Independent Auditor's Report and Financial Statements

William Newton Memorial Hospital

December 31, 2023 and 2022

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William Newton Memorial Hospital
Management's Discussion and Analysis
Years ended December 31, 2023 and 2022

Our discussion and analysis of the financial performance of William Newton Memorial Hospital (the Hospital) and our blended component unit William Newton Healthcare Foundation, Inc., provides a narrative overview of the Hospital's financial activities for the years ended December 31, 2023 and 2022. Please read it in conjunction with the accompanying basic financial statements.

Financial highlights

The Hospital's net position decreased by $5,307,302 or 51.4 percent in 2023 and decreased by $5,205,196 or 33.5 percent in 2022.

The Hospital reported an operating loss of $5,892,771 in 2023 and $7,665,963 in 2022.

Using these financial statements

The Hospital's financial statements consist of three statements - a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Hospital, including resources held by or for the benefit of the Hospital, and resources restricted for specific purposes by contributors, grantors, and indenture agreements.

One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. For purposes of these two statements, revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in them. The Hospital's net position - the difference between assets and liabilities - may be thought of as one way to measure its financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. Consideration must also be given to other nonfinancial indicators, such as changes in the Hospital's patient base and measures of the quality of service it provides to the community, as well as local economic factors, to assess the overall health of the Hospital.

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?", "What was cash used for?", and "What was the change in cash balance during the reporting period?"

Assets, liabilities, and net position

The Hospital's net position as of the end of each of the last three years is summarized as follows:

	2023	2022	2021
Assets			
Cash	$ 6,452,294	$ 5,703,223	$ 14,210,601
Patient accounts receivable, net	7,854,677	7,908,760	7,604,636
Other current assets	1,872,338	3,080,883	1,566,319
Total current assets	16,179,309	16,692,866	23,381,556
Capital assets, net	17,933,542	19,018,995	19,973,911
Other assets	2,926,333	2,695,158	3,394,319
Total assets	37,039,184	38,407,019	46,749,786
Liabilities			
Current liabilities	(12,674,819)	(9,133,230)	(11,448,249)
Long-term obligations	(5,301,889)	(6,422,234)	(8,298,243)
Total liabilities excluding net pension and OPEB liabilities	(17,976,708)	(15,555,464)	(19,746,492)
Net pension and OPEB liabilities, net of deferred outflows and net deferred inflows of resources related to pension and OPEB plans	(14,038,571)	(12,520,348)	(11,466,891)
Net position	$ 5,023,905	$ 10,331,207	$ 15,536,403

The cash balances increased by $0.7 million in 2023 as compared to 2022 and decreased by $8.5 million in 2022 as compared to 2021. Significant items affecting the change in cash are reported in the cash flow statement. The number of days net revenue in net patient accounts receivable represented 64 days in 2023, 67 days in 2022, and 63 days in 2021.

Capital assets decreased by $1,085,453 in 2023 and $954,916 in 2022. The change in capital assets varies based on the timing of replacement in property and equipment and the annual provision for depreciation.

We utilize long-term leases or debt to finance major capital expenditures and try to maintain sufficient liquidity in our balance sheet to cover day-to-day operating expenses of the Hospital and to provide flexibility in operating the Hospital. Our ratio of equity to total assets for the past three years was 14, 27, and 33 percent at December 31, 2023, 2022, and 2021, respectively. Total liabilities, excluding the pension and OPEB plans, increased by $2,421,244 in 2023 as compared to 2022, and decreased by $4,191,028 in 2022 as compared with 2021. The 2023 increase is due to an increase in accounts payable. The 2022 decrease was due to recognition of COVID-19 grants which were deferred in the prior year and repayment of Medicare accelerated payments issued as a result of the pandemic. The net pension and OPEB liabilities, net of deferred outflows and inflows related to the pension and OPEB plans increased by $1,518,223 in 2023 as compared to 2022, and by $1,053,4457 in 2022 as compared to 2021.

Operating results and changes in net position

The Hospital's operating results and changes in net position for each of the last three years are summarized as follows:

	2023	2022	2021
Operating revenues	$ 44,797,379	$ 42,794,606	$ 44,115,538
Operating expenses			
Salaries and benefits	26,581,140	24,564,217	24,827,924
Actuarial expense adjustments to pension and OPEB	1,518,223	1,053,457	(55,588)
Supplies and other	20,069,540	22,200,988	19,030,184
Depreciation	2,521,247	2,641,907	2,838,149
Total operating expenses	50,690,150	50,460,569	46,640,669
Operating income (loss)	(5,892,771)	(7,665,963)	(2,525,131)
Other changes in net position	585,469	2,460,767	5,897,921
Change in net position	$ (5,307,302)	$ (5,205,196)	$ 3,372,790

The first component of the overall change in the Hospital's net position is its operating income - generally, the difference between net patient service revenue and the expenses incurred to perform those services. The Hospital's operating loss decreased by $1,773,192 in 2023 after increasing by $5,140,832 in 2022, both as compared with the prior year. We have segregated the actuarial effect of the pension plan and OPEB adjustments to highlight the impact that these adjustments have on our financial statements.

Total operating revenues increased by 4.7 percent in 2023 as compared to a decrease of 3.0 percent in 2022. Operating revenues are impacted by volume of services provided, payor mix, level of financial assistance and uncompensated care, and expenses as this impacts our revenues associated with cost-reimbursed services.

As a not-for-profit hospital, we serve all patients who come to our Hospital, regardless of ability to pay. During 2023, 2022, and 2021, the Hospital wrote off $5,564,959, $4,673,295, and $4,469,301 in charges related to patients who qualify either for financial assistance under our financial assistance policy or to bad debts. The change in these net write-offs typically will correlate with the change in revenue from uninsured patients.

We receive some relief for the cost of uncompensated care as we qualify for Medicaid disproportionate share payments (DSH) which are designed to reimburse hospitals for the cost of uncompensated care related to both uninsured and Medicaid beneficiaries. Total revenue recognized under the Medicaid DSH program was $1,314,316 in 2023, $1,287,615 in 2022, and $1,042,131 in 2021. These payments are funded by both federal and state funds.

Operating expenses excluding the impact of the actuarial adjustments for the pension and OPEB, decreased by 0.5 percent in 2023 as compared with 2022 and increased by 5.5 percent in 2022 as compared to 2021. Significant changes in operating expenses in 2023 in comparison to 2022 were due to a decrease in the use of contract nursing and an increase in supply expenses.

Other changes in net position for the years presented were impacted by the changes in interest expense, investment income, and the change in capital grants and contributions. The Hospital recognized grant revenues of approximately $2.0 million in 2022. These funds were received from both the federal and state government to support operations caused by the disruption of the pandemic. This support has been essential in allowing us to maintain our operations through this unprecedented situation.

The Hospital's focus remains that of maintaining and growing utilization of Hospital services. Although the population living in our primary market area is not anticipated to change dramatically in the future, patient out-migration to other health care markets is a concern as some residents look outside our community for services. Our philosophy is to commit resources to maintain updated facilities and to invest in state of the art technology. We are also committed to offering programs and services that improve patient safety and promote a high level of quality care within the Hospital. Many factors, both internal and external, affect our ability to meet our goals. For example, to maintain or grow hospital utilization, there is a requirement that the community have an adequate number and mix of primary care and specialty physicians. We monitor these numbers and continue to be proactive in the recruitment of physicians to our community.

