk* – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The Hospital does not have a policy specifically requiring or limiting investments of this type.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**3. Patient Accounts Receivable:**

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year. The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the Hospital consisted of these amounts:

|   | <b>2019</b>         | <b>2018</b>  |
|---|---------------------|--------------|
| Receivable from patients and their insurance carriers | \$ 1,443,473        | \$ 1,556,186 |
| Receivable from Medicare                              | 528,896             | 380,223      |
| Receivable from Medicaid                              | 44,589              | 29,543       |
| Total patient accounts receivable                     | <b>2,016,958</b>    | 1,965,952    |
| Less allowance for uncollectible accounts             | 1,004,384           | 1,254,694    |
| <b>Patient accounts receivable, net</b>               | <b>\$ 1,012,574</b> | \$ 711,258   |

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**4. Capital Assets:**

All capital assets, other than land and construction in progress, are being depreciated or amortized (in the case of capital leases), using the straight-line method over the shorter period of the lease term or the estimated useful life of the capital asset. Amortization from equipment under capital leases is included in depreciation and amortization in the financial statements. Expenditures for maintenance and repairs are charged to operations as incurred; betterments and major renewals are capitalized.

Useful lives have been estimated as follows:

|                            |               |
|----------------------------|---------------|
| Land improvements          | 5 to 25 years |
| Buildings and improvements | 5 to 40 years |
| Equipment                  | 3 to 20 years |

The Hospital capitalizes assets whose costs exceed \$5,000 and an estimated useful life greater than three years. Capital assets are reported at historical cost or their estimated fair value at the date of donation. When such assets are disposed of, the related costs and accumulated depreciation or amortization is removed from the accounts, and the resulting gain or loss is classified in nonoperating revenues or expenses.

Capital asset additions, retirements, transfers, and balances were as follows:

|   | Balance<br>December 31,<br>2018 | Additions     | Retirements | Transfers | Balance<br>December 31,<br>2019 |
|---|---------------------------------|---------------|-------------|-----------|---------------------------------|
| <i>Capital assets not being depreciated</i> |                                 |               |             |           |                                 |
| Land  | \$ 301,707                      | \$ -          | \$ -        | \$ -      | \$ 301,707                      |
| Construction in progress                    | 53,928                          | 178,412       | -           | (202,340) | 30,000                          |
| Total capital assets not being depreciated  | 355,635                         | 178,412       | -           | (202,340) | 331,707                         |
| <i>Capital assets being depreciated</i>     |                                 |               |             |           |                                 |
| Land improvements                           | 11,585                          | -             | (11,585)    | 11,552    | 11,552                          |
| Buildings and improvements                  | 3,783,126                       | 13,613,542    | (37,179)    | 152,842   | 17,512,331                      |
| Equipment                                   | 2,732,593                       | 3,145         | (382,214)   | 37,946    | 2,391,470                       |
| Total capital assets being depreciated      | 6,527,304                       | 13,616,687    | (430,978)   | 202,340   | 19,915,353                      |
| <i>Less accumulated depreciation for</i>    |                                 |               |             |           |                                 |
| Land improvements                           | 10,342                          | 1,211         | (11,168)    | -         | 385                             |
| Buildings and improvements                  | 2,092,417                       | 614,428       | (33,827)    | -         | 2,673,018                       |
| Equipment                                   | 2,530,395                       | 106,434       | (383,889)   | -         | 2,252,940                       |
| Total accumulated depreciation              | 4,633,154                       | 722,073       | (428,884)   | -         | 4,926,343                       |
| Total capital assets being depreciated, net | 1,894,150                       | 12,894,614    | (2,094)     | 202,340   | 14,989,010                      |
| Capital assets, net                         | \$ 2,249,785                    | \$ 13,073,026 | \$ (2,094)  | \$ -      | \$ 15,320,717                   |

