FORVIS

Report to the Board of Trustees and Management

Satanta Hospital District

Results of the 2022 Financial Statement Audit, Including Required Communications

Wichita, Kansas

December 31, 2022

forvis.com

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Contents

Key Operating Indicators and Ratios **1**

Executive Summary **2**

Adjustments Identified by Audit 2

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260) **4**

Overview & Responsibilities 4

Qualitative Aspects of Significant Accounting Policies & Practices 6

Other Required Communications 8

GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITA)* 10

Attachments **13**

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Key Operating Indicators and Ratios

	FORVIS KS CAH Average	GPHA Average	2022	2021	2020	2022-2021 % Change	2021-2020 % Change
Liquidity Ratios:							
Days cash on hand - current	119	96	40	56	259	-29%	-78%
Days cash on hand - all sources	162	138	44	61	261	-28%	-77%
Days revenue in patient accounts receivable, net	62	57	63	91	80	-32%	14%
Current ratio	3.09	3.15	3.59	3.89	2.19	-8%	77%
Average payment period of accounts payable	27	20	52	27	40	93%	-32%
Capital/Debt Ratios:							
Average age of plant	16	14	15	17	20	-13%	-16%
Long-term debt to capitalization	35%	20%	13%	13%	2%	0%	11%
Operating and Performance Ratios:							
Contractual adjustments as a % of gross patient revenue	2%	-9%	2%	1%	-1%	1%	3%
Charity care as a % of gross patient revenue	0%	0%	1%	3%	1%	-2%	2%
Provision for uncollectible accounts as a % of gross patient revenue	1%	2%	7%	3%	6%	4%	-2%
Net patient revenue as a % of gross patient revenue	97%	107%	90%	92%	94%	-2%	-2%
Patient days							
Acute	633	550	201	327	311	-39%	5%
Swing-bed	2,216	2,893	654	877	960	-25%	-9%
Long-term care			8,956	13,506	14,107	-34%	-4%
RHC			7,005	6,622	5,514	6%	20%
Salaries and wages as a % of total of operating expenses	43%	44%	46%	49%	51%	-4%	-2%
Salaries and wages as a % of net patient revenue (labor ratio)	53%	55%	73%	74%	79%	-1%	-5%
Full-time equivalents	119	88	116	123	130	-6%	-5%
Patient service revenue per full-time equivalent	$ 117,982	$ 115,844	$ 87,806	$ 84,554	$ 69,650	4%	21%
Salaries and wages per full-time equivalent	$ 60,060	$ 62,965	$ 64,327	$ 62,698	$ 55,167	3%	14%
Operating margin	-11%	-9%	-34%	-28%	-30%	-6%	1%
Operating margin before depreciation expense	-5%	-3%	-27%	-22%	-24%	-5%	2%
Total margin	14%	16%	-8%	15%	13%	-24%	3%
Total margin before depreciation expense	19%	21%	-2%	20%	17%	-22%	3%
Tax support	5%	6%	13%	10%	17%	3%	-7%

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Executive Summary

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Management-proposed entries that were recorded include the following:

Change in net position, as internally reported	$ (1,687,167)
Adjustments	
Management proposed entries	
Accrue SHIP grant receivable	166,771
Record depreciation expense on asset placed in service	(20,000)
Properly adjust expense	9,166
Adjust for Medicare interim discounts on RHC	(3,804)
Estimated amounts due to third-party payers	294,433
Change in net position, per audited financial statements	$ (1,240,601)

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Uncorrected audit misstatements pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-year financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

Nature of Uncorrected Misstatements

- Exclusion of Foundation accounts as a blended component unit
- Right-to-use asset and lease liability for operating leases

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	This report covers audit results related to your financial statements: • As of and for the year ended December 31, 2022 • Conducted in accordance with our contract dated October 28, 2022
Our Responsibilities	FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
Audit Scope & Inherent Limitations to *Reasonable Assurance*	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: • The Board of Trustees and Management

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting Policies

Significant accounting policies are described in *Note 1* of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- Government Accounting Standards Board (GASB) Statement No. 87, *Leases*

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Allowance for uncollectible accounts
- Allowance for contractual adjustments (third-party reimbursement)
- Amounts due from and to third-party payers
- Professional liability claims

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- COVID-19 pandemic and *CARES Act* funding
- GPHA Employee Benefits Trust
- Future change in accounting principle (GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*)

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Other Required Communications

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- Accounting consideration on *CARES Act* funding
- Adoption of GASB 87, *Leases*

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Third-party payer estimates
- Adoption of GASB 87, *Leases*

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Other Matters

GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA) vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. For the Hospital, the effective date of this Statement is January 1, 2023.

Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed as the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

Attachments

Audited Financial Statements

The audited financial statements are included herein for your reference.

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Schedule of Uncorrected Misstatements

The detail of uncorrected misstatements identified as a result of our engagement are included herein.