This financial report is designed to provide a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Administration Office at 1300 East 5th Street, Winfield, Kansas 67156.

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Independent Auditor's Report

Board of Trustees
William Newton Memorial Hospital

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of William Newton Memorial Hospital (Hospital) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of William Newton Memorial Hospital as of December 31, 2023 and 2022, and the respective changes in financial position, and cash flows thereof 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 and the Kansas Municipal Audit and Accounting Guide. 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 the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-4 and the pension and other postretirement information on pages 38-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Wendling Noe Nelson & Johnson LLC

Topeka, Kansas
September 12, 2024

Financial Statements

William Newton Memorial Hospital
Statements of Net Position
December 31, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022
Current assets		
Cash and cash equivalents	$ 6,452,294	$ 5,703,223
Patient accounts receivable, net of allowance for doubtful accounts of $4,866,969 in 2023 and $4,605,306 in 2022	7,854,677	7,908,760
Other receivables	74,388	125,780
Inventories	857,065	857,738
Prepaid expenses	177,958	207,123
Estimated third-party payor settlements	762,927	1,890,242
Total current assets	16,179,309	16,692,866
Assets limited as to use		
Cash restricted under lease agreement	434,000	434,000
Contributions receivable, net	274,239	361,095
Investments held by Foundation	2,178,085	1,784,227
	2,886,324	2,579,322
Capital assets		
Capital assets not being depreciated	215,863	849,414
Depreciable capital assets, net of accumulated depreciation	16,683,951	16,818,660
Leased assets, net of accumulated amortization	1,033,728	1,350,921
Total capital assets	17,933,542	19,018,995
Other assets	40,009	115,836
Total assets	37,039,184	38,407,019
Deferred outflows of resources		
Pension	6,015,606	7,175,681
Other postemployment benefits	39,365	38,828
Total deferred outflows of resources	6,054,971	7,214,509
Total assets and deferred outflows of resources	$ 43,094,155	$ 45,621,528

The accompanying notes are an integral part of these statements.

Liabilities, Deferred Inflows of Resources, and Net Position

	2023	2022
Current liabilities		
Current maturities of long-term debt	$ 1,088,664	$ 885,829
Current maturities of lease liabilities	440,636	604,073
Accounts payable and accrued expenses	6,436,129	5,109,916
Salaries, wages, and related withholdings payable	1,197,455	980,909
Accrued discretionary leave	1,075,987	1,103,941
Accrued health insurance claims	492,507	429,201
Estimated third-party payor settlements	1,943,441	
Medicare accelerated payments		19,361
Total current liabilities	12,674,819	9,133,230
Noncurrent liabilities		
Long-term debt, net of current maturities	4,929,929	5,848,416
Lease liabilities, net of current maturities	371,960	573,818
Net pension liability	18,492,822	18,464,240
Net other postemployment benefit liability	369,128	381,418
Total noncurrent liabilities	24,163,839	25,267,892
Total liabilities	36,838,658	34,401,122
Deferred inflows of resources		
Pension	1,032,653	688,924
Other postemployment benefits	198,939	200,275
Total deferred inflows of resources	1,231,592	889,199
Net position		
Invested in capital assets, net of related debt	11,102,353	11,106,857
Restricted		
For lease or operating activities	459,782	467,836
Expendable for capital acquisitions	1,068,903	1,061,082
Nonexpendable permanent endowments	470,010	466,385
Unrestricted	(8,077,143)	(2,770,953)
Total net position	5,023,905	10,331,207
Total liabilities, deferred inflows of resources, and net position	$ 43,094,155	$ 45,621,528

William Newton Memorial Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2023 and 2022

	2023	2022
Operating revenues		
Net patient service revenue	$ 44,440,500	$ 42,185,887
Other	356,879	608,719
Total operating revenues	44,797,379	42,794,606
Operating expenses		
Salaries and wages	20,723,895	19,521,188
Employee benefits	5,857,245	5,043,029
Actuarial adjustments to pension and OPEB expenses	1,518,223	1,053,457
Supplies and other	20,069,540	22,200,988
Depreciation and amortization	2,521,247	2,641,907
Total operating expenses	50,690,150	50,460,569
Operating loss	(5,892,771)	(7,665,963)
Nonoperating revenues (expenses)		
Investment income (loss)	352,838	(288,148)
Interest expense	(261,780)	(309,864)
Noncapital grants and contributions	257,156	688,663
COVID-19 noncapital grants and contributions		1,993,546
Other	(302,661)	(251,391)
Total nonoperating revenues (expenses)	45,553	1,832,806
Excess of expenses over revenues before capital grants and contributions	(5,847,218)	(5,833,157)
Capital grants and contributions	539,916	627,961
Change in net position	(5,307,302)	(5,205,196)
Net position at beginning of year	10,331,207	15,536,403
Net position at end of year	$ 5,023,905	$ 10,331,207

The accompanying notes are an integral part of these statements.

William Newton Memorial Hospital
Statements of Cash Flows
Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 47,545,978	$ 36,283,815
Payments to or on behalf of employees	(26,329,242)	(24,359,794)
Payments to suppliers	(18,060,740)	(19,191,820)
Other receipts and payments	408,271	787,231
Net cash provided (used) by operating activities	3,564,267	(6,480,568)
Cash flows from noncapital financing activities		
Noncapital grants and contributions	257,156	635,771
COVID-19 relief payments received		18,938
Other	(303,121)	(260,770)
Net cash provided (used) by noncapital financing activities	(45,965)	393,939
Cash flows from capital and related financing activities		
Purchases of capital assets	(1,784,947)	(947,841)
Grants and contributions for capital	626,772	823,038
Proceeds from sale of equipment	460	9,379
Issuance of long-term debt	556,290	
Interest paid on lease liabilities	(37,868)	(58,301)
Principal paid for lease liabilities	(587,111)	(676,770)
Interest paid on long-term debt	(229,865)	(230,501)
Principal paid for long-term debt	(1,271,942)	(1,263,510)
Net cash used by capital and related financing activities	(2,728,211)	(2,344,506)
Cash flows from investing activities		
Change in investments held by Foundation	(206,288)	(206,801)
Investment income received	165,268	130,558
Net cash used by investing activities	(41,020)	(76,243)
Change in cash and cash equivalents	749,071	(8,507,378)
Cash and cash equivalents at beginning of year	6,137,223	14,644,601
Cash and cash equivalents at end of year	$ 6,886,294	$ 6,137,223

The accompanying notes are an integral part of these statements.

William Newton Memorial Hospital
Statements of Cash Flows - Continued
Years ended December 31, 2023 and 2022

	2023	2022
Reconciliation of cash and cash equivalents to statements of financial position		
Cash and cash equivalents in current assets	$ 6,452,294	$ 5,703,223
Cash restricted under lease agreement	434,000	434,000
	$ 6,886,294	$ 6,137,223
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating loss	$ (5,892,771)	$ (7,665,963)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation and amortization	2,521,247	2,641,907
Provision for bad debts	5,089,113	4,079,648
Changes in		
Patient accounts receivable	(5,035,030)	(4,383,772)
Inventories	673	193,464
Prepaid expenses	29,165	56,594
Other receivables	51,392	178,512
Other assets	75,827	292,179
Accounts payable and accrued expenses	2,155,033	2,671,354
Estimated third-party payor settlements	3,070,756	(2,567,529)
Medicare accelerated payments	(19,361)	(3,030,419)
Net pension and OPEB liability, deferred inflows and outflows related to pension and OPEB plans	1,518,223	1,053,457
Net cash provided (used) by operating activities	$ 3,564,267	$ (6,480,568)
Supplemental schedule of noncash investing and financing activities		
Net change in unrealized gains (losses) on investments	$ 187,570	$ (418,706)
Lease liability incurred	221,816	

The accompanying notes are an integral part of these statements.

