Satanta Hospital District

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2025 and 2024

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Forvis Mazars, LLP
1551 N. Waterfront Parkway, Suite 300
Wichita, KS 67206
P 316.265.2811 | F 316.265.9405
forvismazars.us

Independent Auditor's Report

Board of Trustees
Satanta Hospital District
Satanta, Kansas

Opinion

We have audited the financial statements of Satanta Hospital District as of and for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of 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.

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 is 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 Mazars, LLP

Wichita, Kansas
June 8, 2026

Satanta Hospital District
Balance Sheets
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,113,018	$ 1,261,319
Restricted cash	66,693	65,950
Patient accounts receivable, net of allowance; 2025 – $677,320, 2024 – $433,382	1,806,842	1,935,774
Estimated amounts due from third-party payers	658,642	422,575
Property taxes receivable	1,993,830	1,993,830
Supplies	565,854	531,435
Prepaid expenses and other	85,931	147,424
Total Current Assets	8,290,810	6,358,307
Capital Assets, Net	8,137,014	9,074,782
Subscription Assets, Net	111,755	258,010
Total Assets	$ 16,539,579	$ 15,691,099

	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Current maturities of long-term debt	$ 285,172	$ 298,896
Current portion of subscription liability	21,067	265,790
Accounts payable	428,218	604,289
Accrued salaries and wages and related deductions	512,415	559,473
Accrued vacation	459,985	386,359
Total Current Liabilities	1,706,857	2,114,807
Long-term Debt	1,493,630	1,804,120
Subscription Liability	68,126	-
Total Liabilities	3,268,613	3,918,927
Deferred Inflows of Resources		
Unearned revenue - current property taxes	1,993,830	1,993,830
Net Position		
Net investment in capital assets	6,380,774	6,963,986
Restricted - expendable for		
Capital acquisitions	39,514	40,805
Employee activities	3,182	2,139
Scholarships	3,997	3,006
Nonexpendable permanent endowments	20,000	20,000
Unrestricted	4,829,669	2,748,406
Total Net Position	11,277,136	9,778,342
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 16,539,579	$ 15,691,099

Satanta Hospital District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2025 – $565,844, 2024 – $295,353	$ 12,077,180	$ 11,788,500
Retail pharmacy	3,137,400	2,456,382
Independent living	186,847	132,031
Other	95,822	133,261
Total Operating Revenues	15,497,249	14,510,174
Operating Expenses		
Salaries and wages	7,784,405	7,651,671
Employee benefits	1,918,523	1,862,825
Supplies and other	6,555,891	6,183,327
Depreciation	1,023,787	1,068,417
Amortization	259,904	387,016
Total Operating Expenses	17,542,510	17,153,256
Operating Loss	(2,045,261)	(2,643,082)
Nonoperating Revenues (Expenses)		
Property taxes	2,553,848	1,953,531
Interest income	47,662	43,136
Interest expense	(80,263)	(64,377)
Gain on disposal of capital assets	13,800	-
Noncapital grants and gifts	186,158	221,973
Employee Retention Credit (ERC)	822,850	-
Total Nonoperating Revenues	3,544,055	2,154,263
Increase (Decrease) in Net Position	1,498,794	(488,819)
Net Position, Beginning of Year	9,778,342	10,267,161
Net Position, End of Year	$ 11,277,136	$ 9,778,342

Satanta Hospital District
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 11,970,045	$ 11,338,999
Payments to suppliers	(8,623,411)	(7,839,198)
Payments to employees	(7,757,837)	(7,378,265)
Other receipts, net	3,420,069	2,721,674
Net Cash Used in Operating Activities	(991,134)	(1,156,790)
Cash Flows From Noncapital Financing Activities		
Property taxes supporting operations	2,553,848	1,953,531
Noncapital grants and gifts	186,158	221,973
Employee Retention Credit (ERC)	822,850	-
Net Cash Provided by Noncapital Financing Activities	3,562,856	2,175,504
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(324,214)	(212,359)
Interest payments on long-term debt	(78,697)	(55,458)
Proceeds from disposal of capital assets	13,800	-
Purchase of capital assets	(86,019)	(184,294)
Principal paid on subscription liability	(290,246)	(392,115)
Interest paid on subscription liability	(1,566)	(8,919)
Net Cash Used in Capital and Related Financing Activities	(766,942)	(853,145)
Cash Flows From Investing Activities		
Interest income	47,662	43,136
Net Cash Provided by Investing Activities	47,662	43,136
Increase in Cash and Cash Equivalents	1,852,442	208,705
Cash and Cash Equivalents, Beginning of Year	1,327,269	1,118,564
Cash and Cash Equivalents, End of Year	$ 3,179,711	$ 1,327,269
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	$ 3,113,018	$ 1,261,319
Restricted cash in current assets	66,693	65,950
Total Cash and Cash Equivalents	$ 3,179,711	$ 1,327,269