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

TAB 1

Satanta Hospital District



Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021

Satanta Hospital District

December 31, 2022 and 2021

Contents

Independent Auditor's Report **1**

Financial Statements

Balance Sheets 4

Statements of Revenues, Expenses and Changes in Net Position 5

Statements of Cash Flows 6

Notes to Financial Statements 8

Supplementary Information

Comparison of Revenues and Expenses (Cash Basis) – Actual and Tax Budget 24

FORVIS

1551 N. Waterfront Parkway, Suite 300 / Wichita, KS 67206
P 316.265.2811 / **F** 316.265.9405
forvis.com

Independent Auditor's Report

Board of Trustees
Satanta Hospital District
Satanta, Kansas

Opinion

We have audited the accompanying financial statements of Satanta Hospital District as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Satanta Hospital District'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 Satanta Hospital District as of December 31, 2022 and 2021, 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 Satanta Hospital District 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 Satanta Hospital District'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.

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

PRAXITY™ Empowering Business Globally

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 Satanta Hospital District'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 Satanta Hospital District'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

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Satanta Hospital District's basic financial statements. The comparison of revenues and expenses (cash basis) – actual and tax budget is 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 comparison of revenues and expenses (cash basis) – actual and tax budget is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS, LLP

Wichita, Kansas
June 21, 2023

Satanta Hospital District
Balance Sheets
December 31, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash	$ 1,670,183	$ 2,267,311
Restricted cash	184,469	200,167
Patient accounts receivable, net of allowance; 2022 – $893,359, 2021 – $597,142	1,744,488	2,602,154
Estimated amounts due from third-party payers	259,625	-
Property taxes receivable	1,793,792	1,793,792
Supplies	522,786	438,639
Prepaid expenses and other	191,158	234,865
Grant receivable	166,771	215,621
Total current assets	6,533,272	7,752,549
Capital Assets, Net	9,900,137	10,276,972
Total assets	$ 16,433,409	$ 18,029,521

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources and Net Position

	2022	2021
Current Liabilities		
Current maturities of long-term debt	$ 178,748	$ 243,778
Accounts payable	887,536	401,087
Accrued salaries and wages and related deductions	433,164	441,224
Accrued vacation	318,338	340,456
Estimated amounts due to third-party payers	-	365,560
Unearned revenue	-	201,905
Total current liabilities	1,817,786	1,994,010
Long-term Debt	1,519,425	1,698,712
Total liabilities	3,337,211	3,692,722
Deferred Inflows of Resources		
Unearned revenue - current property taxes	1,793,792	1,793,792
Net Position		
Net investment in capital assets	8,201,964	8,334,482
Restricted - expendable for		
Capital acquisitions	35,229	33,798
Employee activities	2,327	644
Grant activities	126,133	145,199
Scholarships	780	526
Nonexpendable permanent endowments	20,000	20,000
Unrestricted	2,915,973	4,008,358
Total net position	11,302,406	12,543,007
Total liabilities, deferred inflows of resources and net position	$ 16,433,409	$ 18,029,521

Satanta Hospital District

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenues		
Net patient service revenue	$ 10,185,479	$ 10,400,083
Retail pharmacy	1,785,590	1,571,594
Independent living	102,948	98,924
Other	85,532	93,795
Total operating revenues	12,159,549	12,164,396
Operating Expenses		
Salaries and wages	7,461,954	7,711,868
Employee benefits	1,679,849	1,649,725
Supplies and other	6,246,623	5,458,310
Depreciation	960,663	778,777
Total operating expenses	16,349,089	15,598,680
Operating Loss	(4,189,540)	(3,434,284)
Nonoperating Revenues (Expenses)		
Property taxes	1,971,390	1,846,878
Interest income	17,645	8,178
Interest expense	(50,437)	(16,623)
Noncapital grants and gifts	551,618	781,476
Provider Relief Funds (*CARES Act*)	458,723	3,667,788
Total nonoperating revenues	2,948,939	6,287,697
Increase (Decrease) in Net Position	(1,240,601)	2,853,413
Net Position, Beginning of Year	12,543,007	9,689,594
Net Position, End of Year	$ 11,302,406	$ 12,543,007