William Newton Memorial Hospital
Notes to Financial Statements
December 31, 2023 and 2022

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies

A summary of the significant accounting policies of William Newton Memorial Hospital (Hospital) consistently applied in the preparation of the accompanying financial statements follows.

1. Reporting entity

William Newton Memorial Hospital (Hospital) is governed by a five-member Board of Trustees appointed by the Commissioners of the City of Winfield, Kansas. The Hospital, which was organized in 1927, is a 25-bed, not-for-profit general hospital located in Winfield, Kansas. The Hospital can sue and be sued, and can buy, sell, or lease real property.

2. Component unit

William Newton Healthcare Foundation, Inc. (Foundation), is a legally separate not-for-profit corporation established for the purpose of providing financial assistance to the Hospital and assisting the Hospital and others in the recruitment of physicians and other medical health care personnel to locate and practice in Winfield, Kansas. The Foundation is administered by a self-perpetuating Board of Directors, which is appointed by the Hospital, who is the sole voting member of the Foundation. The Hospital includes the Foundation as a component unit in the Hospital's financial statements using the blended method. All significant intercompany accounts and transactions have been eliminated in the accompanying financial statements.

3. Use of estimates

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

4. Basis of accounting

The financial statements of the Hospital have been prepared on the accrual basis of accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

5. Cash and cash equivalents

Cash and cash equivalents include all cash and highly-liquid debt instruments with maturities of three months or less.

6. Allowance for doubtful accounts

The Hospital provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. The Hospital estimates this allowance based on a percentage of revenue, the aging of its accounts receivable by type of payor, and its historical collection experience for each type of payor.

7. Inventories

Inventories are stated at the lower of fair value or cost as determined by the first-in, first-out method.

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued

8. Assets limited as to use

Assets limited as to use include assets restricted under lease agreement, investments held by the Foundation, and contributions receivable related to a capital campaign conducted by the Foundation. Investments are reported at fair value (see Note P). Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in nonoperating revenue when earned.

9. Capital assets

Capital assets are stated at cost. Depreciation and amortization of capital assets are provided on the straight-line method over the estimated useful lives of the assets. The estimated lives used are generally in accordance with the guidelines established by the American Hospital Association.

Leased assets are recognized at the lease commencement date and represent the Hospital's right to use an underlying asset for the lease term. Leased assets are measured at the initial value of the lease liability at the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus any initial direct costs necessary to place the lease asset into service. Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method or the same method amortizing the debt.

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties. Gains and losses on disposition of capital assets are included in nonoperating gains and losses.

10. Grants and contributions

From time to time, the Hospital receives grants and contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

11. Accrued discretionary leave

Employees of the Hospital are entitled to paid time off depending on length of service and whether they are full-time or part-time. Upon resignation, termination, or retirement from service with the Hospital, employees are entitled to payment for all accrued discretionary leave, up to an allowable maximum. The Hospital accrues these benefits as earned.

12. Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

13. Pension and Other Post Employment Benefit (OPEB) plans

The Hospital participates in the Kansas Public Employees Retirement System Plan (KPERS), a cost-sharing multiple-employer defined benefit pension plan. The Hospital also provides long-term disability benefits to its employees through KPERS. The Hospital uses information provided by KPERS to measure the net pension and OPEB liabilities, deferred outflows of resources, and deferred inflows of resources of the KPERS pension and OPEB plans.

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued

14. Net position

Net position of the Hospital is classified in three components. "Net position invested in capital assets net of related debt" consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. "Restricted" is net position whose use has been limited by lenders or donors to a specific time period or purpose temporarily or permanently. "Unrestricted net position" is remaining net position that does not meet the definition of "invested in capital assets net of related debt" or "restricted."

15. Operating revenues and expenses

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

16. Financial assistance

The Hospital provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as revenue. The amount of financial assistance provided by the Hospital is disclosed in Note B.

17. Income taxes

The Hospital is exempt from federal income taxes pursuant to Sections 115 and 501(a) of the Internal Revenue Code. Management is unaware of any uncertainties in income tax positions. Tax years ending on or after December 31, 2020, are subject to examination by taxing authorities.

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its related income pursuant to Section 501(a) of the Code. Management is unaware of any uncertainties in income tax positions. Tax years ending on or after December 31, 2020, are subject to examination by taxing authorities.

18. Subsequent events

Management has reviewed subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

19. Adoption of accounting pronouncements

Effective January 1, 2023, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). Under GASB 96, a SBITA user is required to recognize a subscription liability and an intangible right-to-use subscription asset. GASB 96 required a retrospective transition method using the facts and circumstances that existed at the beginning of the earlier period presented (i.e., January 1, 2022). The adoption of this standard did not result in changes to previously reported amounts. The Hospital assessed SBITAs determining they were not material to the financial statements and, therefore, no subscription assets or liabilities were recorded as a result of implementing GASB 96.

Note B - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established charge rates. The amounts reported on the statement of net position as estimated third-party payor settlements consist of management's best estimate of the differences between the contractual amounts for providing covered services and the interim payments received for those services. A summary of the payment arrangements with major third-party payors follows:

Medicare - The Hospital is a critical access hospital for purposes of the Medicare program and is paid for most services rendered to Medicare beneficiaries under various cost reimbursement methodologies. Physician services except for the rural health clinics, are prospectively paid based on their respective fee schedules. The Hospital is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits or reviews thereof by the Medicare administrative contractor. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited or reviewed by the Medicare administrative contractor through December 31, 2021.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital receives a hospital-specific add-on percentage to each claim based on previously filed cost reports. All other services rendered to Medicaid beneficiaries are paid at prospective rates determined on either a per diem or fee-for-service basis.

Blue Cross and Blue Shield - All services rendered to patients who are insured by Blue Cross and Blue Shield are paid on the basis of prospectively determined rates per discharge or discounts from established charges.

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

A summary of Hospital gross and net patient service revenue for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Gross patient service revenue	$104,249,707	$ 91,535,206
Deductions from patient service revenue		
Third-party contractual adjustments	(55,397,246)	(45,848,893)
Medicaid DSH payments	1,314,316	1,287,615
Other discounts and allowances	(161,318)	(114,746)
Financial assistance	(475,846)	(593,647)
Provision for bad debts	(5,089,113)	(4,079,648)
Net patient service revenue	$ 44,440,500	$ 42,185,887

The Hospital estimates that the cost of providing financial assistance, based on overall cost to charge ratios obtained from the Hospital's cost reports was $213,000 and $306,000 for 2023 and 2022, respectively.

Note B - Net Patient Service Revenue - Continued

Revenue from the Medicare and Medicaid programs accounted for approximately 33 percent and 11 percent and 39 percent and 9 percent, respectively, of the Hospital's net patient service revenue during 2023 and 2022. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term.

