Comanche County Hospital
A Component Unit of Comanche County, Kansas

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

Comanche County Hospital
A Component Unit of Comanche County, Kansas
December 31, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
Comanche County Hospital
Coldwater, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comanche County Hospital (Hospital), a component unit of Comanche County, Kansas, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which comprise Comanche County Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Comanche County Hospital as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Comanche County Hospital, 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 the Comanche County Hospital'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 and *Government Auditing Standards* 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 and *Government 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 Comanche County 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 Comanche County 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 pension and other postemployment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

BKD, LLP

Wichita, Kansas
May 24, 2022

Comanche County Hospital
A Component Unit of Comanche County, Kansas
Balance Sheets
December 31, 2021 and 2020

Assets and Deferred Outflows of Resources

	2021	2020
Current Assets		
Cash	$ 1,137,108	$ 2,663,874
Short-term investments	706,000	702,339
Patient accounts receivable, net of allowance; 2021 – $172,837; 2020 – $146,414	625,743	610,380
Estimated amounts due from third-party payers	800,000	783,000
Supplies	115,338	97,442
Prepaid expenses and other	130,312	130,964
Total current assets	3,514,501	4,987,999
Capital Assets, Net	2,039,893	1,761,375
Total assets	5,554,394	6,749,374
Deferred Outflows of Resources		
Pension	827,443	604,335
Other postemployment benefits	54,529	63,044
Total deferred outflows of resources	881,972	667,379
Total assets and deferred outflows of resources	$ 6,436,366	$ 7,416,753

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources and Net Position (Deficit)

	2021	2020
Current Liabilities		
Current maturities of long-term debt	$ 98,165	$ 89,473
Accounts payable	101,146	115,333
Accrued salaries and payroll taxes	102,244	98,327
Accrued vacation benefits	247,232	247,626
Unearned revenue	148,717	2,071,255
Advance from Medicare	1,139,748	521,698
Total current liabilities	1,837,252	3,143,712
Advance from Medicare	-	1,319,587
Long-term Debt	45,560	239,304
Net Pension Liability	1,865,644	2,323,859
Total Other Postemployment Benefits Liability	31,560	32,512
Total liabilities	3,780,016	7,058,974
Deferred Inflows of Resources		
Pension	683,058	42,316
Other postemployment benefits	133,710	137,424
Total deferred inflows of resources	816,768	179,740
Net Position (Deficit)		
Net investment in capital assets	1,896,168	1,432,598
Unrestricted (deficit)	(56,586)	(1,254,559)
Total net position	1,839,582	178,039
Total liabilities, deferred inflows of resources and net position (deficit)	$ 6,436,366	$ 7,416,753

Comanche County Hospital
A Component Unit of Comanche County, Kansas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2021 – $95,951, 2020 – $141,214	$ 5,212,365	$ 4,574,485
Other	30,615	39,011
Total operating revenues	5,242,980	4,613,496
Operating Expenses		
Salaries and wages	3,462,328	3,005,854
Supplies and other	2,465,488	2,457,176
Depreciation	403,482	350,550
Total operating expenses	6,331,298	5,813,580
Operating Loss	(1,088,318)	(1,200,084)
Nonoperating Revenues (Expenses)		
Noncapital appropriations - Comanche County	408,096	435,566
Investment income	7,985	9,804
Interest expense	(6,995)	(14,789)
Loss on disposal of capital assets	(5,455)	-
Noncapital grants and gifts	87,208	298,700
Provider Relief Funds (*CARES Act*)	2,259,022	623,301
Paycheck Protection Program (PPP) loan forgiveness	-	502,125
Total nonoperating revenues	2,749,861	1,854,707
Increase in Net Position	1,661,543	654,623
Net Position (Deficit), Beginning of Year	178,039	(476,584)
Net Position, End of Year	$ 1,839,582	$ 178,039