Satanta Hospital District
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 10,417,960	$ 7,656,486
Payments to suppliers	(7,654,311)	(7,254,065)
Payments to employees	(7,492,132)	(7,732,975)
Other receipts (payments), net	1,772,165	(1,701,743)
Net cash used in operating activities	(2,956,318)	(9,032,297)
Cash Flows From Noncapital Financing Activities		
Property taxes supporting operations	1,971,390	1,830,610
Noncapital grants and gifts	551,618	781,476
Provider Relief Funds (*CARES Act*)	507,573	3,452,167
Net cash provided by noncapital financing activities	3,030,581	6,064,253
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(244,317)	(151,852)
Interest payments on long-term debt	(50,437)	(16,623)
Property taxes to retire debt and acquisitions of capital assets	-	16,268
Purchase of capital assets	(409,980)	(3,966,377)
Net cash used in capital and related financing activities	(704,734)	(4,118,584)
Cash Flows From Investing Activities		
Interest income	17,645	8,178
Net cash provided by investing activities	17,645	8,178
Decrease in Cash	(612,826)	(7,078,450)
Cash, Beginning of Year	2,467,478	9,545,928
Cash, End of Year	$ 1,854,652	$ 2,467,478
Reconciliation of Cash to the Balance Sheets		
Cash in current assets	$ 1,670,183	$ 2,267,311
Restricted cash in current assets	184,469	200,167
Total cash	$ 1,854,652	$ 2,467,478

Satanta Hospital District
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	$ (4,189,540)	$ (3,434,284)
Depreciation	960,663	778,777
Provision for uncollectible accounts	752,534	356,610
Changes in operating assets and liabilities		
Patient accounts receivable	105,132	(976,357)
Estimated amounts due from and to third-party payers	(625,185)	(327,163)
Other assets	(40,440)	(52,295)
Accounts payable and accrued expenses	282,423	(114,842)
Unearned revenue	(201,905)	(3,466,056)
Advance from Medicare	-	(1,796,687)
Net cash used in operating activities	$ (2,956,318)	$ (9,032,297)
Noncash Investing, Capital and Financing Activities		
Capital asset purchases in accounts payable	$ 250,633	$ 76,785
Capital lease obligations incurred for capital assets	$ -	$ 1,884,708

Satanta Hospital District
Notes to Financial Statements
December 31, 2022 and 2021

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

Nature of Operations and Reporting Entity

The Satanta Hospital District (the Hospital) is a tax-levying municipality which operates as the Satanta District Hospital located in Satanta, Kansas. The Hospital is a health care facility organized as a district hospital pursuant to K.S.A. 80-2502 and includes the operation of the hospital and long-term care unit, Satanta clinic and Sublette clinic. They are operated from facilities owned or leased by the Satanta Hospital District.

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 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 property taxes, investment 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 are 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, liabilities and deferred inflows and outflows 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. There are no cash equivalents at December 31, 2022 and 2021.

Budgetary Principles

The Hospital is required by state statutes to adopt an annual budget for the unrestricted funds on or before August 25 for the ensuing year. The Hospital's Board of Trustees may amend the budget by transferring budgeted amounts from one object or purpose to another within the same fund. Expenditures may not legally exceed the total amount of the adopted budget of expenditures of the fund which is prepared on a calendar year basis.

Applicable Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures. For budgetary purposes, encumbrances of the budgeted unrestricted funds, representing purchase orders, contracts and other commitments, are reported as a charge to the current budget year. All unencumbered appropriations lapse at the end of the year.

Property Taxes

The Hospital received approximately 13% and 10% of its financial support from property taxes in 2022 and 2021, respectively. These funds were used as follows:

	2022	2021
Percentage used to support operations	100%	99%
Percentage used for debt service	0%	1%
	100%	100%

Property taxes are levied in November of one year and are received beginning in January of the following year. Property tax revenue is recognized in full in the year following the year the taxes are levied, which is the year in which use is first permitted.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health and dental claims. 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. Assets under lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives are being used by the Hospital:

Land improvements	5-20 years
Buildings	5-40 years
Fixed equipment	5-20 years
Moveable equipment	5-20 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. No asset impairment was recognized during the years ended December 31, 2022 and 2021.

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. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. 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 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.

Deferred Inflows of Resources

The Hospital reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its balance sheets. Deferred inflows of resources consist of property taxes levied for use in future periods.

Net Position

Net position of the Hospital is classified in four 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.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Hospital, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position. Included in unrestricted net position is Board designated funds set aside for capital acquisitions over which the Board retains control and may, at its discretion, subsequently use for other purposes.

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.

Provider Relief Funds (CARES Act)

On March 27, 2020, the *CARES Act* was signed into law as part of the government's response to the spread of the SARS-CoV-2 virus and the incidence of COVID-19. The *CARES Act* contained provisions for certain healthcare providers to receive Provider Relief Funds (PRF) from the U.S. Department of Health and Human Services (HHS). The distributions from the Provider Relief Funds are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by HHS. The Hospital is accounting for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions required to retain the funds have been met and are classified as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions is recorded as unearned revenue in the accompanying balance sheets.

Income Taxes

As an essential government entity, 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.

Leases

Effective January 1, 2022, the Hospital adopted GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational 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 right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement required a retrospective transition method using the facts and circumstances that existed at the beginning of the earliest year presented. The Hospital's lease agreements that were in effect during 2021 and 2022 are immaterial to the financial statements, as a result there are no right-to-use assets or lease liabilities recorded on the balance sheets.

