

Coffey Health System
A Component Unit of Coffey County, Kansas
Independent Auditor's Report and Financial Statements
December 31, 2020 and 2019

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A Component Unit of Coffey County, Kansas
December 31, 2020 and 2019

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Independent Auditor's Report

Board of Trustees
Coffey Health System
Burlington, Kansas

We have audited the accompanying financial statements of Coffey Health System, a component unit of Coffey County, Kansas, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Coffey Health System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coffey Health System as of December 31, 2020 and 2019, and changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coffey Health System's basic financial statements. The supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Wichita, Kansas
May 19, 2022

Coffey Health System
A Component Unit of Coffey County, Kansas
Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash	\$ 11,059,401	\$ 1,149,180
Patient accounts receivable, net of allowance; 2020 - \$1,275,500, 2019 - \$1,929,200	2,403,558	2,216,326
340B contract pharmacy receivable	112,235	235,337
Estimated amounts due from third-party payers	435,000	583,335
Supplies	527,867	412,877
Prepaid expenses and other	<u>174,793</u>	<u>64,516</u>
Total current assets	14,712,854	4,661,571
Capital Assets, Net	<u>7,877,283</u>	<u>6,941,398</u>
Total assets	<u><u>\$ 22,590,137</u></u>	<u><u>\$ 11,602,969</u></u>
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 1,480,402	\$ 539,784
Accounts payable	1,493,628	1,064,782
Accrued expenses	1,539,312	1,614,319
Unearned revenue	3,129,922	-
Advance from Medicare	<u>766,774</u>	<u>-</u>
Total current liabilities	8,410,038	3,218,885
Advance from Medicare	<u>1,939,485</u>	<u>-</u>
Long-term Debt	<u>4,188,359</u>	<u>4,021,530</u>
Total liabilities	<u>14,537,882</u>	<u>7,240,415</u>
Net Position		
Net investment in capital assets	5,118,956	2,380,084
Unrestricted	<u>2,933,299</u>	<u>1,982,470</u>
Total net position	<u>8,052,255</u>	<u>4,362,554</u>
Total liabilities and net position	<u><u>\$ 22,590,137</u></u>	<u><u>\$ 11,602,969</u></u>

Coffey Health System
A Component Unit of Coffey County, Kansas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2020 - \$802,142, 2019 - \$1,502,293	\$ 22,436,148	\$ 21,759,378
340B drug pricing program	1,207,688	2,032,953
Other	<u>271,765</u>	<u>407,615</u>
Total operating revenues	<u>23,915,601</u>	<u>24,199,946</u>
Operating Expenses		
Salaries and wages	14,963,517	14,302,497
Employee benefits	3,520,206	3,246,972
Purchased services and professional fees	2,590,210	2,106,555
Supplies and other	5,216,201	5,024,353
Depreciation	<u>928,573</u>	<u>969,403</u>
Total operating expenses	<u>27,218,707</u>	<u>25,649,780</u>
Operating Loss	<u>(3,303,106)</u>	<u>(1,449,834)</u>
Nonoperating Revenues (Expenses)		
Noncapital appropriations - Coffey County	2,039,497	2,039,392
Interest income	8,800	5,460
Interest expense	(78,373)	(66,600)
Gain on disposal of capital assets	35,676	500
Noncapital grants and gifts	985,646	34,812
Provider Relief Funds (CARES Act)	2,496,561	-
County loan forgiveness	<u>1,505,000</u>	<u>-</u>
Total nonoperating revenues, net	<u>6,992,807</u>	<u>2,013,564</u>
Increase in Net Position	3,689,701	563,730
Net Position, Beginning of Year	<u>4,362,554</u>	<u>3,798,824</u>
Net Position, End of Year	<u><u>\$ 8,052,255</u></u>	<u><u>\$ 4,362,554</u></u>