Satanta Hospital District
Statements of Cash Flows
Years Ended December 31, 2025 and 2024 **(Continued)**

	2025	2024
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (2,045,261)	$ (2,643,082)
Depreciation	1,023,787	1,068,417
Amortization	259,904	387,016
Provision for uncollectible accounts	565,844	295,353
Changes in operating assets and liabilities		
Patient accounts receivable	(436,912)	(1,020,481)
Estimated amounts due from and to third-party payers	(236,067)	275,627
Other assets	27,074	23,015
Accounts payable and accrued expenses	(149,503)	457,345
Net Cash Used in Operating Activities	$ (991,134)	$ (1,156,790)
Noncash Investing, Capital and Financing Activities		
Subscription lease obligations incurred for subscription assets	$ 113,649	$ -
Long-term obligations incurred for capital assets	-	795,950

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 non-operating 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. At December 31, 2025, cash equivalents consisted of certificates of deposits.

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 14% and 12% of its financial support from property taxes in 2025 and 2024, respectively. These funds were used as follows:

	2025	2024
Percentage used to support operations	100%	100%
Percentage used for debt service	0%	0%
	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.

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

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital and Subscription Asset Impairment

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

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 and subscription assets net of accumulated depreciation and amortization 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.

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.

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, 2025 and 2024, respectively, $3,057,929 and $1,129,277 of the Hospital's bank balances of $3,307,929 and $1,379,277 were exposed to custodial credit risk as follows:

	2025	2024
Uninsured and collateral held by pledging financial institution	$ 3,057,929	$ 1,129,277

Summary of Carrying Values

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

	2025	2024
Carrying value		
Deposits	$ 3,174,711	$ 1,324,619
Petty cash	5,000	2,650
	$ 3,179,711	$ 1,327,269
Included in the following balance sheet captions		
Cash and cash equivalents	$ 3,113,018	$ 1,261,319
Restricted cash	66,693	65,950
	$ 3,179,711	$ 1,327,269

Note 3. Patient Accounts Receivable

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

	2025	2024
Medicare	$ 869,838	$ 968,620
Medicaid	170,896	83,220
Blue Cross	357,970	183,659
Other third-party payers	495,377	402,994
Patients	590,081	730,663
	2,484,162	2,369,156
Less allowance for uncollectible accounts	(677,320)	(433,382)
	$ 1,806,842	$ 1,935,774

Note 4. Capital and Subscription Assets

Capital assets activity for the years ended December 31 was:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 185,886	$ -	$ -	$ -	$ 185,886
Land improvements	435,002	20,495	-	-	455,497
Buildings	13,567,211	-	-	-	13,567,211
Fixed equipment	7,240,422	26,898	(7,788)	-	7,259,532
Major moveable equipment	3,460,273	33,926	(23,226)	-	3,470,973
Construction in progress	-	4,700	-	-	4,700
	24,888,794	86,019	(31,014)	-	24,943,799
Less accumulated depreciation					
Land improvements	324,337	21,455	-	-	345,792
Buildings	9,937,156	355,472	-	-	10,292,628
Fixed equipment	2,771,633	411,541	(7,788)	-	3,175,386
Major moveable equipment	2,780,886	235,319	(23,226)	-	2,992,979
	15,814,012	1,023,787	(31,014)	-	16,806,785
Capital assets, net	$ 9,074,782	$ (937,768)	$ -	$ -	$ 8,137,014

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 185,886	$ -	$ -	$ -	$ 185,886
Land improvements	435,002	-	-	-	435,002
Buildings	13,219,090	9,973	(79,675)	417,823	13,567,211
Fixed equipment	6,683,231	45,750	-	511,441	7,240,422
Major moveable equipment	3,661,228	-	(200,955)	-	3,460,273
Construction in progress	23,768	905,496	-	(929,264)	-
	24,208,205	961,219	(280,630)	-	24,888,794
Less accumulated depreciation					
Land improvements	305,614	18,723	-	-	324,337
Buildings	9,620,097	396,734	(79,675)	-	9,937,156
Fixed equipment	2,393,398	378,235	-	-	2,771,633
Major moveable equipment	2,707,116	274,725	(200,955)	-	2,780,886
	15,026,225	1,068,417	(280,630)	-	15,814,012
Capital assets, net	$ 9,181,980	$ (107,198)	$ -	$ -	$ 9,074,782