Revisions

Certain revisions have been made to the 2021 financial statement disclosures within the long-term obligations footnote to change reference from capital lease obligations to notes payable. Furthermore, certain reclassification shave been made to the 2021 financial statements to confirm to the 2022 presentation. These revisions had no effect on the changes in financial position.

Note 2: 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, 2022 and 2021, respectively, none of the Hospital's bank balances of $2,325,630 and $2,694,350 were exposed to custodial credit risk.

Summary of Carrying Values

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

	2022	2021
Carrying value		
Deposits	$ 1,852,002	$ 2,464,828
Petty cash	2,650	2,650
	$ 1,854,652	$ 2,467,478
Included in the following balance sheet captions		
Cash	$ 1,670,183	$ 2,267,311
Restricted cash	184,469	200,167
	$ 1,854,652	$ 2,467,478

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:

	2022	2021
Medicare	$ 801,068	$ 1,450,137
Medicaid	107,493	76,811
Blue Cross	310,842	353,642
Other third-party payers	555,410	514,958
Patients	863,034	803,748
	2,637,847	3,199,296
Less allowance for uncollectible accounts	(893,359)	(597,142)
	$ 1,744,488	$ 2,602,154

Note 4: Capital Assets

Capital assets activity for the years ended December 31 was:

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 185,886	$ -	$ -	$ -	$ 185,886
Land improvements	406,002	-	-	-	406,002
Buildings	12,201,916	-	-	657,878	12,859,794
Fixed equipment	2,674,431	-	-	3,598,197	6,272,628
Major moveable equipment	3,382,355	44,028	-	(10,500)	3,415,883
Construction in progress	4,487,009	539,800	-	(4,245,575)	781,234
	23,337,599	583,828	-	-	23,921,427
Less accumulated depreciation					
Land improvements	270,001	17,374	-	-	287,375
Buildings	8,873,241	355,995	-	-	9,229,236
Fixed equipment	1,785,730	247,045	-	-	2,032,775
Major moveable equipment	2,131,655	340,249	-	-	2,471,904
	13,060,627	960,663	-	-	14,021,290
Capital Assets, Net	$ 10,276,972	$ (376,835)	$ -	$ -	$ 9,900,137

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 185,886	$ -	$ -	$ -	$ 185,886
Land improvements	339,056	66,946	-	-	406,002
Buildings	12,022,390	194,250	(14,724)	-	12,201,916
Fixed equipment	2,190,419	484,012	-	-	2,674,431
Major moveable equipment	2,945,609	604,542	(167,796)	-	3,382,355
Construction in progress	-	4,487,009	-		4,487,009
	17,683,360	5,836,759	(182,520)	-	23,337,599
Less accumulated depreciation					
Land improvements	251,041	18,960	-	-	270,001
Buildings	8,532,507	355,458	(14,724)	-	8,873,241
Fixed equipment	1,700,853	84,877	-	-	1,785,730
Major moveable equipment	1,979,969	319,482	(167,796)	-	2,131,655
	12,464,370	778,777	(182,520)	-	13,060,627
Capital Assets, Net	$ 5,218,990	$ 5,057,982	$ -	$ -	$ 10,276,972

In 2021, the Hospital began an estimated $4,253,000 HVAC project. Construction for this multi-year project was completed in 2022 and approximately $103,000 remained to be paid for retainage to the general contractor as of December 31, 2022.

Note 5: Professional Liability Coverage and Claims

The Hospital purchases professional liability insurance under a claims-made policy with a fixed premium which provides $500,000 and $200,000 of coverage for each medical incident $1,500,000 and $600,000 of aggregate coverage for the policy years ending December 31, 2022 and 2021, respectively. The policy 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 and $800,000 of coverage for each medical incident and $1,500,000 and $2,400,000 of aggregate coverage for the policy years ending December 31, 2022 and 2021, respectively.

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 future.

Note 6: Long-term Obligations

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

	2022					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Long-term Portion
Notes payable obligations	$ 1,942,490	$ -	$ 244,317	$ 1,698,173	$ 178,748	$ 1,519,425
	$ 1,942,490	$ -	$ 244,317	$ 1,698,173	$ 178,748	$ 1,519,425

	2021					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Long-term Portion
Notes payable obligations	$ 209,634	$ 1,884,708	$ 151,852	$ 1,942,490	$ 243,778	$ 1,698,712
	$ 209,634	$ 1,884,708	$ 151,852	$ 1,942,490	$ 243,778	$ 1,698,712

Notes Payable Obligations

The Hospital is obligated under notes payable obligations to finance the purchase of certain equipment. The following is a schedule of debt service requirements by year under the notes payable obligations including interest at rates of 2.74% to 3.66% as of December 31, 2022:

Year Ending December 31,	Total to be Paid	Principal	Interest
2023	$ 227,609	$ 178,748	$ 48,861
2024	220,495	176,309	44,186
2025	220,661	181,222	39,439
2026	220,769	186,243	34,526
2027	220,915	191,410	29,505
2028-2031	851,371	784,241	67,130
	$ 1,961,820	$ 1,698,173	$ 263,647

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 and skilled swing-bed and certain outpatient services rendered to Medicare program beneficiaries are paid at one hundred one percent (101%) of allowable cost subject to certain limitations. Other outpatient services related to Medicare beneficiaries are paid based on fee schedules and cost reimbursement methodologies, subject to certain limitations. The Hospital is reimbursed for most services at tentative rates with final settlement determined after submission of an annual cost report 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 79% and 68% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2022 and 2021, 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 case rates and discounts from established charges.