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**4. Capital Assets (continued):**

|   | Balance<br>December 31,<br>2017 | Additions           | Retirements        | Transfers   | Balance<br>December 31,<br>2018 |
|---|---------------------------------|---------------------|--------------------|-------------|---------------------------------|
| <i>Capital assets not being depreciated</i> |                                 |                     |                    |             |                                 |
| Land  | \$ 301,707                      | \$ -                | \$ -               | \$ -        | \$ 301,707                      |
| Construction in progress                    | 50,127                          | 36,606              | (32,719)           | (86)        | 53,928                          |
| Total capital assets not being depreciated  | 351,834                         | 36,606              | (32,719)           | (86)        | 355,635                         |
| <i>Capital assets being depreciated</i>     |                                 |                     |                    |             |                                 |
| Land improvements                           | 11,585                          | -                   | -                  | -           | 11,585                          |
| Buildings and improvements                  | 3,747,367                       | 35,673              | -                  | 86          | 3,783,126                       |
| Equipment                                   | 2,689,263                       | 43,330              | -                  | -           | 2,732,593                       |
| Total capital assets being depreciated      | 6,448,215                       | 79,003              | -                  | 86          | 6,527,304                       |
| <i>Less accumulated depreciation for</i>    |                                 |                     |                    |             |                                 |
| Land improvements                           | 8,906                           | 1,436               | -                  | -           | 10,342                          |
| Buildings and improvements                  | 1,937,870                       | 154,547             | -                  | -           | 2,092,417                       |
| Equipment                                   | 2,451,538                       | 78,857              | -                  | -           | 2,530,395                       |
| Total accumulated depreciation              | 4,398,314                       | 234,840             | -                  | -           | 4,633,154                       |
| Total capital assets being depreciated, net | 2,049,901                       | (155,837)           | -                  | 86          | 1,894,150                       |
| <b>Capital assets, net</b>                  | <b>\$ 2,401,735</b>             | <b>\$ (119,231)</b> | <b>\$ (32,719)</b> | <b>\$ -</b> | <b>\$ 2,249,785</b>             |

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**5. Employee Health Self-insurance:**

Substantially all of the Hospital's employees and their dependents are eligible to participate in the Hospital's employee health insurance plan. The Hospital is self-insured for health claims of participating employees and dependents up to an annual aggregate per covered employee of \$25,000 and group aggregate amount of \$1,000,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.

Changes in the Hospital's incurred but not reported liability was as follows:

|  | <b>2019</b>        | <b>2018</b> |
|--|--------------------|-------------|
| Claim liability, beginning of year           | \$ 97,281          | \$ 47,000   |
| Current year claims and changes in estimates | <b>1,191,760</b>   | 866,714     |
| Claim payments                               | <b>(1,197,750)</b> | (816,433)   |
| Claim liability, end of year                 | <b>\$ 91,291</b>   | \$ 97,281   |

**6. Greeley County General Obligation Refunding and Improvement Bonds:**

Greeley County issued The Unified Government of Greeley County, Kansas General Obligation Refunding and Improvement Bonds, Series 2017-B (Bonds) on December 5, 2017. The bonds proceeds consisting of the original principal amount of \$13,700,000 plus a premium of \$1,010,745 less costs of issuance and underwriter's discount of \$265,250 will be used to remodel and expand the hospital.

Based on accounting principles, because the Hospital is a legally separate entity and the County is legally responsible for the bond debt service, the Bonds are not reported as an obligation of the Hospital. The Hospital will make annual contributions to the County for bond debt service but the County remains the legally responsible entity for the bond debt service.



**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**6. Greeley County General Obligation Refunding and Improvement Bonds (continued):**

The scheduled annual payments to Greeley County are as follows:

| <b>Years Ending<br/>December 31,</b> |                      |
|--------------------------------------|----------------------|
| 2020                                 | \$ 759,661           |
| 2021                                 | 746,695              |
| 2022                                 | 733,546              |
| 2023                                 | 720,214              |
| 2024                                 | 702,314              |
| 2025-2029                            | 3,156,365            |
| 2030-2034                            | 2,544,806            |
| 2035-2037                            | 916,759              |
|                                      | <b>\$ 10,280,360</b> |

The hospital remodel and addition costs are transferred to the Hospital from the County as the project is completed.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**7. Net Patient Service Revenue:**