Note C - Assets Limited as to Use

Assets limited as to use - cash restricted under lease agreement are comprised of a certificate of deposit as required under a financing agreement and a checking account and are stated at fair value. Assets limited as to use - held by the Foundation are carried at fair value which is determined based on quoted market prices in active markets. The Foundation carries its interest in the assets held by the community foundation at the value provided by the community foundation. These assets are invested as follows and reported in the statement of net position under the following categories:

	2023		
	Cost	Unrealized gains (losses)	Fair market value
Equity mutual funds	$ 1,126,365	$ 206,792	$ 1,333,157
Brokered certificates of deposit	350,000	(1,109)	348,891
Fixed income mutual funds	467,705	(24,395)	443,310
Interest in assets, held by community foundation	52,727		52,727
	$ 1,996,797	$ 181,288	$ 2,178,085

	2022		
	Cost	Unrealized gains (losses)	Fair market value
Equity mutual funds	$ 1,189,086	$ 48,535	$ 1,237,621
Common stock	15,000	101	15,101
Fixed income mutual funds	541,640	(54,918)	486,722
Interest in assets, held by community foundation	44,783		44,783
	$ 1,790,509	$ (6,282)	$ 1,784,227

Note D - Capital Assets

Capital assets consist of the following:

	Balance December 31, 2022	Transfers and additions	Retirements	Balance December 31, 2023
Capital assets not being depreciated				
Land	$ 101,702	$ -	$ -	$ 101,702
Projects in progress	747,712	(633,551)		114,161
Total capital assets not being depreciated	849,414	(633,551)	-	215,863
Capital assets being depreciated				
Land improvements	1,271,276			1,271,276
Buildings	36,214,685	598,299		36,812,984
Equipment	16,469,458	1,249,230		17,718,688
Total capital assets being depreciated	53,955,419	1,847,529	-	55,802,948
Less accumulated depreciation and amortization				
Land improvements	430,040	56,769		486,809
Buildings	22,902,702	1,071,671		23,974,373
Equipment	13,804,017	853,798		14,657,815
Total accumulated depreciation and amortization	37,136,759	1,982,238	-	39,118,997
Total capital assets being depreciated, net	16,818,660	(134,709)	-	16,683,951
Leased assets being amortized				
Buildings	586,735			586,735
Equipment	4,124,301	221,816		4,346,117
Total leased assets being depreciated	4,711,036	221,816	-	4,932,852
Less accumulated amortization				
Buildings	310,466	97,789		408,255
Equipment	3,049,649	441,220		3,490,869
Total accumulated amortization	3,360,115	539,009	-	3,899,124
Total leased assets being amortized	1,350,921	(317,193)	-	1,033,728
Capital assets, net	$ 19,018,995	$ (1,085,453)	$ -	$ 17,933,542

Note D - Capital Assets - Continued

	Balance December 31, 2021	Transfers and additions	Retirements	Balance December 31, 2022
Capital assets not being depreciated				
Land	$ 101,702	$ -	$ -	$ 101,702
Projects in progress	254,662	493,050		747,712
Total capital assets not being depreciated	356,364	493,050	-	849,414
Capital assets being depreciated				
Land improvements	730,733	540,543		1,271,276
Buildings	36,177,002	37,683		36,214,685
Equipment	15,853,743	615,715		16,469,458
Total capital assets being depreciated	52,761,478	1,193,941	-	53,955,419
Less accumulated depreciation and amortization				
Land improvements	402,059	27,981		430,040
Buildings	21,746,443	1,156,259		22,902,702
Equipment	13,062,250	741,767		13,804,017
Total accumulated depreciation and amortization	35,210,752	1,926,007	-	37,136,759
Total capital assets being depreciated, net	17,550,726	(732,066)	-	16,818,660
Leased assets being amortized				
Buildings	586,735			586,735
Equipment	4,124,301			4,124,301
Total leased assets being depreciated	4,711,036	-	-	4,711,036
Less accumulated amortization				
Buildings	212,676	97,790		310,466
Equipment	2,431,539	618,110		3,049,649
Total accumulated amortization	2,644,215	715,900	-	3,360,115
Total leased assets being amortized	2,066,821	(715,900)	-	1,350,921
Capital assets, net	$ 19,973,911	$ (954,916)	$ -	$ 19,018,995

Note E - Long-term Debt

Long-term debt consist of the following:

	2023	2022
3.40% debt obligation to bank entered into April 21, 2016, in the original amount of $1,000,000, payable in equal monthly installments of $9,865, including interest, through April 2026, collaterized by building improvements	$ 265,020	$ 372,254
3.25% debt obligation to banks refinanced on July 1, 2021, in the amount of $7,571,603, payable in equal monthly installments of $70,710, including interest, through November 2030, collaterized by building and building improvements	5,242,963	6,163,397
5.25% debt obligation to bank entered into March 20, 2019, in the original amount of $182,300, payable in equal monthly installments of $3,471, including interest, through March 2024, collaterized by equipment	10,322	50,291
4.19% debt obligation to bank entered into January 15, 2020, in the original amount of $149,697, payable in equal monthly installments of $2,770, including interest, through January 2025, collaterized by building improvements	35,582	66,639
4.19% debt obligation to bank entered into January 7, 2020, in the original amount of $125,131, payable in equal monthly installments of $2,315, including interest, through January 2025, collaterized by equipment	26,917	52,877
4.19% debt obligation to bank entered into January 7, 2020, in the original amount of $98,600, payable in equal monthly installments of $2,235, including interest, through January 2024, collaterized by equipment	2,660	28,787
7.00% debt obligation to bank entered into May 26, 2023, in the original amount of $556,290, payable in equal monthly installments of $20,293, including interest, through November 2025, collaterized by equipment	435,129	
	6,018,593	6,734,245
Less current maturities of long-term debt	1,088,664	885,829
Long-term debt, net of current maturities	$ 4,929,929	$ 5,848,416

Note E - Long-term Debt - Continued

The following is a summary of changes in long-term obligations:

	Other debt obligations
Outstanding at January 1, 2022	$ 7,997,755
Principal payments	(1,263,510)
Outstanding at December 31, 2022	6,734,245
Obligations incurred	556,290
Principal payments	(1,271,942)
Outstanding at December 31, 2023	$ 6,018,593

Annual debt service requirements on long-term debt are as follows:

Year	Principal	Interest	Total
2024	$ 1,088,664	$ 195,740	$ 1,284,404
2025	1,044,628	150,586	1,195,214
2026	772,074	115,906	887,980
2027	757,413	91,107	848,520
2028	782,545	65,988	848,533
2029-2031	1,573,269	52,128	1,625,397
Total	$ 6,018,593	$ 671,455	$ 6,690,048

On July 26, 2018, the Hospital entered into debt obligations with a local bank to fund an extensive building renovations project. The first debt obligation had an available amount of $2,300,000 and an interest rate of 4.25 percent and was loaned to the Hospital as building renovation costs were incurred. Once the funds in the first debt obligation were exhausted, the second debt obligation with an available amount of $6,851,987 and an interest rate of 5.15 percent was loaned to the Hospital as building renovations costs were incurred. The Hospital completed the project in January 2020 and began making monthly interest and principal payments in February 2020. On July 1, 2021, the Hospital refinanced both debt obligations with a debt obligation with a local bank. The refinanced amount was $7,571,603 with an interest rate of 3.25 percent. Monthly principal and interest payments total $70,710 for this debt obligation.