Comanche County Hospital
A Component Unit of Comanche County, Kansas
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 4,478,465	$ 5,539,114
Payments to suppliers and contractors	(2,496,919)	(2,706,794)
Payments to employees	(3,495,537)	(2,896,610)
Other receipts (payments), net	(1,891,923)	2,110,266
Net cash provided by (used in) operating activities	(3,405,914)	2,045,976
Cash Flows From Noncapital Financing Activities		
Noncapital appropriations - Comanche County	408,096	435,566
Noncapital grants and gifts	87,208	298,700
Provider Relief Funds (*CARES Act*)	2,259,022	623,301
Proceeds from issuance of long-term debt	-	502,125
Net cash provided by noncapital financing activities	2,754,326	1,859,692
Cash Flows From Capital and Related Financing Activities		
Principal paid on note payable to bank	-	(176,000)
Principal paid on long-term debt	(185,052)	(115,830)
Interest paid on long-term debt	(6,995)	(20,178)
Purchases of capital assets	(773,955)	(301,653)
Proceeds from sale of capital assets	86,500	-
Net cash used in capital and related financing activities	(879,502)	(613,661)
Cash Flows From Investing Activities		
Interest on investments	7,985	9,804
Purchases of investments	(3,661)	(702,339)
Net cash provided by (used in) investing activities	4,324	(692,535)
Increase (Decrease) in Cash	(1,526,766)	2,599,472
Cash, Beginning of Year	2,663,874	64,402
Cash, End of Year	$ 1,137,108	$ 2,663,874

Comanche County Hospital
A Component Unit of Comanche County, Kansas
Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	$ (1,088,318)	$ (1,200,084)
Depreciation	403,482	350,550
Provision for uncollectible accounts	95,951	141,214
Changes in operating assets and liabilities		
Patient accounts receivable	(111,314)	(272,955)
Estimated amounts due from and to third-party payers	(718,537)	1,096,370
Supplies	(17,896)	16,361
Prepaid expenses and other	652	(92,846)
Accounts payable and accrued expenses	(10,664)	(170,438)
Unearned revenue	(1,922,538)	2,071,255
Net pension liability	(458,215)	453,798
Total other postemployment benefits liability	(952)	(148,087)
Deferred outflows of resources - pension and OPEB	(214,593)	(301,267)
Deferred inflows of resources - pension and OPEB	637,028	102,105
Net cash provided by (used in) operating activities	$ (3,405,914)	$ 2,045,976
Noncash Investing, Capital and Financing Activities		
PPP loan forgiveness	$ -	$ 502,125

Comanche County Hospital
A Component Unit of Comanche County, Kansas
Notes to Financial Statements
December 31, 2021 and 2020

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

Nature of Operations and Reporting Entity

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

Basis of Accounting and Presentation

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

Use of Estimates

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

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments and Investment Income

Investments in nonnegotiable certificates of deposit are carried at amortized cost.

Investment income includes interest income earned on bank deposits and certificates of deposit.

Patient Accounts Receivable

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

Supplies

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

Capital Assets

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

Land improvements	20 years
Buildings	10-40 years
Fixed equipment	5-20 years
Moveable equipment	3-30 years

Capital Asset Impairment

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Deferred Outflows of Resources

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

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. 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.

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. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Paycheck Protection Program (PPP) Loan

The Hospital received a PPP loan established by the *Coronavirus Aid, Relief and Economic Security ACT (CARES Act)* and has accounted for the funding as debt in accordance with GASB 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as nonoperating revenue in the financial statements in the period the debt is legally forgiven. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustment could be required to any revenue recognized. The Hospital received legal notice on November 2, 2020, that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as other nonoperating revenue on the accompanying statements of revenues, expenses and changes in net position.

Cost-Sharing Defined Benefit Pension Plan

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

Defined Benefit Other Postemployment Benefit Plan

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

Deferred Inflows of Resources

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

Net Position

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

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Net Patient Service Revenue

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

Charity Care

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

Noncapital Appropriations – Comanche County

The Hospital received approximately 5% and 7% in 2021 and 2020, respectively, of its financial support from noncapital appropriations from Comanche County property tax levy.

Property taxes are assessed on a calendar basis and are received beginning January 1 of each year. Revenue from noncapital appropriations – Comanche County is recognized in full in the year in which use is first permitted.