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. The Hospital's provisions for bad debts and writeoffs did not change significantly during 2019 and 2018. The Hospital has not changed its charity care or uninsured discount policies during 2019 or 2018. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, follows:

|   | <b>2019</b>          | <b>2018</b>         |
|---|----------------------|---------------------|
| Patient service revenue (net of contractual adjustments and discounts): |                      |                     |
| Medicare  | \$ 5,353,185         | \$ 5,135,710        |
| Medicaid  | 1,284,510            | 988,522             |
| Other third-party payors  | 2,004,974            | 2,236,125           |
| Patients  | 1,126,276            | 1,432,969           |
| 340B contract pharmacy  | 730,372              | 363,598             |
|   | <b>10,499,317</b>    | <b>10,156,924</b>   |
| Less:   |                      |                     |
| Charity care  | 138,845              | 108,105             |
| Provision for bad debts   | 67,680               | 369,954             |
| <b>Net patient service revenue</b>                                      | <b>\$ 10,292,792</b> | <b>\$ 9,678,865</b> |

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The Hospital has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.
- *Medicaid* – Inpatient, outpatient, rural health clinic, and long-term care services are reimbursed using a prospective payment methodology.

The Hospital also has 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, fee schedules, and prospectively determined daily rates.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**7. Net Patient Service Revenue (continued):**

Laws and regulations governing Medicare, Medicaid, and other 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. Net patient service revenue increased by approximately \$-0- and \$39,000 in the years ended December 31, 2019 and 2018, respectively, due to differences between the original estimates and final settlements.

The Hospital provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Hospital's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Hospital does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2019 and 2018, were approximately \$127,000 and \$87,000, respectively.

**8. Intergovernmental Revenue:**

The Hospital receives significant financial support from intergovernmental revenue derived from property taxes levied by the County in both 2019 and 2018. These funds were used to support operations of the Hospital.

Property taxes are assessed by the County in November of one year and are received beginning in January of the following year. Intergovernmental revenue is recognized in the year in which use is first permitted.

**9. Defined Contribution Plan:**

The Hospital sponsors and administers 403(b) and 401(a) defined contribution pension plans. The Greeley County Health Services Inc. Employees Pension Plan (the Plan) is available to all employees who have completed one year of service. Employees that participate are required to contribute a minimum of 4.5 percent of their gross wages. After one year of successful employment, GCHS will begin matching a flat 3 percent of the employee's gross wages for the remainder of their employment. The Plan is administered by the Hospital. The Plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's governing body. Employees are permitted to make contributions up to the applicable IRC limits.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**9. Defined Contribution Plan (continued):**

Vesting is based on years of credited services as set forth in the following table. Service prior to the date in which an employee becomes a participant in the Plan does not qualify for vesting purposes. A participant will become 100 percent vested immediately upon early retirement, attainment of normal retirement age, or death.

| <b>Participant's<br/>Years of Service</b> | <b>Vested<br/>Percentage</b> |
|---|------------------------------|
| Less than 1                               | 0%                           |
| 1   | 20%                          |
| 2   | 40%                          |
| 3   | 60%                          |
| 4   | 80%                          |
| 5 or more                                 | 100%                         |

Employee contributions to the Plan during the years ended December 31, 2019 and 2018, were approximately \$270,000 and \$215,000, respectively. The Hospital made matching contributions to the Plan of approximately \$163,000 and \$151,000 for the years ended December 31, 2019 and 2018, respectively.

The Hospital had no material liability to the Plan at December 31, 2019 and 2018.

**10. Commitments:**

The Hospital entered into a management contract with Quorum Health Resources, LLC (QHR) on May 10, 2010, for the management, administration, and operation of the Hospital. The agreement calls for the Hospital to pay QHR an annual base fee, with a provision for annual increases based on the changes in the Consumer Price Index and pass-through salaries and benefit costs for management. The term of the agreement extends through May 9, 2022. However, the Hospital has the right to terminate the agreement on May 9, 2020, upon at least ninety days advance written notice to QHR. The Hospital's estimated future commitment to QHR for management fees and executive salaries is approximately \$220,000.

Total payments to QHR under the management contract during the years ended December 31, 2019 and 2018, were approximately \$188,000 and \$183,000, respectively.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**11. Contingencies:**

***Medical malpractice claims*** – The Hospital has professional liability insurance with KAMMCO Casualty Company, Inc. The policy provides protection on a “claims-made” basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policies. If there are unreported incidents which result in a malpractice claim in the current year, such claims would be covered in the year the claim was reported to the insurance carrier only if the Hospital purchased claims-made insurance in that year or the Hospital purchased “tail” insurance to cover claims incurred before but reported to the insurance carrier after cancellation or expiration of a claims-made policy. The malpractice insurance provides \$200,000 per claim of primary coverage with an annual aggregate limit of \$600,000.