The debt obligation contains various restrictive covenants, including but not limited to, a lease payment reserve requirement of $434,000 and a minimum required debt service coverage ratio of 1.20. The Hospital did not meet the required debt service coverage ratio as of December 31, 2023, which is a default and can trigger an event of default. Due to this, the debt has been classified as a current liability at December 31, 2023.

Note F - Lease Liabilities

The Hospital leases certain equipment and buildings with payments are based on each specific agreements.

The following is a summary of lease liabilities as of December 31:

	2023	2022
Right-of-use lease liabilities related to buildings; periodic fixed base base rents ranging from $750 to $3,200 per month; terms which expire in various years through 2025	$ 192,819	$ 292,730
Right-of-use lease liabilities related to equipment; periodic fixed base rents ranging from $830 to $10,869 per month; terms which expire in various years through 2026	619,777	885,161
	812,596	1,177,891
Less current maturities of right-of-use lease liabilities	440,636	604,073
Right-of-use lease liabilities, net of current maturities	$ 371,960	$ 573,818

The following is a summary of changes in right-of-use lease liabilities

	Right-of-use lease liabilities
Outstanding at January 1, 2022	$ 1,854,661
Principal payments	(676,770)
Outstanding at December 31, 2022	1,177,891
Obligations incurred	221,816
Principal payments	(587,111)
Outstanding at December 31, 2023	$ 812,596

Scheduled lease liability payments for the year ended December 31, 2023, are as follows:

Year	Principal	Interest	Total
2024	$ 440,636	$ 31,481	$ 472,117
2025	279,580	13,396	292,976
2026	92,380	12,488	104,868
Total	$ 812,596	$ 57,365	$ 869,961

Note F - Lease Liabilities - Continued

Rental expense for all leases consisted of the following:

	2023	2022
Amortization of leased assets	$ 539,009	$ 715,900
Interest on leased liabilities	34,708	61,911
Short-term leases	(49,453)	144,459
	$ 524,264	$ 922,270

Note G - COVID-19 Grants

The Hospital received the United States Department of Health and Human Services (HHS) provider relief funds to be used to prevent, prepare for, and respond to coronavirus and to reimburse the Hospital for health care related expenses and lost revenues as defined by HHS that are attributable to coronavirus (COVID-19). The Hospital also received rural health clinic testing funds to be used to support coronavirus testing and related expenses in the rural health clinics and SPARK (Strengthening People and Revitalizing Kansas) grants from the state of Kansas to respond to coronavirus. As a condition to receiving these distributions, the Hospital agreed to the terms and conditions of the funds. These funds are considered voluntary nonexchange transactions subject to eligibility requirements and are recognized as revenues at such time the eligibility requirements have been met.

The Hospital has determined that the conditions for lost revenues and allowable expenditures have been met for $1,993,546 of HHS provider relief funds, rural health clinic testing, and SPARK funds for the year ended December 31, 2022. This amount has, therefore, been recognized and is classified in the financial statements as COVID-19 grant revenue during the year ended December 31, 2022. The terms and conditions of these programs are complex and subject to interpretation. As a result, there is a reasonable possibility that recorded amounts could change by a material amount in the near term.

Note H - Defined Benefit Pension Plan

Plan description

The Hospital participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Substantially all employees of the Hospital are eligible to participate in KPERS. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits.

Kansas law establishes and amends benefit provisions. Substantially all public employees in Kansas are covered by KPERS. Participation by local political subdivisions and entities is optional, but irrevocable once elected. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Topeka, Kansas 66603-3869) or by calling 1-888-275-5737.

Benefits

Benefits are established by statute and may only be changed by the Kansas Legislature. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points."

Note H - Defined Benefit Pension Plan - Continued

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of an annual actuarial valuation for each of the three statewide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

KPERS has three benefit structures and funding depending on whether the employee is a Tier 1, Tier 2, or Tier 3 member. Tier 1 members were hired before July 1, 2009, Tier 2 members were first employed on or after July 1, 2009, and Tier 3 members were first employed on or after January 1, 2015. Kansas law establishes the KPERS member-employee contribution rate at 6 percent of covered salary for all members. The employer rates established by statute at December 31, 2023 and 2022, are 8.43 percent and 8.90 percent, respectively. The Hospital employer contributions to KPERS for the years ended December 31, 2023 and 2022, were $1,659,571 and $1,673,497, respectively, equal to the statutory required contributions for each year.

Employer and nonemployer allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The Hospital is included in the local group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for the Hospital's share of the collective pension amounts as of December 31, 2023 and 2022, are based on the ratio of each employer's contributions to total

Note H - Defined Benefit Pension Plan - Continued

employer and nonemployer contributions of the group for the years ended June 30, 2023 and 2022, respectively. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. As of December 31, 2023, the Hospital's proportion was 0.881 percent which was a decrease of 0.047 percent over from its share at December 31, 2022.

Net pension liability

At December 31, 2023 and 2022, the Hospital reported a liability of $18,492,822 and $18,464,240, respectively, for its proportionate share of the net pension liability.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022 and 2021, which was then rolled forward to June 30, 2023 and 2022, using the following actuarial assumptions:

Actuarial assumptions	2022	2021
Price inflation	2.75%	2.75%
Salary and wage increases	3.50% - 12.00%	3.50% - 12.00%
Long-term rate of return net of investment expense and including price inflation	7.00%	7.00%

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2023, are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
U.S. equities	23.50 %	5.20 %
Non-U.S. equities	23.50	6.40
Private equity	8.00	9.50
Private real estate	11.00	4.45
Yield driven	8.00	4.70
Real return	11.00	3.25
Fixed income	11.00	1.55
Short-term investments	4.00	0.25
Total	100.00 %	

Note H - Defined Benefit Pension Plan - Continued

Discount rate

The discount rate used to measure the total pension liability at the measurement date for both 2023 and 2022 was 7.00 percent. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the pension plan as of June 30, 2023, calculated using the discount rate of 7.00 percent, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% decrease (6.00%)	Current discount rate (7.00%)	1% increase (8.00%)
Hospital's share of net pension liability	$ 26,516,733	$ 18,492,822	$ 11,808,068

Pension expense

For the years ended December 31, 2023 and 2022, the Hospital recognized pension expense of $3,191,957 and $2,700,835, respectively, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the period.

Deferred outflows of resources and deferred inflows of resources

A summary of the collective deferred outflows of resources and deferred inflows of resources at December 31, 2023 and 2022, are included in the tables below. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period.