Provider Relief Funds (CARES Act)

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

Income Taxes

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

Note 2: Deposits

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, 2021 and 2020, respectively, $1,428,212 and $3,060,951 of the Hospital's bank balances of $1,928,212 and $3,560,951 were exposed to custodial credit risk as follows

	2021	2020
Uninsured and collateral held by pledging financial institution	$ 1,428,212	$ 3,060,951

Summary of Carrying Values

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

	2021	2020
Carrying value		
Deposits	$ 1,843,108	$ 3,366,213
Included in the following balance sheet captions		
Cash	$ 1,137,108	$ 2,663,874
Short-term investments	706,000	702,339
	$ 1,843,108	$ 3,366,213

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:

	2021	2020
Medicare	$ 376,203	$ 339,821
Medicaid	363	143
Blue Cross	113,827	103,717
Other third-party payers	97,769	121,406
Patients	210,418	191,707
	798,580	756,794
Less allowance for uncollectible accounts	172,837	146,414
	$ 625,743	$ 610,380

Note 4: Capital Assets

Capital assets activity for the years ended December 31 was:

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 46,545	$ -	$ -	$ -	$ 46,545
Land improvements	128,243	-	-	-	128,243
Building	4,249,801	47,442	-	-	4,297,243
Fixed equipment	446,623	178,755	(92,488)	-	532,890
Major moveable equipment	2,202,771	547,758	(115,000)	-	2,635,529
	7,073,983	773,955	(207,488)	-	7,640,450
Less accumulated depreciation					
Land improvements	111,310	6,487	-	-	117,797
Building	3,072,512	210,278	-	-	3,282,790
Fixed equipment	374,788	23,163	(86,783)	-	311,168
Major moveable equipment	1,753,998	163,554	(28,750)	-	1,888,802
	5,312,608	403,482	(115,533)	-	5,600,557
Capital Assets, Net	$ 1,761,375	$ 370,473	$ (91,955)	$ -	$ 2,039,893

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 44,430	$ 2,115	$ -	$ -	$ 46,545
Land improvements	128,243	-	-	-	128,243
Building	4,008,416	21,385	-	220,000	4,249,801
Fixed equipment	446,623	-	-	-	446,623
Major moveable equipment	2,291,618	278,153	(500,000)	133,000	2,202,771
Construction in progress	353,000	-	-	(353,000)	-
	7,272,330	301,653	(500,000)	-	7,073,983
Less accumulated depreciation					
Land improvements	104,823	6,487	-	-	111,310
Building	2,866,245	206,267	-	-	3,072,512
Fixed equipment	360,715	14,073	-	-	374,788
Major moveable equipment	2,130,275	123,723	(500,000)	-	1,753,998
	5,462,058	350,550	(500,000)	-	5,312,608
Capital Assets, Net	$ 1,810,272	$ (48,897)	$ -	$ -	$ 1,761,375

Note 5: Professional Liability Coverage and Claims

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

Note 6: Note Payable to Bank

The Hospital periodically borrows funds from banks to finance various activities on an interim basis. The note payable bears interest at 5% and matured on May 28, 2020, which is the date in which the Hospital paid the balance in full. The following is a summary of short-term note payable to bank transactions for the year ended December 31, 2020:

	2020
Beginning balance	$ 176,000
Deductions	(176,000)
Ending balance	$ -

Note 7: Long-term Obligations

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

	2021				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Capital lease obligations	$ 328,777	$ -	$ (185,052)	$ 143,725	$ 98,165

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
PPP loan payable to bank	$ -	$ 502,125	$ (502,125)	$ -	$ -
Capital lease obligations	444,607	-	(115,830)	328,777	89,473
	$ 444,607	$ 502,125	$ (617,955)	$ 328,777	$ 89,473

Paycheck Protection Program (PPP) Loan

The *CARES Act* and other subsequent legislation provides an SBA loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Hospital received a PPP loan of $502,125 in 2020. The loan has an interest rate of 1%, with monthly payments due starting ten months after the end of the covered period, which the Hospital elected to be 24 weeks after receipt of the loan. The Hospital received legal notice on November 2, 2020, that the PPP loan was forgiven in its entirety.