Coffey Health System
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Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Receipts from and on behalf of patients	\$ 26,434,300	\$ 23,620,133
Payments to suppliers and contractors	(7,469,498)	(6,896,910)
Payments to and on behalf of employees	(18,558,730)	(17,506,484)
Other receipts	<u>3,401,687</u>	<u>408,115</u>
Net cash provided by (used in) operating activities	<u>3,807,759</u>	<u>(375,146)</u>
Noncapital Financing Activities		
Noncapital appropriations - Coffey County	2,039,497	2,039,392
Noncapital grants and gifts	985,646	34,812
Provider Relief Funds (<i>CARES Act</i>)	2,496,561	-
Proceeds from issuance of PPP loan	<u>2,777,100</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>8,298,804</u>	<u>2,074,204</u>
Capital and Related Financing Activities		
Principal paid on long-term debt	(297,987)	(269,900)
Interest paid on long-term debt	(78,373)	(66,600)
Purchase of capital assets	(1,876,013)	(698,030)
Proceeds from sale of capital assets	<u>47,231</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(2,205,142)</u>	<u>(1,034,530)</u>
Investing Activities		
Interest income received	<u>8,800</u>	<u>5,460</u>
Net cash provided by investing activities	<u>8,800</u>	<u>5,460</u>
Increase in Cash	9,910,221	669,988
Cash, Beginning of Year	<u>1,149,180</u>	<u>479,192</u>
Cash, End of Year	<u><u>\$ 11,059,401</u></u>	<u><u>\$ 1,149,180</u></u>

Coffey Health System
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Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Net Operating Loss to		
Net Cash Used in Operating Activities		
Operating loss	\$ (3,303,106)	\$ (1,449,834)
Depreciation	928,573	969,403
Changes in operating assets and liabilities		
Patient accounts receivable, net	(187,232)	323,628
Estimated amounts due from and to third-party payers	148,335	(406,232)
Advance from Medicare	2,706,259	-
Unearned revenue	3,129,922	-
Accounts payable and accrued expenses	487,173	204,877
Supplies, prepaid expenses and other assets	<u>(102,165)</u>	<u>(16,988)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,807,759</u>	<u>\$ (375,146)</u>
Noncash Investing, Capital and Financing Activities		
Capital lease obligations incurred for capital assets	\$ -	\$ 386,800
County loan forgiveness	\$ 1,505,000	\$ -

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Notes to Financial Statements
December 31, 2020 and 2019

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

Nature of Operations and Reporting Entity

Coffey Health System (System) is an acute care hospital located in Burlington, Kansas. The System is a component unit of Coffey County, Kansas (County), and the Board of County Commissioners appoints members to the Board of Trustees of the System. The System primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Coffey county area. It also operates a home health agency and long-term care and assisted living facilities in the same geographic area.

Basis of Accounting and Presentation

The financial statements of the System have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities 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 intergovernmental revenue, interest income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The System first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Noncapital Appropriations – Coffey County

The System received approximately 7% and 8% of its financial support from noncapital appropriations derived from property taxes levied by the County in both 2020 and 2019, respectively. One hundred percent of these funds were used to support operations in both years.

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

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Risk Management

The System is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters, except workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Workers' compensation coverage is provided through a fund managed by the Kansas Hospital Association. The workers' compensation premiums are subject to retrospective adjustment based upon the overall performance of the fund. Management believes adequate reserves are in place within the plan to cover claims incurred but not reported and no additional amounts have been accrued related to claims for this plan.

Patient Accounts Receivable

The System reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The System 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, determined using the first-in, first-out method, or net realizable value.

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 System:

Land improvements	5 – 25 years
Buildings	5 – 40 years
Fixed equipment	5 – 25 years
Major moveable equipment	3 – 20 years

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Capital Asset Impairment

The System 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, 2020 and 2019.

Compensated Absences

System 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 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.

Net Position

Net position of the System 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 System has agreements with third-party payers that provide for payments to the System 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.

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Charity Care

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

Paycheck Protection Program (PPP) Loan

The System 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. Subsequent to year-end, the System received legal notice on January 25, 2021, that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as other nonoperating revenue in fiscal year 2021.

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 System 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 System 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 System is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

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Foundation

The System is the beneficiary of Coffey Health Foundation (Foundation), a separate legal entity with its own board of trustees. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the System and, thus, not reflected in the accompanying financial statements.