	2023	2022
Deferred outflows of resources		
Differences between expected and actual experience	$ 1,537,285	$ 698,394
Change of assumptions	1,959,982	2,951,402
Net difference between projected and actual earnings on pension plan investments	1,080,082	1,562,996
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	596,497	1,123,029
Employer contributions subsequent to the measurement date	841,760	839,860
Total deferred outflows of resources	$ 6,015,606	$ 7,175,681

Note H - Defined Benefit Pension Plan - Continued

	2023	2022
Deferred inflows of resources		
Differences between expected and actual experience	$ 2,605	$ 33,096
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	1,030,048	655,828
Total deferred inflows of resources	$ 1,032,653	$ 688,924

The following table provides the deferred outflows of resources and deferred inflows of resources as of December 31, 2023, that will be recognized in pension expense in future years:

Year ended December 31,	Employer contributions subsequent to the measurement date	Recognition of net deferred outflows/(inflows) of resources by year	Total
2024	$ 841,760	$ 1,657,137	$ 2,498,897
2025		753,759	753,759
2026		1,571,360	1,571,360
2027		154,959	154,959
2028		3,978	3,978
	$ 841,760	$ 4,141,193	$ 4,982,953

Note I - Other Postemployment Benefit Plan

Plan description and benefits provided

The Kansas Public Employees Retirement System (KPERS) sponsors a long-term disability program for participating employers (the Plan). Participating employers pay the cost of the long-term disability and life insurance coverage for their members as provided by K.S.A. 74-04927. The Hospital is considered to be participating in a single employer long-term disability plan. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than postemployment benefits (OPEB), the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits *Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which includes Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from other sources by reason of employment, and earnings

Note I - Other Postemployment Benefit Plan - Continued

from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

The death benefit paid to beneficiaries of disabled members is 150 percent of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the member's previous 12 months of compensation at the time of the past date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100 percent of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered employees

The Hospital has the following employees covered by the Plan as of December 31:

	2022	2021
Inactive employees or beneficiaries currently receiving benefit payments	2	3
Active employees	280	274
Total	282	277

Net OPEB liability

At December 31, 2023 and 2022, the Hospital reported a total OPEB liability of $369,128 and $381,418, respectively.

Actuarial assumptions

The total OPEB liability was determined by actuarial valuations as of December 31, 2022 and 2021, which were then rolled forward to June 30, 2023 and 2022, using the following actuarial assumptions:

Actuarial assumptions	2022	2021
Price inflation	2.75%	2.75%
Wage inflation	3.00%	3.00%
Salary and wage increases	3.50% - 10.00%	3.50% - 10.00%
Discount rate	3.65%	3.54%

Mortality rates used for the death benefits were based on the RP-2014 Mortality Tables. Future mortality improvements are anticipated using Scales MP-2021. Mortality used for the disability benefits were included in long-term disability claim termination rates.

The actuarial assumptions used in the December 31, 2022 and 2021 valuations were based on the results of an actuarial experience study conducted.

Note I - Other Postemployment Benefit Plan - Continued

Changes in total OPEB liability

	June 30, 2023	June 30, 2022
Balance at beginning of period	$ 381,418	$ 428,704
Changes for the year		
Service cost	43,946	75,070
Interest	14,297	10,494
Changes of economic/demographic gains or losses	(25,204)	(15,740)
Changes in assumptions of other inputs	(1,931)	(81,014)
Benefit payments	(43,398)	(36,096)
	(12,290)	(47,286)
Balance at end of period	$ 369,128	$ 381,418

Sensitivity of the OPEB liability to changes in the discount rate

The following table presents the total OPEB liability as of June 30, 2023, calculated using the discount rate of 3.65 percent, as well as what the OPEB's liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% decrease 2.65%	Current discount rate 3.65%	1% increase 4.65%
Total OPEB liability	$ 386,718	$ 369,128	$ 351,727

OPEB expense

For the years ended December 31, 2023 and 2022, the Hospital recognized OPEB expense of $32,886 and $62,880, respectively, which includes the changes in the total OPEB liability and the amortization of deferred outflows of resources and deferred inflows of resources for the period.

Note I - Other Postemployment Benefit Plan - Continued

Deferred outflows of resources and deferred inflows of resources

A summary of the collective deferred outflows of resources and deferred inflows of resources related to the OPEB plan at December 31, 2023 and 2022, are included in the tables below.

	2023	2022
Deferred outflows of resources		
Benefit payments subsequent to the measurement date	$ 21,699	$ 18,048
Changes of assumptions	17,666	20,780
Total deferred outflows of resources	$ 39,365	$ 38,828
Deferred inflows of resources		
Differences between expected and actual experience	$ 126,386	$ 119,408
Changes of assumptions	72,553	80,867
Total deferred outflows of resources	$ 198,939	$ 200,275

The following table provides the deferred outflows of resources and deferred inflows of resources as of December 31, 2023, that will be recognized in OPEB expense in future years:

Year ended December 31,	Benefit payments subsequent to the measurement date	Recognition of net deferred outflows/(inflows) of resources by year	Total
2024	$ 21,699	$ (25,357)	$ (3,658)
2025		(25,357)	(25,357)
2026		(24,888)	(24,888)
2027		(23,554)	(23,554)
2028		(22,862)	(22,862)
Thereafter		(59,255)	(59,255)
	$ 21,699	$ (181,273)	$ (159,574)

Note J - Employee Health Insurance Claims

The Hospital is partially self-insured for health insurance claims of its employees. The Hospital has reinsured a portion of its risk for such claims. The reinsurance arrangement covers annual claims in excess of $100,000 for each covered individual. Covered employees also provide part of the funds to pay claims through monthly contributions at predetermined rates. The Hospital has retained a third party agent to process and settle claims. The Hospital reimburses the agent weekly for the amount of claims paid by the agent.

Note J - Employee Health Insurance Claims - Continued

The following is a summary of the activity under this arrangement for the year ended December 31, 2023 and 2022:

	2023	2022
Estimated employee health insurance claims payable at beginning of period	$ 429,201	$ 233,749
Provision for employer's share of incurred claims expenses for the period	2,378,804	1,749,879
Employee contributions	955,472	946,599
Payments made for claims, expenses, and reinsurance	(3,270,970)	(2,501,026)
Estimated employee health insurance claims payable at end of period	$ 492,507	$ 429,201

Note K - Risk Management

The Hospital is insured for professional liability under a comprehensive hospital liability policy provided by an independent insurance carrier with limits of $500,000 per occurrence up to an annual aggregate of $1,500,000 for all claims made during the policy year. The Hospital is further covered by the Kansas Health Care Stabilization Fund for claims in excess of its comprehensive hospital liability policy up to $500,000 pursuant to any one judgment or settlement against the Hospital for any one party, subject to an aggregate limitation for all judgments or settlements arising from all claims made in the policy year in the amount of $1,500,000. The policy provided by an independent insurance carrier also provides for umbrella liability in excess of the underlying limits set forth above in the amount of $1,000,000 per occurrence with an aggregate in any one policy year of $1,000,000. All coverage is on a claims-made basis. The Hospital renewed this coverage in January 2024 for a one-year term.

The Hospital has entered into a self-insured trust agreement with the Kansas Hospital Association, along with other qualified hospitals in the State of Kansas to purchase workers' compensation insurance for employees. To the extent the trust would have been unable to meet its claims liabilities, members have, jointly and severally, agreed to pay for all claims. Management has assessed the financial condition of the trust and believes that the trust is sufficiently funded to meet its liabilities as they come due as of December 31, 2023. Management is not aware of any intention by the trust to implement an assessment in the future for past funding shortages.

Note L - Deposits with Financial Institutions

Kansas statutes authorize the Hospital, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, the State Treasurer's municipal investment pool, and U.S. Treasury bills and notes. Statutes also require that financial institutions pledge securities with a market value equal to total deposits, in excess of F.D.I.C. coverage at any given time, and the securities pledged be deposited with a Kansas state or national bank or trust company, the Federal Reserve Bank, the Federal Home Loan Bank, or the Kansas State Treasurer.