Note 8: Charity Care

The costs of charity care provided under the Hospital's charity care policy were approximately $8,000 and $118,000 for 2022 and 2021, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 9: Pension Plans

Deferred Contribution Plan – 401(a) Plan

The Hospital maintains a defined contribution pension plan (401(a) plan) for all eligible employees. Eligibility is established by all employees who are at least 21 years of age and have completed one or more years of service. Employer contributions are computed at the rate of 2% of annual compensation for all employees. The employer also makes supplemental contributions up to an additional 4% of the annual compensation that eligible employees voluntarily defer into the deferred compensation plan as described below. No employee contributions are permitted to the 401(a) plan. Contributions actually made by the Hospital aggregated $241,659 and $232,640 during 2022 and 2021, respectively.

Deferred Compensation Plan – 457 Plan

The Hospital maintains a deferred compensation plan (457 Plan) for all employees. Employees are eligible to participate in the 457 Plan on their first day of employment. The Hospital does not make contributions to the 457 Plan.

Note 10: Management/Services Agreement

The Board has contracted with Great Plains Health Alliance, Inc. (GPHA) for various services, including management, data processing and accounting services. The terms of the agreements cover the period of one year and can be canceled with 90 days' notice. The agreements can be renewed after the initial term has expired on a year-to-year basis. Fees incurred for the various services provided by GPHA to the Hospital for the years ended December 31, 2022 and 2021, were $715,905 and $672,173, respectively. Amounts due to GPHA at December 31, 2022 and 2021, totaled $883 and $6,721, respectively.

Note 11: Great Plains Employee Benefits Trust

In response to amendments to Kansas Insurance Code related to multi-employer welfare arrangements, GPHA restated its existing voluntary employees' beneficiary association (VEBA) trust as described in Section 501(c)(9) of the Internal Revenue Code, which is named the Great Plains Employee Benefits Trust (the Trust). The Trust is governed by its Board of Trustees. One of the purposes of the Trust is to provide the self-funded GPHA Employee Benefits Plan (the Plan) for its member organizations and their participating employees. The Hospital is a member organization in the Trust and substantially all of the Hospital's employees and their dependents are eligible to participate in the Plan. The Plan provides medical benefits, prescription drug benefits and dental benefits for a benefit period that runs each year from July 1 through June 30. The participant's monthly premiums are determined by the Trust. The Trust may change the premiums from time to time. The Plan agreement specifies that the Trust will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of stop-loss amounts. The Trust accrues a provision for self-insured employee benefit claims including both claims reported and claims incurred but not yet reported. If a net deficit position is anticipated by the Trust after consideration of the accrued provision, the Trust will administer insurance assessments to its member organizations based on a systematic allocation method. No assessments were required during 2022 and 2021.

Note 12: COVID-19 Pandemic & *CARES Act* Funding

On March 22, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

While some of these policies have eased and states have lifted moratoriums on non-emergent procedures, some restrictions remain in place, and some state and local governments are re-imposing certain restrictions due to increasing rates of COVID-19 cases.

The Hospital's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Hospital has taken precautionary steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to its business.

The extent of the COVID-19 pandemic's adverse effect on the Hospital's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital's control and ability to forecast.

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the effect of the pandemic on the Hospital's business. Decreases in cash flows and result of operations may have an effect on debt covenant compliance and on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Provider Relief Fund

During the years ended December 31, 2022 and 2021, the Hospital received $256,818 and $200,000, respectively, of distributions from the *CARES Act* Provider Relief Fund. At December 31, 2021, the Hospital recorded a receivable of $215,621 related to the *CARES Act* Provider Relief Fund, which is recorded as grant receivable in the accompanying balance sheets. These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by HHS.

The Hospital accounts for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Hospital's operating revenues and expenses through December 31, 2022 and 2021, the Hospital recognized $458,723 and $3,667,788, respectively related to the Provider Relief Fund, and these payments are recorded as Provider Relief Funds (*CARES Act*), classified as nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions of $0 and $201,905 is recorded as a component of unearned revenue in the accompanying balance sheets for the year ended December 31, 2022 and 2021, respectively.