Capital Lease Obligations

The Hospital is obligated under leases for equipment that are accounted for as capital leases. The capital leases are secured by the related assets as collateral. Capital assets include the following property under capital leases at December 31, 2021 and 2020:

	2021	2020
Equipment	$ 336,428	$ 357,288
Accumulated depreciation	(173,595)	(122,823)
	$ 162,833	$ 234,465

The following is a schedule by year of future minimum lease payments under the capital lease including interest of 2.4% to 3.1% together with the present value of the future minimum lease payments as of December 31, 2021:

Year Ending December 31,	
2022	$ 101,051
2023	46,030
Total minimum lease payments	147,081
Less amount representing interest	3,356
Present value of future minimum lease payments	$ 143,725

Note 8: 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 licensed as a CAH, and is paid for inpatient acute care, skilled swing-bed and outpatient services rendered to Medicare program beneficiaries at one hundred one percent (101%) of actual cost subject to certain limitations. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of an annual cost report by the Hospital and audit 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.

Approximately 78% and 83% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2021 and 2020, 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, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 9: Charity Care

The costs of charity care provided under the Hospital's charity care policy were approximately $1,000 and $10,000 for 2021 and 2020, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 10: Pension Plans

Plan Description

The Hospital contributes to the Kansas Public Employees Retirement System (KPERS) plan a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees. The KPERS is an umbrella organization administering the following three statewide retirement systems under one plan as provided by K.S.A. 74, Article 49: Kansas Public Employees Retirement System, Kansas Police and Fire Retirement System and Kansas Retirement System for Judges.

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

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

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

The Hospital's employees participate in the Local group.

Benefits Provided

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

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

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

Contributions

The law governing KPERS requires an actuary to make an annual valuation of the liabilities and reserves and a determination of the contributions required to discharge the KPERS liabilities. The actuary then recommends to the KPERS Board of Trustees the statewide employer-contribution rates required to maintain the three systems on the actuarial reserve basis. Prior to January 1, 2014, Tier 1 participants were required to contribute 4% of their annual pay. Effective January 1, 2014, the rate was raised to 5% with an increase in the benefit multiplier to 1.85% beginning January 1, 2014, for future years of service only. Effective January 1, 2015, the contribution rate was raised to 6%. Tier 2 participants are required to contribute 6% of compensation. The Hospital's contractually required contribution rate for the years ended December 31, 2021 and 2020, was 8.87% and 8.61% of annual payroll, respectively. The employer contribution is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The Hospital's contributions to KPERS for pensions for the years ended December 31, 2021 and 2020, were $264,076 and $231,848, respectively.

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

At December 31, 2021 and 2020, the Hospital reported a liability of $1,865,644 and $2,323,859, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of December 31, 2020 and 2019, respectively, rolled forward to June 30, 2021 and 2020, respectively. The Hospital's proportion of the net pension liability was based on the ratio of the Hospital's actual contributions to total employer and nonemployer actual contributions of the group for the respective measurement periods. At June 30, 2021, the Hospital's proportion was 0.155476%, which was an increase of 0.021432% from its proportion measured as of June 30, 2020, of 0.134044%. At June 30, 2019, the Hospital proportion was 0.133827%.

For the years ended December 31, 2021 and 2020, the Hospital recognized pension expense of $223,961 and $347,739, respectively. At December 31, 2021 and 2020, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 73,641	$ 16,893
Net difference between projected and actual earnings on pension plan investments	-	662,485
Changes of assumptions	367,254	-
Changes in proportion	261,386	3,680
Hospital's contributions subsequent to the measurement date	125,162	-
Total	$ 827,443	$ 683,058

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38,801	$ 29,876
Net difference between projected and actual earnings on pension plan investments	271,136	-
Changes of assumptions	139,973	-
Changes in proportion	31,381	12,440
Hospital's contributions subsequent to the measurement date	123,044	-
Total	$ 604,335	$ 42,316

At December 31, 2021, the Hospital reported $125,162 as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2021, related to pensions that will be recognized in pension expense as follows:

2022	$ 35,174
2023	38,133
2024	18,404
2025	(96,119)
2026	23,631
	$ 19,223

Actuarial Assumptions

The total pension liability in the December 31, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Inflation	2.75%	2.75%
Salary increases, including inflation	3.5% to 12%	3.25% to 11.75%
Investment rate of return, net of pension plan investment expense, including inflation	7.25%	7.50%

Mortality rates were based on the RP-2014 Healthy Annuitant Table for males or females, as appropriate with adjustments for mortality improvements based on Scale MP-16 for the December 31, 2020 and 2019, actuarial valuations.

The actuarial assumptions used in the December 31, 2020 and 2019, valuations were based on the results of an actuarial experience study for the three-year period ended December 31, 2018, respectively.