The carrying amount of the Hospital's deposits with financial institutions including repurchase agreements was $6,297,912 and the bank balance was $6,979,309 at December 31, 2023.

Note L - Deposits with Financial Institutions - Continued

The bank balance is categorized as follows:

Amount insured by the F.D.I.C., or collateralized with securities held by the Hospital in the Hospital's name	$ 1,000,000
Uncollateralized (collateralized with securities held in safekeeping under joint custody receipts by an authorized depository other than the pledging financial institution's trust department but not in the Hospital's name)	5,979,309
	$ 6,979,309

Note M - Concentration of Credit Risk

The Hospital is located in Winfield, Kansas. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

	2023	2022
Medicare	17 %	23 %
Medicaid	13	14
Blue Cross	9	11
Commercial insurance	29	22
Self-pay	32	30
	100 %	100 %

Note N - Commitments and Contingencies

In addition to the risk disclosed elsewhere in these financial statements and notes thereto, the Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital purchases commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note O - Restricted Net Position

When a donor specifies the purpose of a contribution, the contribution and related income is recorded as either temporarily restricted or permanently restricted according to the donor's request. If the Foundation receives a gift that does not specify a restriction, the Foundation records the gift as unrestricted.

The Foundation's net assets include permanent endowments, the income from which is to accumulate to enable the Foundation to provide continuing support to the Hospital. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Note O - Restricted Net Position - Continued

The Board of Trustees has interpreted the Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by UPMIFA.

It is the policy of the board to manage its investments in a prudent manner consistent with good stewardship, yet striving to enhance its return on the available funds. To assist in accomplishing this objective, the board has established an asset allocation policy, engages a professional investment advisor, and monitors the investments and investment returns.

If the fair value of assets associated with donor-restricted funds falls below the level that the donor or UPMIFA requires the Foundation to retain as permanently restricted, such deficiencies are reported in unrestricted net assets. At December 31, 2023, no such deficiencies existed.

Note P - Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined according to a hierarchy that gives highest priority to use of observable inputs and lowest priority to use of unobservable inputs. These inputs are described as follows:

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable, supported by little or no market activity, and are significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodology used for assets measured at fair value on a recurring basis.

Money market mutual funds, equity, common stock, and fixed income mutual funds, are valued at unadjusted quoted prices for identical securities in active markets (Level 1 inputs).

Brokered certificates of deposit are valued at prices provided by independent pricing services (Level 2 inputs).

Note P - Fair Value of Financial Instruments - Continued

The following tables set forth, by level, the assets measured at fair value on a recurring basis for the Foundation.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 1,333,157	$ -	$ -	$ 1,333,157
Brokered certificates of deposit		348,891		348,891
Fixed income mutual funds	443,310			443,310
	$ 1,776,467	$ 348,891	$ -	$ 2,125,358

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 1,237,621	$ -	$ -	$ 1,237,621
Common stock	15,101			15,101
Fixed income mutual funds	486,722			486,722
	$ 1,739,444	$ -	$ -	$ 1,739,444

Note Q - Contributions Receivable

The Foundation has initiated a Capital Campaign to help fund a Hospital building renovations project. These contributions are considered restricted by donor. Promises to give and contributions receivable recognized under the Capital Campaign consist of the following:

	2023	2022
Restricted promises receivable	$ 365,652	$ 481,460
Less: unamortized discounts and allowance for uncollectible pledges	(91,413)	(120,365)
Net unconditional promises receivable	$ 274,239	$ 361,095
Amounts due in		
Less than one year	$ 26,107	$ 32,866
One to five years	339,545	419,854
Six to nine years		28,740
	$ 365,652	$ 481,460

Note R - Condensed Combining Information

Condensed financial data for the Hospital and its blended component unit as of and for the year ended December 31, 2023, are presented in the following tables:

	Statement of Net Position - 2023			
	Hospital	Foundation	Eliminations	Combined
Assets				
Cash and cash equivalents	$ 5,866,937	$ 585,357	$ -	$ 6,452,294
Other current assets	9,727,015	52,892	(52,892)	9,727,015
Contributions receivable, net		274,239		274,239
Investments held by Foundation		2,178,085		2,178,085
Capital assets, net	17,933,542			17,933,542
Other assets	474,009			474,009
Total assets	34,001,503	3,090,573	(52,892)	37,039,184
Deferred outflows of resources	6,054,971	-	-	6,054,971
Total assets and deferred outflows of resources	$ 40,056,474	$ 3,090,573	$ (52,892)	$ 43,094,155
Liabilities				
Accounts payable and accrued expenses	$ 6,489,021	$ -	$ (52,892)	$ 6,436,129
Other current liabilities	6,238,690			6,238,690
Other noncurrent liabilities	24,163,839			24,163,839
Total liabilities	36,891,550	-	(52,892)	36,838,658
Deferred inflows of resources	1,231,592	-	-	1,231,592
Net position				
Invested in capital assets - net of related debt	11,102,353			11,102,353
Restricted				
For lease or operating activities	434,000	25,782		459,782
For capital acquisition		1,068,903		1,068,903
Nonexpendable permanent endowments		470,010		470,010
Unrestricted	(9,603,021)	1,525,878		(8,077,143)
Total net position	1,933,332	3,090,573	-	5,023,905
Total liabilities, deferred inflows of resources, and net position	$ 40,056,474	$ 3,090,573	$ (52,892)	$ 43,094,155

Note R - Condensed Combining Information - Continued

	Statement of Revenues, Expenses, and Changes in Net Position - 2023			
	Hospital	Foundation	Eliminations	Combined
Operating revenue				
Net patient service revenue	$ 44,440,500	$ -	$ -	$ 44,440,500
Other revenues	356,879			356,879
Total operating revenues	44,797,379	-	-	44,797,379
Operating expenses				
Salaries and wages, employee benefits, and actuarial adjustments to pension and OPEB expenses	28,099,363			28,099,363
Supplies and other	20,069,540			20,069,540
Depreciation and amortization	2,521,247			2,521,247
Total operating expenses	50,690,150	-	-	50,690,150
Operating loss	(5,892,771)	-	-	(5,892,771)
Nonoperating revenues (expenses)	(63,075)	(377,742)	486,370	45,553
Excess of revenues over (under) expenses	(5,955,846)	(377,742)	486,370	(5,847,218)
Capital grants and contributions	752,930	273,356	(486,370)	539,916
Change in net position	(5,202,916)	(104,386)	-	(5,307,302)
Net position at beginning of year	7,136,248	3,194,959	-	10,331,207
Ending net position	$ 1,933,332	$ 3,090,573	$ -	$ 5,023,905

	Statement of Cash Flows - 2023			
	Hospital	Foundation	Eliminations	Combined
Net cash provided (used) by				
Operating activities	$ 3,564,267	$ -	$ -	$ 3,564,267
Noncapital financing activities	138,160	(1,127,765)	943,640	(45,965)
Capital and related financing activities	(2,144,783)	360,212	(943,640)	(2,728,211)
Investing activities	60,085	(101,105)		(41,020)
Net change in cash and cash equivalents	1,617,729	(868,658)	-	749,071
Cash and cash equivalents at beginning of year	4,683,208	1,454,015		6,137,223
Cash and cash equivalents at end of year	$ 6,300,937	$ 585,357	$ -	$ 6,886,294