Revisions

Fiscal year 2019 has been revised for an immaterial error in the presentation of sales of accounts receivable. The original 2019 presentation understated cash by \$219,702, overstated accounts receivable by \$105,789 and understated accounts payable by \$113,913. This caused net cash used in operating activities, increase in cash and ending cash balance to all be understated by \$219,702. These revisions had no impact to the statement of revenues, expenses and changes in net position or ending net position.

Note 2: Net Patient Service Revenue

The System has agreements with third-party payers that provide for payments to the System at amounts different from its established rates. These payment arrangements include:

Medicare. The System is recognized as a critical access hospital (CAH) and is paid at one hundred one percent (101%) of allowable costs for certain inpatient and outpatient services. Rural health clinic services are paid on a cost basis. Home health services are paid on a per-episode basis using clinical, diagnostic and other factors. The System is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the System 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 rate methodology. The System is reimbursed at a prospective rate with annual cost reports submitted to the Medicaid program. Rates are adjusted 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.

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Approximately 51% and 48% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2020 and 2019, 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 System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: 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 System'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, 2020 and 2019, respectively, \$10,512,232 and \$414,933 of the System's bank balances of \$11,297,631 and \$956,182 were exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the System's name	<u>\$ 10,512,232</u>	<u>\$ 414,933</u>

Coffey Health System
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Notes to Financial Statements
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Summary of Carrying Values

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

	<u>2020</u>	<u>2019</u>
Carrying value		
Deposits	\$ 11,057,501	\$ 1,147,280
Petty cash	<u>1,900</u>	<u>1,900</u>
	<u><u>\$ 11,059,401</u></u>	<u><u>\$ 1,149,180</u></u>
Included in the following balance sheet captions		
Cash	<u><u>\$ 11,059,401</u></u>	<u><u>\$ 1,149,180</u></u>

Note 4: Patient Accounts Receivable

The System 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:

	<u>2020</u>	<u>2019</u>
Medicare	\$ 954,222	\$ 620,562
Medicaid	218,653	252,904
Blue Cross	372,261	598,908
Other third-party payers	621,949	510,623
Patients	<u>1,511,973</u>	<u>2,162,529</u>
	3,679,058	4,145,526
Less allowance for uncollectible accounts	<u><u>1,275,500</u></u>	<u><u>1,929,200</u></u>
	<u><u>\$ 2,403,558</u></u>	<u><u>\$ 2,216,326</u></u>

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Note 5: Capital Assets

Capital assets activity for the years ended December 31 was:

	2020			
	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 274,184	\$ -	\$ -	\$ 274,184
Land improvements	986,917	-	-	986,917
Buildings	12,714,905	-	-	12,912,719
Fixed equipment	9,157,026	-	(16,123)	9,164,524
Major moveable equipment	14,555,332	-	(615,139)	15,417,787
Construction in progress	9,655	1,876,013	-	186,639
	<u>37,698,019</u>	<u>1,876,013</u>	<u>(631,262)</u>	<u>38,942,770</u>
Less accumulated depreciation				
Land improvements	952,319	5,181	-	957,500
Buildings	9,145,145	267,389	-	9,412,534
Fixed equipment	7,539,210	301,792	(4,568)	7,836,434
Major moveable equipment	13,119,947	354,211	(615,139)	12,859,019
	<u>30,756,621</u>	<u>928,573</u>	<u>(619,707)</u>	<u>31,065,487</u>
Capital Assets, Net	<u>\$ 6,941,398</u>	<u>\$ 947,440</u>	<u>\$ (11,555)</u>	<u>\$ 7,877,283</u>

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	2019				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 274,184	\$ -	\$ -	\$ -	\$ 274,184
Land improvements	986,917	-	-	-	986,917
Buildings	12,538,573	-	-	176,332	12,714,905
Fixed equipment	9,049,403	-	-	107,623	9,157,026
Major moveable equipment	14,093,817	319,685	(384,702)	526,532	14,555,332
Construction in progress	54,997	765,145	-	(810,487)	9,655
	<u>36,997,891</u>	<u>1,084,830</u>	<u>(384,702)</u>	<u>-</u>	<u>37,698,019</u>
Less accumulated depreciation					
Land improvements	946,880	5,439	-	-	952,319
Buildings	8,873,904	271,241	-	-	9,145,145
Fixed equipment	7,172,501	366,709	-	-	7,539,210
Major moveable equipment	13,178,635	326,014	(384,702)	-	13,119,947
	<u>30,171,920</u>	<u>969,403</u>	<u>(384,702)</u>	<u>-</u>	<u>30,756,621</u>
Capital Assets, Net	<u>\$ 6,825,971</u>	<u>\$ 115,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,941,398</u>