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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

	2021		2020	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
U.S. equities	24%	5.20%	24%	5.20%
Non-U.S. equities	24%	6.40%	24%	6.40%
Private equity	8%	9.50%	8%	9.50%
Private real estate	11%	4.45%	11%	4.45%
Yield driven	8%	4.70%	8%	4.70%
Real return	11%	3.25%	11%	3.25%
Fixed income	11%	1.55%	11%	1.55%
Short-term investments	4%	0.25%	4%	0.25%
	100%		100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and 7.5% for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the contractually required rate. Participating employer contributions do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by KPERS' Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The Hospital's proportionate share of the net pension liability has been calculated using a discount rate of 7.25%. The following presents the Hospital's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate as of December 31, 2021:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Hospital's proportionate share of the net pension liability	$ 3,068,803	$ 1,865,644	$ 856,642

Pension Plan Fiduciary Net Position

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

Deferred Compensation Plan

The Hospital provides an additional deferred compensation plan (457 plan). The purpose of the plan is to benefit those employees who choose to participate by permitting them to defer a portion of future compensation in order to provide payments at retirement. The Hospital provides the 457 plan to substantially all employees of the Hospital. The employees may contribute up to 100% of their salary to the 457 plan. The employees' salary deferral is limited by the Internal Revenue Service (IRS) annually. Employees are 100% vested in the contributions they choose to defer. If an employee is 50 years old or older and has met the annual IRS deferral limit, the employee may contribute a catch-up deferral that is also limited by the IRS annually. Contributions from employees to the 457 plan were $9,350 and $11,475 for the years ended December 31, 2021 and 2020, respectively. The Hospital does not contribute to the 457 plan.

Note 11: Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

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

	2021	2020
Active employees	46	46
Disabled employees	-	-
	46	46

Total OPEB Liability

The Hospital's total OPEB liability of $31,560 and $32,512 was measured as of June 30, 2021 and 2020, for the years ended December 31, 2021 and 2020, respectively, and was determined by actuarial valuations as of December 31, 2020 and 2019, respectively, and rolled forward to June 30, 2021 and 2020, respectively.

The total OPEB liability in the December 31, 2020 and 2019, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Inflation	2.75%	2.75%
Discount rate	2.16%	2.21%
Salary increases, including inflation	3.50% to 10%	3.50% to 10%

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate changed from 3.50% in 2019 to 2.21% in 2020 to 2.16% in 2021.

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups, as appropriate with adjustments for mortality improvements based on MP-2021 Mortality Tables for the December 31, 2020, actuarial valuation.

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups, as appropriate with adjustments for mortality improvements based on MP-2020 Mortality Tables for the December 31, 2019, actuarial valuation.

The actuarial assumptions used in the December 31, 2020 and 2019, valuations were based on the results of an actuarial experience study for the period January 1, 2016 – December 31, 2018, respectively.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	2021	2020
Balance, beginning of year	$ 32,512	$ 180,599
Changes for the year:		
Service cost	11,376	10,296
Interest	970	6,361
Differences between expected and actual experience	(13,324)	(147,589)
Changes of assumptions	26	1,283
Benefit payments	-	(18,438)
Net changes	(952)	(148,087)
Balance, end of year	$ 31,560	$ 32,512

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

The total OPEB liability of the Hospital, at December 31, 2021, has been calculated using a discount rate of 2.16%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the 2021 discount rate.

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Hospital's total OPEB liability	$ 31,823	$ 31,560	$ 30,893

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

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

For the years ended December 31, 2021 and 2020, the Hospital recognized OPEB expense of $3,849 and $9,481, respectively. At December 31, 2021 and 2020, the Hospital reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 50,391	$ (129,743)
Changes of assumptions	4,138	(3,967)
Total	$ 54,529	$ (133,710)

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 58,340	$ (132,666)
Changes of assumptions	4,704	(4,758)
Total	$ 63,044	$ (137,424)

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2021, related to OPEB will be recognized in OPEB expense as follows:

2022	$ (8,497)
2023	(8,497)
2024	(8,497)
2025	(8,497)
2026	(8,327)
Thereafter	(36,866)
	$ (79,181)

Note 12: Management Agreement

The Board of Trustees has entered into a management agreement with Great Plains Health Alliance, Inc. The agreement can be cancelled with 60 days' notice. Fees incurred under this agreement were $94,388 and $90,757 in 2021 and 2020, respectively. There are $1,477 and $568 included in accounts payable related to these services at December 31, 2021 and 2020, respectively.