Note R - Condensed Combining Information - Continued

Condensed financial data for the Hospital and its blended component unit as of and for the year ended December 31, 2022, are presented in the following tables:

	Statement of Net Position - 2022			
	Hospital	Foundation	Eliminations	Combined
Assets				
Cash and cash equivalents	$ 4,249,208	$ 1,454,015	$ -	$ 5,703,223
Other current assets	11,446,913	52,892	(510,162)	10,989,643
Contributions receivable, net		361,095		361,095
Investments held by Foundation		1,784,227		1,784,227
Capital assets, net	19,018,995			19,018,995
Other assets	549,836			549,836
Total assets	35,264,952	3,652,229	(510,162)	38,407,019
Deferred outflows of resources	7,214,509	-	-	7,214,509
Total assets and deferred outflows of resources	$ 42,479,461	$ 3,652,229	$ (510,162)	$ 45,621,528
Liabilities				
Accounts payable and accrued expenses	$ 5,162,808	$ 457,270	$ (510,162)	$ 5,109,916
Other current liabilities	4,023,314			4,023,314
t Other noncurrent liabilities	25,267,892			25,267,892
Total liabilities	34,454,014	457,270	(510,162)	34,401,122
Deferred inflows of resources	889,199	-	-	889,199
Net position				
Invested in capital assets - net of related debt	11,106,857			11,106,857
Restricted				
For lease or operating activities	434,000	33,836		467,836
For capital acquisition		1,061,082		1,061,082
Nonexpendable permanent endowments		466,385		466,385
Unrestricted	(4,404,609)	1,633,656		(2,770,953)
Total net position	7,136,248	3,194,959	-	10,331,207
Total liabilities, deferred inflows of resources, and net position	$ 42,479,461	$ 3,652,229	$ (510,162)	$ 45,621,528

Note R - Condensed Combining Information - Continued

	Statement of Revenues, Expenses, and Changes in Net Position - 2022			
	Hospital	Foundation	Eliminations	Combined
Operating revenue				
Net patient service revenue	$ 42,185,887	$ -	$ -	$ 42,185,887
Other revenues	608,719			608,719
Total operating revenues	42,794,606	-	-	42,794,606
Operating expenses				
Salaries and wages, employee benefits, and actuarial adjustments to pension and OPEB expenses	25,617,674			25,617,674
Supplies and other	22,200,988			22,200,988
Depreciation and amortization	2,641,907			2,641,907
Total operating expenses	50,460,569	-	-	50,460,569
Operating loss	(7,665,963)	-	-	(7,665,963)
Nonoperating revenues (expenses)	1,771,025	(882,719)	944,500	1,832,806
Excess of revenues over (under) expenses	(5,894,938)	(882,719)	944,500	(5,833,157)
Capital grants and contributions	1,017,998	554,463	(944,500)	627,961
Change in net position	(4,876,940)	(328,256)	-	(5,205,196)
Net position at beginning of year	12,013,188	3,523,215	-	15,536,403
Ending net position	$ 7,136,248	$ 3,194,959	$ -	$ 10,331,207

	Statement of Cash Flows - 2022			
	Hospital	Foundation	Eliminations	Combined
Net cash provided (used) by				
Operating activities	$ (6,937,838)	$ (52,892)	$ 510,162	$ (6,480,568)
Noncapital financing activities	78,759	(119,158)	434,338	393,939
Capital and related financing activities	(2,149,546)	749,540	(944,500)	(2,344,506)
Investing activities	18,143	(94,386)		(76,243)
Net change in cash and cash equivalents	(8,990,482)	483,104	-	(8,507,378)
Cash and cash equivalents at beginning of year	13,673,690	970,911		14,644,601
Cash and cash equivalents at end of year	$ 4,683,208	$ 1,454,015	$ -	$ 6,137,223

Required Supplementary Information

William Newton Memorial Hospital
Schedule of Hospital's Proportionate Share of the Net Defined Pension Plan Liability
December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Hospital's proportion of the net pension liability	0.8815%	0.9288%	0.9878%	0.9428%	0.8365%	0.7903%	0.8109%	0.7873%	0.7764%	0.7474%
Hospital's proportionate share of the net pension liability	$ 18,492,822	$ 18,464,240	$ 11,852,603	$ 16,344,456	$ 11,688,628	$ 11,015,025	$ 11,746,106	$ 12,179,176	$ 10,193,989	$ 9,198,875
Hospital's covered employee payroll	19,686,483	18,803,341	18,445,281	18,959,517	16,494,646	14,754,723	13,778,222	13,896,008	13,351,842	12,609,706
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	93.94%	98.20%	64.26%	86.21%	70.86%	74.65%	85.25%	87.65%	76.35%	72.95%
Plan fiduciary net position as a percentage of the total pension liability	70.55%	70.66%	81.14%	70.77%	75.02%	74.22%	72.15%	68.55%	71.98%	72.56%

William Newton Memorial Hospital
Schedule of Hospital Contributions to Defined Pension Plan
December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,659,571	$ 1,673,497	$ 1,636,096	$ 1,632,414	$ 1,466,374	$ 1,237,921	$ 1,165,638	$ 1,275,654	$ 1,265,755	$ 1,114,698
Contributions in relation to the contractually required contribution	(1,659,571)	(1,673,497)	(1,636,096)	(1,632,414)	(1,466,374)	(1,237,921)	(1,165,638)	(1,275,654)	(1,265,755)	(1,114,698)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hospital's covered-employee payroll	$19,686,483	$18,803,341	$18,445,281	$18,959,517	$16,494,646	$14,754,723	$13,778,222	$13,896,008	$13,351,842	$12,609,706
Contributions as a percentage of covered-employee payroll	8.43%	8.90%	8.87%	8.61%	8.89%	8.39%	8.46%	9.18%	9.48%	8.84%

William Newton Memorial Hospital
Schedule of Changes in Hospital's
Total OPEB Liability and Related Ratios
December 31,

	2023	2022	2021	2020	2019	2018	2017
Service cost	$ 43,946	$ 75,070	$ 72,023	$ 54,513	$ 48,553	$ 48,120	$ 58,290
Interest on total OPEB liability	14,297	10,494	11,358	17,074	18,405	18,989	16,461
Changes in benefit terms	(25,204)	(15,740)	(79,745)	(51,925)	(4,434)	(5,282)	
Effect of assumption changes or inputs	(1,931)	(81,014)	647	23,739	6,322	(5,155)	(14,231)
Benefit payments	(43,398)	(36,096)	(34,765)	(34,765)	(89,792)	(133,750)	(62,032)
Net change in total OPEB liability	(12,290)	(47,286)	(30,482)	8,636	(20,946)	(77,078)	(1,512)
Total OPEB liability, beginning	381,418	428,704	459,186	450,550	471,496	548,574	550,086
Total OPEB liability, ending	$ 369,128	$ 381,418	$ 428,704	$ 459,186	$ 450,550	$ 471,496	$ 548,574
Covered payroll (in thousands)	$ 17,717	$ 17,063	$ 17,455	$ 17,001	$ 14,161	$ 13,254	$ 13,973
Total OPEB liability as a percent of covered payroll	2.08%	2.24%	2.46%	2.70%	3.18%	3.56%	3.93%