The Kansas Health Care Stabilization Fund provides an additional \$800,000 of coverage for each medical incident and \$2,400,000 of aggregate coverage for each policy year.

***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; 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.

***Industry regulations*** – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

***Litigation*** – The Hospital is also involved in litigation and regulatory investigations arising in the normal course of business. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**12. Concentration of Risk:**

*Patient accounts receivable* – The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Greeley and Wallace Counties.

The mix of receivables from patients was as follows:

|                          | <b>2019</b>  | <b>2018</b> |
|--------------------------|--------------|-------------|
| Medicare                 | <b>34 %</b>  | 26 %        |
| Medicaid                 | <b>4</b>     | 4           |
| Other third-party payors | <b>17</b>    | 12          |
| Patients                 | <b>45</b>    | 58          |
|                          | <b>100 %</b> | 100 %       |

*Physicians* – The Hospital is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

**13. Related Party Transactions:**

Chris Dixon, board member, owns Great Plains Pharmacy. For the years ended December 31, 2019 and 2018, the Hospital purchased approximately \$599,000 and \$552,000, respectively, of pharmaceuticals through Great Plains Pharmacy.

**14. Subsequent Events:**

The COVID-19 coronavirus has created economic uncertainties which may negatively impact the Hospital’s financial position. State and federal governments are considering emergency funding to help hospitals overcome these negative effects. The ultimate COVID-19 coronavirus effect on the Hospital’s financial position is unknown at this time.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**15. Blended Component Unit:**

The combining statement of net position as of December 31, 2019, is as follows:

| <b>ASSETS</b>   | <b>Greeley<br/>County<br/>Health<br/>Services</b> | <b>Greeley<br/>County<br/>Hospital</b> | <b>Eliminations</b> | <b>Totals</b>        |
|---|---|--|---------------------|----------------------|
| <i>Current assets</i>                                     |   |  |                     |                      |
| Cash and cash equivalents                                 | \$ 247,426  | \$ 2,037,951                           | \$ -                | \$ 2,285,377         |
| Receivables:  |   |  |                     |                      |
| Patient accounts  | 1,012,574   | -                                      | -                   | 1,012,574            |
| Estimated third-party payor settlements                   | 600,000   | -                                      | -                   | 600,000              |
| Other   | 122,158   | -                                      | -                   | 122,158              |
| Inventories   | 127,475   | -                                      | -                   | 127,475              |
| Prepaid expenses  | 194,332   | -                                      | -                   | 194,332              |
| Total current assets                                      | 2,303,965   | 2,037,951                              | -                   | 4,341,916            |
| <i>Noncurrent assets</i>                                  |   |  |                     |                      |
| Capital assets, net                                       | 15,320,717  | -                                      | -                   | 15,320,717           |
| <b>Total assets</b>                                       | <b>\$ 17,624,682</b>                              | <b>\$ 2,037,951</b>                    | <b>\$ -</b>         | <b>\$ 19,662,633</b> |
| <b>LIABILITIES AND NET POSITION</b>                       |   |  |                     |                      |
| <i>Current liabilities</i>                                |   |  |                     |                      |
| Accounts payable  | \$ 302,596  | \$ -                                   | \$ -                | \$ 302,596           |
| Accrued compensation and related liabilities              | 989,972   | -                                      | -                   | 989,972              |
| Current maturities of Greeley County bond contribution    | 759,661   | -                                      | -                   | 759,661              |
| Total current liabilities                                 | 2,052,229   | -                                      | -                   | 2,052,229            |
| <i>Noncurrent liabilities</i>                             |   |  |                     |                      |
| Greeley County bond contribution, less current maturities | 9,520,699   | -                                      | -                   | 9,520,699            |
| Total liabilities   | 11,572,928  | -                                      | -                   | 11,572,928           |
| <i>Net position</i>                                       |   |  |                     |                      |
| Net investment in capital assets                          | 5,040,357   | -                                      | -                   | 5,040,357            |
| Unrestricted  | 1,011,397   | 2,037,951                              | -                   | 3,049,348            |
| Total net position  | 6,051,754   | 2,037,951                              | -                   | 8,089,705            |
| <b>Total liabilities and net position</b>                 | <b>\$ 17,624,682</b>                              | <b>\$ 2,037,951</b>                    | <b>\$ -</b>         | <b>\$ 19,662,633</b> |