Subscription assets activity for the years ended December 31 was:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	$ 1,419,056	$ 113,649	$ (1,419,056)	$ -	$ 113,649
Less accumulated amortization Subscription IT assets	1,161,046	259,904	(1,419,056)	-	1,894
Subscription assets, net	$ 258,010	$ (146,255)	$ -	$ -	$ 111,755

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	$ 1,419,056	$ -	$ -	$ -	$ 1,419,056
Less accumulated amortization Subscription IT assets	774,030	387,016	-	-	1,161,046
Subscription assets, net	$ 645,026	$ (387,016)	$ -	$ -	$ 258,010

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 of coverage for each medical incident $1,500,000 of aggregate coverage for the policy years ending December 31, 2025 and 2024. 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 of coverage for each medical incident and $1,500,000 of aggregate coverage for the policy years ending December 31, 2025 and 2024.

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:

	2025					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Long-term Portion
Subscription liabilities	$ 265,790	$ 113,649	$ 290,246	$ 89,193	$ 21,067	$ 68,126
Notes payable obligations	2,103,016	-	324,214	1,778,802	285,172	1,493,630
	$ 2,368,806	$ 113,649	$ 614,460	$ 1,867,995	$ 306,239	$ 1,561,756

	2024					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	Long-term Portion
Subscription liabilities	$ 657,905	$ -	$ 392,115	$ 265,790	$ 265,790	$ -
Notes payable obligations	1,519,425	795,950	212,359	$ 2,103,016	298,896	1,804,120
	$ 2,177,330	$ 795,950	$ 604,474	$ 2,368,806	$ 564,686	$ 1,804,120

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 5.45% as of December 31, 2025:

Year Ending December 31,	Total to be Paid	Principal	Interest
2026	$ 340,924	$ 285,172	$ 55,752
2027	371,916	322,598	49,318
2028	371,916	335,222	36,694
2029	371,916	348,444	23,472
2030	319,860	309,811	10,049
2031	179,789	177,555	2,234
	$ 1,956,321	$ 1,778,802	$ 177,519

Subscription Liabilities

The Hospital has one subscription-based information technology arrangement (SBITAs), the term of which expires in 2030. The subscription requires annual payments of approximately $24,456.

The following is a schedule by year of payments under the SBITAs as of December 31, 2025:

Year Ending December 31	Total to Be Paid	Principal	Interest
2026	$ 24,456	$ 21,067	$ 3,389
2027	24,456	21,867	2,589
2028	24,456	22,698	1,758
2029	24,456	23,561	895
	$ 97,824	$ 89,193	$ 8,631

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 89% and 84% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2025 and 2024, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined 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 $44,000 and $56,000 for 2025 and 2024, 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 $206,298 and $248,414 during 2025 and 2024, 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, 2025 and 2024, were $947,927 and $898,695, respectively. Amounts due to GPHA at December 31, 2025 and 2024, totaled $0 and $14,493, 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 2025 and 2024.

Note 12. Employee Retention Credit

The *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) and subsequent legislation provides a refundable employee retention tax credit (ERC) to eligible employers who meet either a gross receipts test or a governmental mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. In 2024, the Hospital applied for $822,850 in refunds, including interest, for ERCs related to payroll for the first and second quarters of the year ended December 31, 2021. Payments from the IRS were received in 2025. As a result, the Hospital recognized nonoperating revenue in its financial statements for the year ended December 31, 2025.

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

Supplementary Information

Satanta Hospital District
Comparison of Revenues and Expenses (Cash Basis) – Actual and Tax Budget
Year Ended December 31, 2025

	Actual	Tax Budget	Actual Over (Under) Budget
General Fund:			
Property taxes	$ 2,044,840	$ 1,993,830	$ 51,010
Interest	31	-	31
Total revenue	2,044,871	1,993,830	51,041
Transfer to hospital operations	2,044,840	2,055,286	(10,446)
Deficiency of revenue over expenditures	31	$ (61,456)	$ 61,487
Unencumbered cash, beginning of year	6,881		
Unencumbered cash, end of year	$ 6,912		