Note 13: COVID-19 Pandemic & *CARES Act* Funding

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

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

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

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

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

Provider Relief Fund

During the years ended December 31, 2021 and 2020, the Hospital received $336,484 and $2,694,556 of distributions from the *CARES Act* Provider Relief Fund, respectively. These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by HHS.

The Hospital accounts for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Hospital's operating revenues and expenses through December 31, 2021 and 2020, the Hospital recognized $2,259,022 and $623,301, related to the Provider Relief Fund, and these payments are recorded as Provider Relief Funds (*CARES Act*). The unrecognized amount of Provider Relief Fund distributions of $148,717 and $2,071,255 is recorded as unearned revenue in the accompanying balance sheets for the years ended December 31, 2021 and 2020, respectively.

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

Medicare Accelerated and Advanced Payment Program

During the year ended December 31, 2020, the Hospital requested accelerated Medicare payments as provided for in the *CARES Act*, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by CMS according to the payback provisions.

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

During the year ended December 31, 2020, the Hospital received $1,841,285 from these accelerated Medicare payment requests. During the year ended December 31, 2021, Medicare applied $701,537 from these accelerated Medicare payment requests against filed claims. The unapplied amount of accelerated Medicare payment requests is recorded under the caption advance from Medicare in the accompanying balance sheets and classified as a current and a long-term liability based upon payback provisions in effect at December 31, 2021 and 2020.

Paycheck Protection Program (PPP) Loan

During the year ended December 31, 2020, the Hospital received a PPP loan of $502,125 established by the *CARES Act* and has accounted for the funding as debt in accordance with GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as nonoperating revenue in the financial statements in the period the debt is legally forgiven. PPP loans are subject to audit and acceptance by the SBA, or lender; as a result of such audit, adjustment could be required to any revenue recognized. The Hospital received legal notice on November 2, 2020, that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as other nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position.

Other COVID-19 Funding

During the years ended December 31, 2021 and 2020, the Coronavirus Small Rural Hospital Improvement Program (SHIP) provided support to small rural and Critical Access Hospitals (CAHs) which were seeing increased demands for clinical services and equipment, as well as experiencing short-term financial and workforce challenges related to responding to meeting the needs of patients with COVID-19 seeking care at their facilities. These funds were administered through the Small Rural Hospital Improvement Program to provide emergency funding support to CAHs and non-CAH rural hospitals with less than 50 beds. This approach provided funding directly to the states to target those rural hospitals and the communities they serve who are facing the greatest strain from this crisis. The Hospital received $63,613 during 2021 and recorded a receivable of $20,091 at December 31, 2021, related to this SHIP grant. The Hospital received $29,679 during 2020 and recorded a receivable of $63,613 at December 31, 2020, related to this SHIP grant. The Hospital recognized $20,091 and $83,613 for the years ended December 31, 2021 and 2020, respectively, related to this SHIP grant. The recognition is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

In November 2021, the Hospital received and recognized $47,757 from a distribution from the Frontline Hospital Employee Retention Plan program. Funding under this program was utilized by the Hospital to retain existing clinical staff and re-hire retirees who have retired since March 1, 2020. The revenue recognized is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

On April 16, 2020, Kansas Governor Laura Kelly announced a special emergency grant funding program for Kansas hospitals. This emergency funding was requested by the Kansas Hospital Association (KHA) on behalf of Kansas hospitals and was distributed to help offset current financial strains caused by the COVID-19 pandemic. To facilitate the timely release of funds, hospitals were not required to complete an application. There are no specific requirements tied to utilization of the funds. The intent is for the grant payments to serve as a bridge to aid hospitals in meeting their basic operational expenditures. The Hospital received and recognized $100,000 on April 24, 2020, related to this special emergency grant. The payment is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

During the year ended December 31, 2020, HHS provided $100 million in aid to hospitals and health care systems in preparing for a surge in COVID-19 patients. Of that funding, $50 million was allotted to State Hospitals Associations for distribution through competitive grant applications. KHA received $784,542 in funds, which were distributed on May 1. In addition, KHA was awarded an additional $1.95 million to be distributed in the future. The Hospital received and recognized $3,000 during 2020, related to this Assistant Secretary for Preparedness and Response (ASPR) grant. The payment is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