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**15. Blended Component Unit (continued):**

The combining statement of revenues, expenses, and changes in net position for the year ended December 31, 2019, is as follows:

|  | Greeley<br>County<br>Health<br>Services | Greeley<br>County<br>Hospital | Eliminations | Total               |
|--|---|-------------------------------|--------------|---------------------|
| <i>Operating revenues</i>  |   |                               |              |                     |
| Net patient service revenue  | \$ 10,292,792                           | \$ -                          | \$ -         | \$ 10,292,792       |
| Grants   | 939,618                                 | (727,013)                     | -            | 212,605             |
| Other  | 439,343                                 | -                             | -            | 439,343             |
| <b>Total operating revenues</b>  | <b>11,671,753</b>                       | <b>(727,013)</b>              | <b>-</b>     | <b>10,944,740</b>   |
| <i>Operating expenses</i>  |   |                               |              |                     |
| Salaries and wages   | 5,948,263                               | -                             | -            | 5,948,263           |
| Employee benefits  | 1,551,599                               | -                             | -            | 1,551,599           |
| Professional fees and other purchased services                                   | 1,611,154                               | -                             | -            | 1,611,154           |
| Supplies   | 1,405,899                               | -                             | -            | 1,405,899           |
| Repairs and maintenance  | 395,916                                 | -                             | -            | 395,916             |
| Depreciation and amortization  | 722,073                                 | -                             | -            | 722,073             |
| Utilities  | 256,513                                 | -                             | -            | 256,513             |
| Insurance  | 101,232                                 | -                             | -            | 101,232             |
| Leases and rentals   | 76,187                                  | -                             | -            | 76,187              |
| Other  | 218,622                                 | -                             | -            | 218,622             |
| <b>Total operating expenses</b>  | <b>12,287,458</b>                       | <b>-</b>                      | <b>-</b>     | <b>12,287,458</b>   |
| <i>Operating loss</i>  | <b>(615,705)</b>                        | <b>(727,013)</b>              | <b>-</b>     | <b>(1,342,718)</b>  |
| <i>Nonoperating revenues</i>   |   |                               |              |                     |
| Intergovernmental revenue  | -                                       | 966,550                       | -            | 966,550             |
| Interest income  | 61,096                                  | -                             | -            | 61,096              |
| Contributions  | 8,849                                   | -                             | -            | 8,849               |
| <b>Total nonoperating revenues</b>   | <b>69,945</b>                           | <b>966,550</b>                | <b>-</b>     | <b>1,036,495</b>    |
| Excess of revenues over (under) expenses before capital grants and contributions | (545,760)                               | 239,537                       | -            | (306,223)           |
| <i>Greeley County capital contributions</i>                                      | 3,432,658                               | -                             | -            | 3,432,658           |
| Change in net position   | 2,886,898                               | 239,537                       | -            | 3,126,435           |
| Net position, beginning of year  | 3,164,856                               | 1,798,414                     | -            | 4,963,270           |
| <b>Net position, end of year</b>   | <b>\$ 6,051,754</b>                     | <b>\$ 2,037,951</b>           | <b>\$ -</b>  | <b>\$ 8,089,705</b> |



**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**15. Blended Component Unit (continued):**

The combining statement of cash flows for the year ended December 31, 2019, is as follows:

|   | Greeley<br>County<br>Health<br>Services | Greeley<br>County<br>Hospital | Eliminations | Total                 |
|---|---|-------------------------------|--------------|-----------------------|
| <i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>  |   |                               |              |                       |
| <i>Cash flows from operating activities</i>   |   |                               |              |                       |
| Receipts from and on behalf of patients   | \$ 9,791,476                            | \$ -                          | \$ -         | \$ 9,791,476          |
| Cash received from grants   | 939,618                                 | (727,013)                     | -            | 212,605               |
| Other receipts  | 481,414                                 | -                             | -            | 481,414               |
| Payments to and on behalf of employees  | (7,493,142)                             | -                             | -            | (7,493,142)           |
| Payments to suppliers and contractors   | (4,155,612)                             | -                             | -            | (4,155,612)           |
| Net cash used in operating activities   | (436,246)                               | (727,013)                     | -            | (1,163,259)           |
| <i>Cash flows from noncapital financing activities</i>  |   |                               |              |                       |
| Intergovernmental revenue   | -                                       | 966,550                       | -            | 966,550               |
| Cash received from contributions  | 8,849                                   | -                             | -            | 8,849                 |
| Net cash provided by noncapital financing activities  | 8,849                                   | 966,550                       | -            | 975,399               |
| <i>Cash flows from capital and related financing activities</i>                                       |   |                               |              |                       |
| Purchase of capital assets  | (79,987)                                | -                             | -            | (79,987)              |
| <i>Cash flows from investing activities</i>   |   |                               |              |                       |
| Interest income received  | 61,096                                  | -                             | -            | 61,096                |
| Net increase (decrease) in cash and cash equivalents  | (446,288)                               | 239,537                       | -            | (206,751)             |
| Cash and cash equivalents, beginning of year  | 693,714                                 | 1,798,414                     | -            | 2,492,128             |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 247,426</b>                       | <b>\$ 2,037,951</b>           | <b>\$ -</b>  | <b>\$ 2,285,377</b>   |
| <i><b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b></i> |   |                               |              |                       |
| Operating loss  | \$ (615,705)                            | \$ (727,013)                  | \$ -         | \$ (1,342,718)        |
| <i>Adjustments to reconcile operating loss to net cash used in operating activities</i>               |   |                               |              |                       |
| Depreciation  | 722,073                                 | -                             | -            | 722,073               |
| Provision for bad debts   | 67,680                                  | -                             | -            | 67,680                |
| (Increase) decrease in assets:  |   |                               |              |                       |
| Receivables:  |   |                               |              |                       |
| Patient accounts receivable   | (368,996)                               | -                             | -            | (368,996)             |
| Estimated third-party payor settlements   | (200,000)                               | -                             | -            | (200,000)             |
| Other   | 42,071                                  | -                             | -            | 42,071                |
| Inventories   | (24,398)                                | -                             | -            | (24,398)              |
| Prepaid expenses  | (22,218)                                | -                             | -            | (22,218)              |
| Increase (decrease) in liabilities:   |   |                               |              |                       |
| Accounts payable  | (43,473)                                | -                             | -            | (43,473)              |
| Accrued compensation and related liabilities  | 6,720                                   | -                             | -            | 6,720                 |
| <b>Net cash used in operating activities</b>  | <b>\$ (436,246)</b>                     | <b>\$ (727,013)</b>           | <b>\$ -</b>  | <b>\$ (1,163,259)</b> |

***Noncash Capital and Related Financing Activities***

During 2019, Greeley County transferred \$13,713,018 of buildings and improvements to the Hospital. The Hospital recognized as a liability \$10,280,360 for future bond payment contributions and \$3,432,658 as capital contributions from Greeley County.

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**15. Blended Component Unit (continued):**

The combining statement of net position as of December 31, 2018, is as follows:

| <b>ASSETS</b>                                | <b>Greeley<br/>County<br/>Health<br/>Services</b> | <b>Greeley<br/>County<br/>Hospital</b> | <b>Eliminations</b> | <b>Totals</b>       |
|--|---|--|---------------------|---------------------|
| <i>Current assets</i>                        |   |  |                     |                     |
| Cash and cash equivalents                    | \$ 693,714  | \$ 1,798,414                           | -                   | \$ 2,492,128        |
| Receivables:                                 |   |  |                     |                     |
| Patient accounts                             | 711,258   | -                                      | -                   | 711,258             |
| Estimated third-party payor settlements      | 400,000   | -                                      | -                   | 400,000             |
| Other  | 164,229   | -                                      | -                   | 164,229             |
| Inventories                                  | 103,077   | -                                      | -                   | 103,077             |
| Prepaid expenses                             | 172,114   | -                                      | -                   | 172,114             |
| Total current assets                         | 2,244,392   | 1,798,414                              | -                   | 4,042,806           |
| <i>Noncurrent assets</i>                     |   |  |                     |                     |
| Capital assets, net                          | 2,249,785   | -                                      | -                   | 2,249,785           |
| <b>Total assets</b>                          | <b>\$ 4,494,177</b>                               | <b>\$ 1,798,414</b>                    | <b>\$ -</b>         | <b>\$ 6,292,591</b> |
| <b>LIABILITIES AND NET POSITION</b>          |   |  |                     |                     |
| <i>Liabilities</i>                           |   |  |                     |                     |
| Accounts payable                             | \$ 346,069  | -                                      | -                   | \$ 346,069          |
| Accrued compensation and related liabilities | 983,252   | -                                      | -                   | 983,252             |
| Total liabilities                            | 1,329,321   | -                                      | -                   | 1,329,321           |
| <i>Net position</i>                          |   |  |                     |                     |
| Net investment in capital assets             | 2,249,785   | -                                      |                     | 2,249,785           |
| Unrestricted                                 | 915,071   | 1,798,414                              |                     | 2,713,485           |
| Total net position                           | 3,164,856   | 1,798,414                              | -                   | 4,963,270           |
| <b>Total liabilities and net position</b>    | <b>\$ 4,494,177</b>                               | <b>\$ 1,798,414</b>                    | <b>\$ -</b>         | <b>\$ 6,292,591</b> |

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**15. Blended Component Unit (continued):**

The combining statement of revenues, expenses, and changes in net position for the year ended December 31, 2018, is as follows:

|  | Greeley<br>County<br>Health<br>Services | Greeley<br>County<br>Hospital | Eliminations | Total               |
|--|---|-------------------------------|--------------|---------------------|
| <i>Operating revenues</i>  |   |                               |              |                     |
| Net patient service revenue  | \$ 9,678,865                            | \$ -                          | \$ -         | \$ 9,678,865        |
| Grants   | 991,532                                 | (622,744)                     | -            | 368,788             |
| Other  | 557,713                                 | -                             | -            | 557,713             |
| <b>Total operating revenues</b>  | <b>11,228,110</b>                       | <b>(622,744)</b>              | <b>-</b>     | <b>10,605,366</b>   |
| <i>Operating expenses</i>  |   |                               |              |                     |
| Salaries and wages   | 5,823,015                               | -                             | -            | 5,823,015           |
| Employee benefits  | 1,429,384                               | -                             | -            | 1,429,384           |
| Professional fees and other purchased services                                   | 1,359,570                               | -                             | -            | 1,359,570           |
| Supplies   | 1,427,511                               | -                             | -            | 1,427,511           |
| Repairs and maintenance  | 491,852                                 | -                             | -            | 491,852             |
| Depreciation and amortization  | 234,840                                 | -                             | -            | 234,840             |
| Utilities  | 221,019                                 | -                             | -            | 221,019             |
| Insurance  | 92,680                                  | -                             | -            | 92,680              |
| Leases and rentals   | 71,806                                  | -                             | -            | 71,806              |
| Other  | 263,536                                 | -                             | -            | 263,536             |
| <b>Total operating expenses</b>  | <b>11,415,213</b>                       | <b>-</b>                      | <b>-</b>     | <b>11,415,213</b>   |
| <i>Operating loss</i>  | <b>(187,103)</b>                        | <b>(622,744)</b>              | <b>-</b>     | <b>(809,847)</b>    |
| <i>Nonoperating revenues</i>   |   |                               |              |                     |
| Intergovernmental revenue  | -                                       | 891,050                       | -            | 891,050             |
| Interest income  | 47,522                                  | -                             | -            | 47,522              |
| Contributions  | 5,000                                   | -                             | -            | 5,000               |
| <b>Total nonoperating revenues, net</b>  | <b>52,522</b>                           | <b>891,050</b>                | <b>-</b>     | <b>943,572</b>      |
| Excess of revenues over (under) expenses before capital grants and contributions | (134,581)                               | 268,306                       | -            | 133,725             |
| <i>Capital grants and contributions</i>  | 223,686                                 | -                             | -            | 223,686             |
| Change in net position   | 89,105                                  | 268,306                       | -            | 357,411             |
| Net position, beginning of year  | 3,075,751                               | 1,530,108                     | -            | 4,605,859           |
| <b>Net position, end of year</b>   | <b>\$ 3,164,856</b>                     | <b>\$ 1,798,414</b>           | <b>\$ -</b>  | <b>\$ 4,963,270</b> |