Guidance for reporting use of Provider Relief Fund payments received has changed significantly since distributions were authorized through the *CARES Act* in March 2020. The Hospital has evaluated the "Post-Payment Notice of Reporting Requirements" (Notice) and the Frequently Asked Questions (FAQs) issued by HHS for the years ended December 31, 2022 and 2021, and has recognized revenue accordingly. The Hospital will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Hospital's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the Hospital is unable to attest to or comply with current or future terms and conditions the Hospital's ability to retain some or all of the distributions received may be affected. The Provider Relief Funds are subject to government oversight, including potential audits.

Medicare Accelerated and Advanced Payment Program

During 2020, the Hospital received accelerated Medicare payments as provided for in the *CARES Act*, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by CMS according to the payback provisions.

Effective September 30, 2020, the payback provisions were revised and extended the payback period to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25% of the remittance advice payment followed by a six-month payback period at 50% of the remittance advice payment. After 29 months, CMS expects any amount not paid back through the withheld amounts to be paid back in a lump sum or interest will begin to accrue subsequent to the 29 months at a rate of 4%.

During the year ended December 31, 2021, the Hospital fully repaid the $1,796,687 that had been received from these accelerated Medicare payment requests.

Strengthening People and Revitalizing Kansas (SPARK) Program Funding

During the year ended December 31, 2021, the Hospital received $67,600 of funding through the SPARK program. The Hospital recognized $281,489, related to this funding at December 31, 2021, which also included $213,889 of funding received during 2020. This revenue was recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position during 2022.

In November 2021, the Hospital received and recognized $51,737 of a distribution from the Frontline Hospital Employee Retention Plan program. Funding under this program was utilized by the Hospital to retain existing clinical staff and re-hire retirees who have retired since March 1, 2020. The revenue recognized is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position during 2021.

Other COVID-19 Funding

During the years ended December 31, 2022 and 2021, the Coronavirus Small Rural Hospital Improvement Program provided support to small rural and Critical Access Hospitals (CAHs) which were seeing increased demands for clinical services and equipment, as well as experiencing short-term financial and workforce challenges related to responding to meeting the needs of patients with COVID-19 seeking care at their facilities. These funds were administered through the Small Rural Hospital Improvement Program to provide emergency funding support to CAHs and non-CAH rural hospitals with less than 50 beds. This approach provided funding directly to the states to target those rural hospitals and the communities they serve who are facing the greatest strain from this crisis. The Hospital received $90,596 and $57,661, during 2022 and 2021, respectively. Additionally, the Hospital recorded a receivable at December 31, 2022, for $166,771 for amounts that were received in March 2023. The Hospital recognized $257,367 and $57,661 related to this grant at December 31, 2022 and 2021, respectively. The revenue is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

Note 13: Future Change in Accounting Principles

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Hospital expects to first apply GASB No. 96 during the year ending June 30, 2023, using a retrospective recognition method. The impact of applying the statement.

Supplementary Information

Satanta Hospital District

Comparison of Revenues and Expenses (Cash Basis) – Actual and Tax Budget

Year Ended December 31, 2022

	Actual	Tax Budget	Actual Over (Under) Budget
General Fund:			
Property taxes	$ 1,882,037	$ 1,793,792	$ 88,245
Interest	1,317	2,825	(1,508)
Total revenue	1,883,354	1,796,617	86,737
Transfer to hospital operations	2,400,000	1,892,600	507,400
Deficiency of revenue over expenditures	(516,646)	$ (95,983)	$ (420,663)
Unencumbered cash, beginning of year	573,453		
Unencumbered cash, end of year	$ 56,807		

TAB 2

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

Representation of:
Satanta Hospital District
P.O. Box 159
Satanta, Kansas 67870

Provided to:
FORVIS, LLP
Certified Public Accountants
1551 North Waterfront Parkway, Suite 300
Wichita, Kansas 67206

The undersigned ("We") are providing this letter in connection with FORVIS' audits of our financial statements as of and for the years ended December 31, 2022, and 2021.

Our representations are current and effective as of the date of FORVIS' report: June 21, 2023.

Our engagement with FORVIS is based on our contract for services dated: October 28, 2022.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide except that supplementary information as required by the Governmental Accounting Standards (GASB), consisting of management's discussion and analysis, has not been prepared.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

3. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Hospital from whom you determined it necessary to obtain audit evidence.

    d. All minutes of trustees' meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.

    e. All significant contracts and grants.

4. We acknowledge the Hospital does not meet the definition of a "public business entity" under generally accepted accounting principles.

5. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, liabilities, or net position.

7. We have no knowledge of fraud or suspected fraud affecting the Hospital involving:

    a. Management or employees who have significant roles in internal control over financial reporting, or

    b. Others when the fraud could have a material effect on the financial statements.

8. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Hospital received in communications from employees, former employees, customers, analysts, SEC or other regulators, suppliers, or others.

10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

11. We have no knowledge of illegal acts that may materially misstate the financial statements.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

Ongoing Operations

12. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.

13. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Hospitals are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing or bonding, significant credit quality problems, including significant volatility in the values of real estate and other collateral supporting loans, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, capital, net realizable value of inventory, etc., that could negatively impact the hospital's ability to meet debt covenants/regulatory capital requirements or maintain sufficient liquidity.

    We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Hospital's financial statements. Further, management and governance are solely responsible for all aspects of managing the Hospital, including questioning the quality and valuation of investments, inventory, and other assets, reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

Related Parties

14. We have disclosed to you the identity of all of the Hospital's related parties and all the related-party relationships of which we are aware.

    In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

    Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

15. We understand that the term related party refers to:

    - Affiliates.
    - Entities for which investments are accounted for by the equity method.
    - Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management.
    - Principal owners and members of their immediate families.
    - Management and members of their immediate families.
    - Any other party with which the Hospital may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings, & Regulations

16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

17. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

18. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

19. There are no regulatory examinations currently in progress for which we have not received examination reports.

20. We have no reason to believe the Hospital owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due. Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*.

21. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

22. You have provided nonattest services, including the following, during the period of this engagement:

    - Preparing a draft of the financial statements and related notes.

    - Assistance with the revenue recognition related to Provider Relief Funds.

23. With respect to these services:

    a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

    b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.

    c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

d. We have evaluated the adequacy of the services performed and any findings that resulted.

e. Established and maintained internal controls, including monitoring ongoing activities.

f. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

24. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

Transactions, Records, & Adjustments

25. All transactions have been recorded in the accounting records and are reflected in the financial statements.

26. The Hospital has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

27. We have everything we need to keep our books and records.

28. We have disclosed any significant unusual transactions the Hospital has entered into during the period, including the nature, terms, and business purpose of those transactions.

29. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Hospital's accounts.

30. We believe the effects of the uncorrected financial statement misstatements and omitted disclosures summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Healthcare Matters

31. We have provided you with all peer review organizations, administrative contractor, and third-party payer reports and information.

32. We have informed you of all pending or completed investigations by regulatory authorities of which we are aware. There are no known circumstances that could jeopardize the Hospital's participation in the Medicare or other governmental healthcare programs.

33. Adequate provisions and allowances have been accrued for any material losses from Medicare/Medicaid and other third-party payer contractual, audit, or other adjustments.

34. With respect to the Hospital's possible exposure to past or future medical malpractice assertions:

    a. We have disclosed to you all incidents known to us that could possibly give rise to an assertion of malpractice.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

b. All known incidents have been reported to the appropriate medical malpractice insurer and are appropriately considered in our malpractice liability accrual.

c. There is no known lapse in coverage, including any lapse subsequent to the fiscal year-end, that would result in any known incidents being uninsured.

d. Management does not expect any claims to exceed malpractice insurance limits.

e. We believe our accruals for malpractice claims are sufficient for all known and probable potential claims.

35. Billings to third-party payers comply in all material respects with applicable coding guidelines, laws, and regulations. Billings reflect only charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.

36. With regard to cost reports filed with Medicare, Medicaid, or other third parties:

    a. All required reports have been properly filed.

    b. Management is responsible for the accuracy and propriety of those reports.

    c. All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient-related and properly allocated to applicable payers.

    d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.

    e. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.

    f. Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the Hospital is entitled to all the amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.

37. With respect to the Hospital's possible exposure to past or future workers' compensation assertions:

    a. We have disclosed to you all incidents known to us that could possibly give rise to workers' compensation assertion.

    b. All known incidents have been reported to the appropriate workers' compensation insurer.

    c. There is no known lapse in coverage, including any lapse subsequent to the fiscal year-end, that would result in any known incidents being uninsured.

    d. Management does not expect any claims to exceed workers' compensation insurance limits.

38. There are no instances of noncompliance with laws or regulations with respect to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects we believe should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, other than those disclosed or accrued in the financial statements. This is including, but not limited to, the Anti-Kickback Statute of the *Medicare and Medicaid Patient and Program Protection Act of 1987*, limitations on certain physician referrals (the Stark law), and the *False Claims Act*.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

39. With regards to the payments received from the Provider Relief Fund established by the *CARES Act*, we represent the following:

    a. To the extent revenue has been recognized, we believe we have met the eligibility requirements as outlined in the U.S. Department of Health and Human Services' (HHS) terms and conditions for the Provider Relief Fund.

    b. We believe the method we have utilized to recognize revenue associated with the Provider Relief Fund is consistent with acceptable methods outlined in HHS' terms and conditions and other guidance available as of December 31, 2022.

    c. Consistent with the terms and conditions established by HHS and other guidance available as of December 31, 2022, Provider Relief Fund payments were not used to reimburse expenses or losses that have been reimbursed or are obligated to be reimbursed by other sources, including payments from insurance and/or patients and amounts received from federal, state, or local governments.

    d. We acknowledge that HHS may issue new guidance that could have a material impact on the amount of revenue recognized from the Provider Relief Fund as of December 31, 2022.

    e. We understand that amounts recognized on the Schedule of Expenditures of Federal Awards may differ from amounts recognized on the financial statements.