Note 6: Medical Malpractice Coverage and Claims

The System purchases medical malpractice insurance under a claims-made policy with a fixed premium which provides \$200,000 of coverage for each medical incident and \$600,000 of aggregate coverage for each policy year. 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 \$800,000 of coverage for each medical incident and \$2,400,000 of aggregate coverage for each policy year.

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 System's claims experience, no such accrual has been made. It is reasonably possible this estimate could change materially in the future.

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Note 7: Sale of Patient Accounts Receivable

The Hospital entered into an agreement with a third party to sell patient accounts receivable. The third party has the right to purchase or reject accounts that are offered for sale. The agreement was effective through December 31, 2019 with an automatic 12-month renewal unless written notice from either the Hospital or third party is given within 30 days of the termination of the agreement. The agreement has been renewed through December 31, 2022 as of the report date. The maximum amount that the third party will purchase and have outstanding at any one time from the Hospital is \$750,000. There is a recourse provision that if an account that is sold by the Hospital to the third party is delinquent for 61 days it will be considered in default and the Hospital is required to repurchase the outstanding amount of the loan from the third party. The minimum amount of an individual account that the third party will purchase is \$500 and the maximum is \$50,000. The maximum loan length is 60 months. When the sale of patient accounts receivable occurs, the Hospital receives cash from the third party and the account receivable and related allowance is relieved from the Hospital's books. The Hospital does record an estimated liability related to the potential recourse of the accounts sold. The Hospital uses a 12-month rolling average of defaulted loans with the third party. The recourse liability is recorded as a component of accounts payable in the accompanying balance sheets. The recourse liability is recorded as a component of accounts payable in the accompanying balance sheets. The total outstanding loans the third party held related to purchases of the System's patient accounts was approximately \$228,000 and \$215,000 at December 31, 2020 and 2019, respectively. The liability recorded for potential recourse on those balances based on default experience was approximately \$114,000 and \$84,000 at December 31, 2020 and 2019, respectively.

Note 8: Long-term Debt

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

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Note payable (A)	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
Note payable (B)	3,010,417	-	1,505,000	1,505,417	-
Note payable (C)	-	2,777,100	-	2,777,100	1,212,266
Note payable (D)	-	200,000	66,666	133,334	66,666
Capital lease obligations	1,450,897	-	197,987	1,252,910	201,470
Total long-term debt	<u>\$ 4,561,314</u>	<u>\$ 2,977,100</u>	<u>\$ 1,869,653</u>	<u>\$ 5,668,761</u>	<u>\$ 1,480,402</u>

Coffey Health System
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Notes to Financial Statements
December 31, 2020 and 2019

	2019				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Note payable (A)	\$ 200,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Note payable (B)	3,010,417	-	-	3,010,417	247,917
Capital lease obligations	1,233,997	386,800	169,900	1,450,897	191,867
Total long-term debt	<u>\$ 4,444,414</u>	<u>\$ 386,800</u>	<u>\$ 269,900</u>	<u>\$ 4,561,314</u>	<u>\$ 539,784</u>

Note Payable (A)

The note payable to the Foundation was due February 10, 2020, with principal payable on due date and interest at 4.5% payable monthly. The note was secured by certain capital assets. The note was paid in full during 2020.