**Greeley County Hospital**  
**a Component Unit of Greeley County, Kansas**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended December 31, 2019 and 2018**

**15. Blended Component Unit (continued):**

The combining statement of cash flows for the year ended December 31, 2018, is as follows:

|   | Greeley<br>County<br>Health<br>Services | Greeley<br>County<br>Hospital | Eliminations | Total               |
|---|---|-------------------------------|--------------|---------------------|
| <b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>                          |   |                               |              |                     |
| <i>Cash flows from operating activities</i>   |   |                               |              |                     |
| Receipts from and on behalf of patients   | \$ 9,443,723                            | \$ -                          | \$ -         | \$ 9,443,723        |
| Cash received from grants   | 961,029                                 | (622,744)                     | -            | 338,285             |
| Other receipts  | 999,934                                 | -                             | -            | 999,934             |
| Payments to and on behalf of employees  | (7,245,212)                             | -                             | -            | (7,245,212)         |
| Payments to suppliers and contractors   | (3,873,820)                             | -                             | -            | (3,873,820)         |
| Net cash provided by (used in) operating activities                                     | 285,654                                 | (622,744)                     | -            | (337,090)           |
| <i>Cash flows from noncapital financing activities</i>                                  |   |                               |              |                     |
| Intergovernmental revenue   | -                                       | 891,050                       | -            | 891,050             |
| Cash received from contributions  | 5,000                                   | -                             | -            | 5,000               |
| Net cash provided by noncapital financing activities                                    | 5,000                                   | 891,050                       | -            | 896,050             |
| <i>Cash flows from capital and related financing activities</i>                         |   |                               |              |                     |
| Purchase of capital assets  | (82,890)                                | -                             | -            | (82,890)            |
| Capital grants and contributions  | 223,686                                 | -                             | -            | 223,686             |
| Principal paid on long-term debt  | (14,398)                                | -                             | -            | (14,398)            |
| Net cash provided by capital and related financing activities                           | 126,398                                 | -                             | -            | 126,398             |
| <i>Cash flows from investing activities</i>   |   |                               |              |                     |
| Interest income received  | 47,522                                  | -                             | -            | 47,522              |
| Net increase in cash and cash equivalents   | 464,574                                 | 268,306                       | -            | 732,880             |
| Cash and cash equivalents, beginning of year  | 229,140                                 | 1,530,108                     | -            | 1,759,248           |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 693,714</b>                       | <b>\$ 1,798,414</b>           | <b>\$ -</b>  | <b>\$ 2,492,128</b> |
| <b><i>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</i></b> |   |                               |              |                     |
| Operating loss  | \$ (187,103)                            | \$ (622,744)                  | \$ -         | \$ (809,847)        |
| <i>Adjustments to reconcile operating loss to net cash used in operating activities</i> |   |                               |              |                     |
| Depreciation  | 234,840                                 | -                             | -            | 234,840             |
| Provision for bad debts   | 369,954                                 | -                             | -            | 369,954             |
| (Increase) decrease in assets:  |   |                               |              |                     |
| Receivables:  |   |                               |              |                     |
| Patient accounts receivable   | (217,607)                               | -                             | -            | (217,607)           |
| Estimated third-party payor settlements   | (355,000)                               | -                             | -            | (355,000)           |
| Other   | 331,263                                 | -                             | -            | 331,263             |
| Inventories   | (21,046)                                | -                             | -            | (21,046)            |
| Prepaid expenses  | 9,755                                   | -                             | -            | 9,755               |
| Increase in liabilities:  |   |                               |              |                     |
| Accounts payable  | 65,445                                  | -                             | -            | 65,445              |
| Accrued compensation and related liabilities  | 55,153                                  | -                             | -            | 55,153              |
| <b>Net cash provided by (used in) operating activities</b>                              | <b>\$ 285,654</b>                       | <b>\$ (622,744)</b>           | <b>\$ -</b>  | <b>\$ (337,090)</b> |