During the year ended December 31, 2020, the Hospital was a beneficiary of $99,630 from the University of Kansas Health System. The University of Kansas Health System was awarded a grant through the Strengthening People and Revitalizing Kansas (SPARK) program. The Hospital was asked by the University of Kansas Health System to complete a survey regarding their rural broadband capabilities and their need to upgrade those capabilities. Based on the results of that survey, the Hospital was selected by the University of Kansas Health System as a beneficiary of funding not to exceed $100,000. The Hospital's broadband vendors were paid directly by the University of Kansas Health System. The funding is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

Note 14: Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Hospital. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 15: Future Change in Accounting Principle

Leases

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87) provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

In response to the challenges arising from COVID-19, on May 7, 2020, GASB approved Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. While the proposal included an extra year to implement all guidance, GASB, in a unanimous vote, approved an 18-month postponement for GASB 87. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later will have a one-year postponement. This change is effective immediately. GASB 87 is effective for financial statements for fiscal years beginning after June 15, 2021. Earlier application is permitted. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun. The Hospital is evaluating the impact the statement will have on the financial statements.

Required Supplementary Information

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

	2021 *	2020 *	2019 *	2018 *
Hospital's proportion of the net pension liability	0.155476%	0.134044%	0.133827%	0.131743%
Hospital's proportionate share of the net pension liability	$ 1,865,644	$ 2,323,859	$ 1,870,061	$ 1,836,221
Hospital's covered-employee payroll	$ 2,874,889	$ 2,639,276	$ 2,507,837	$ 2,422,953
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	64.89%	88.05%	74.57%	75.78%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%

Note to Schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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

2017 *	2016 *	2015 *	2014 *
0.130990%	0.134387%	0.128995%	0.114391%
$ 1,897,332	$ 2,079,007	$ 1,693,761	$ 1,407,939
$ 2,361,898	$ 2,386,770	$ 2,294,069	$ 2,086,199
80.33%	87.11%	73.83%	67.49%
67.12%	65.10%	64.95%	66.60%

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

	2021 *	2020 *	2019 *	2018 *
Contractually required contribution	$ 264,076	$ 231,848	$ 221,312	$ 205,281
Contribution in relation to the contractually required contribution	$ 264,076	$ 231,848	$ 221,312	$ 205,281
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Hospital's covered-employee payroll	$ 2,972,978	$ 2,798,467	$ 2,489,446	$ 2,446,730
Contributions as a percentage of covered-employee payroll	8.88%	8.28%	8.89%	8.39%

Note to Schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

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

2017 *	2016 *	2015 *	2014 *
$ 196,590	$ 212,068	$ 215,985	$ 182,240
$ 196,590	$ 212,068	$ 215,985	$ 182,240
$ -	$ -	$ -	$ -
$ 2,320,974	$ 2,310,107	$ 2,278,316	$ 2,010,924
8.47%	9.18%	9.48%	9.06%

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

	2021 *	2020 *	2019 *	2018 *
Total OPEB Liability				
and actual experience	$ (13,324)	$ 10,296	$ 9,410	$ 9,261
Benefit payments	-	6,361	5,002	3,695
Changes in assumptions	26			
Interest	970	(147,589)	48,319	28,902
Service cost	11,376	1,283	4,469	(2,558)
Differences between expected		(18,438)	(12,786)	(13,948)
Net Change in Total OPEB Liability	(952)	(148,087)	54,414	25,352
Hospital's Total OPEB Liability - Beginning	32,512	180,599	126,185	100,833
Hospital's Total OPEB Liability - Ending	$ 31,560	$ 32,512	$ 180,599	$ 126,185
Hospital's Covered-Employee Payroll	$ 2,610,712	$ 2,434,153	$ 2,387,589	$ 2,198,821
Hospital's Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.21%	1.34%	7.56%	5.74%
Discount Rate	2.21%	2.21%	3.50%	3.87%

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

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

2017 *
$ 9,807
3,052
-
(5,100)
(8,374)
(615)
101,448
$ 100,833
$ 2,235,265
4.51%
3.58%