Governmental Accounting & Disclosure Matters

40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

41. With regard to deposit and investment activities:

    a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.

    b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.

    c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

42. We do not control the assets within the 401a defined contribution plan or the 457b plan as defined in GASB Statement No. 84, *Fiduciary Activities*, as amended.

43. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

44. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

45. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.

46. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

Accounting & Disclosure

47. All transactions entered into by the Hospital are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place.

48. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net position.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure in accordance with Accounting Standards Codification (ASC) Topic 450, *Contingencies*, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.

    g. Guarantees, whether written or oral, under which the Hospital is contingently liable.

    h. Known or anticipated asset retirement obligations.

49. Except as disclosed in the financial statements, the Hospital has:

    a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.

    b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

50. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables.

    b. Excess or obsolete inventories.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

Estimates

51. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

52. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets loans, investments, or deposits, existing at the date of the financial statements that would make the Hospital vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

53. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.

    b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.

    c. The significant assumptions appropriately reflect market participant assumptions.

    d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

    e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

New Accounting Standards

54. In connection with the adoption of GASB Statement No. 87, *Leases*, (GASB 87), we represent the following:

    a. We have identified a complete population of potential leases as of the implementation date.

    b. We have reviewed all significant contracts to identify lease and nonlease components as of the earliest date of adoption. Allocation of contract prices between lease and nonlease components are based upon standalone prices or other reasonable factors.

    c. Measurements of the lease assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.

    d. The estimates related to any options to extend or terminate the lease terms within the measurement of lease assets and liabilities agree to management's plans for the leases.

    e. The discount rates for each lease are based upon what would be obtained by the Hospital for similar loans as an incremental rate.

DocuSign Envelope ID: 4F39AA2C-0151-4057-A38B-6F9FC5F7959B

f. We have adequate controls in place to prevent and/or detect errors in lease assets and liabilities on a recurring basis.

g. The footnotes to the financial statements do not describe the adoption and additional disclosures required under the Statement of GASB 87 as we deem that, after performing the procedures noted above, the related activity is immaterial to both the Balance Sheet and Statements of Revenues, Expenses and Changes in Net Position and the omission of this transaction from the financial statements will not be misleading to the readers of our financial statements.

DocuSigned by:
FC2550951D1E45C...
Tina Pendergraft, CEO
tpendergraft@satantahospital.org

DocuSigned by:
kim leggett
EF621FD181A14BB...
Kim Leggett, CFO
kleggett@satantahospital.org

Satanta Hospital District

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	6,533,272	42,824	6,576,096	0.66%
Non-Current Assets & Deferred Outflows	9,900,137	6,289	9,906,426	0.06%
Current Liabilities	(1,817,786)	(4,639)	(1,822,425)	0.26%
Non-Current Liabilities & Deferred Inflows	(3,313,217)	645	(3,312,572)	-0.02%
Current Ratio	3.594		3.608	0.39%
Total Assets & Deferred Outflows	16,433,409	49,113	16,482,522	0.30%
Total Liabilities & Deferred Inflows	(5,131,003)	(3,994)	(5,134,997)	0.08%
Total Net Position	(11,302,406)	(45,119)	(11,347,525)	0.40%
Operating Revenues	(12,159,549)	(2,928)	(12,162,477)	0.02%
Operating Expenses	16,349,089	(2,295)	16,346,794	-0.01%
Nonoperating (Revenues) Exp	(2,948,939)		(2,948,939)	
Change in Net Position	1,240,601	(5,223)	1,235,378	-0.42%

Client: Satanta Hospital District

Period Ending: December 31, 2022

Major Enterprise Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows		Liabilities & Deferred Inflows		Operating Revenues	Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Net Effect on Following Year	
			Current	*Noncurrent*	*Current*	*Noncurrent*					*Change in Net Position*	*Net Position*
			DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)
Exclusion of Foundation accounts as a blended component unit		F	42,824	-	-	-	(2,928)	-	-	(39,896)	-	-
	Cash		42,824									
	Net Position									(39,896)		
	Revenue						(2,928)					
RTU Asset / Lease Liability at 12/31/2022		F	-	6,289	(4,639)	645	-	(2,295)	-	-	-	-
	RTU Asset			10,928								
	Lease Liability				(4,639)	(3,994)						
	RTU Accum Amort / Amort Exp			(4,639)				4,639				
	Lease Liability / Rent Exp					4,639		(6,934)				
Total passed adjustments			42,824.00	6,289.00	(4,639.00)	645.00	(2,928)	(2,295)	-	(39,896)	-	-

Impact on Change in Net Position	**(5,223)**
Impact on Net Position	**(45,119)**