Note Payable (B)

The note payable to the County was originally due June 3, 2025, but a one-year deferral of payments was granted by the County in July 2018, which modified the final due date to June 3, 2026, with principal payable annually beginning July 3, 2017. An additional one-year deferral of payments was granted by the County in July 2019, which modified the final due date to June 4, 2027. On June 22, 2020, the County agreed to forgive 50% of the balance due in the amount of \$1,505,000 and deferred the next payment due until May 3, 2022. The final payment date was moved to June 3, 2026. The loan is a 0% interest loan. The note is secured by certain capital assets. The debt service requirements as of December 31, 2020, are as follows:

Year Ending December 31,	Total to be Paid	Principal	Interest
2021	\$ -	\$ -	\$ -
2022	240,867	240,867	-
2023	361,300	361,300	-
2024	361,300	361,300	-
2025	361,300	361,300	-
2026	180,650	180,650	-
	<u>\$ 1,505,417</u>	<u>\$ 1,505,417</u>	<u>\$ -</u>

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Note Payable (C)

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 System received a Paycheck Protection Program (PPP) loan of \$2,777,100 in 2020. The loan has an interest rate of 1%, with monthly payments due starting 10 months after the 24-week covered period. Subsequent to year-end, the System received legal notice on January 25, 2021, that the PPP loan was forgiven in its entirety.

Note Payable (D)

The System entered into a settlement agreement related to a Civil Investigative Demand (CID). Future principal payments of \$66,666 are due June 30, 2021 and 2022. Interest of \$9,667 and \$4,833 is payable with the amounts due June 30, 2021 and 2022, respectively.

Capital Lease Obligations

The System is obligated under multiple leases for equipment that are accounted for as capital leases. A schedule of the capital assets and accumulated depreciation under capital leases at December 31, 2020 and 2019, follows:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 2,083,320	\$ 2,083,320
Less accumulated depreciation	<u>905,310</u>	<u>746,348</u>
	<u><u>\$ 1,178,010</u></u>	<u><u>\$ 1,336,972</u></u>

The following is a schedule by year of future minimum lease payments under the capital lease obligations including interest at rates of 3.90% to 6.508% together with the present value of the future minimum lease payments as of December 31, 2020:

Year Ending December 31,	
2021	\$ 254,285
2022	239,002
2023	229,254
2024	171,798
2025	138,822
2026-2028	<u>427,496</u>
Total minimum lease payments	1,460,657
Less amount representing interest	<u>207,747</u>
Present value of future minimum lease payments	<u><u>\$ 1,252,910</u></u>

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Note 9: Pension Plan

The System contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the System's required contributions, determined in accordance with the terms of the plan. The plan is administered by a board of trustees appointed by the Board of County Commissioners. The plan is a replacement for social security and provides retirement benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the System's governing body. Contribution rates for plan members and the System expressed as a percentage of covered payroll were 3.5% and 6.5%, respectively, for 2020 and 2019. Contributions actually made by plan members and the System aggregated \$560,189 and \$980,332 during 2020 and \$526,066 and \$920,615 during 2019, respectively.

Note 10: 340B Drug Pricing Program

The System participates in the 340B Drug Pricing Program (340B Program) enabling the System to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The System recorded revenues of \$1,207,688 and \$2,032,953 for the years ending December 31, 2020 and 2019, respectively, which is included in other operating revenue in the accompanying statement of revenues and expenses and changes in net position. The System recorded expenses of \$582,237 and \$584,203 for the years ending December 31, 2020 and 2019, respectively, which is included in supplies and other in the accompanying statements of revenues and expenses and changes in net position. This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term.

Note 11: 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.

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Beginning in mid-March, the System deferred all nonessential medical and surgical procedures and suspended elective procedures, which resumed at different dates during the final quarter of the fiscal year.

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

The extent of the COVID-19 pandemic's adverse effect on the System's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the System's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of elective procedures, continued declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the System cannot estimate the length or severity of the effect of the pandemic on the System's business. Decreases in cash flows and result 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 2020, the System received \$5,626,483 of distributions from the *CARES Act* Provider Relief Fund. These distributions from the Provider Relief Fund are not subject to repayment, provided the System 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 System 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 System's operating revenues and expenses through December 31, 2020, the System recognized \$2,496,561, related to the Provider Relief Fund, and these payments are recorded as Provider Relief Funds (*CARES Act*), classified as nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions of \$3,129,922 is recorded as part of unearned revenue in the accompanying balance sheets.

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The System will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the System's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the System is unable to attest to or comply with current or future terms and conditions the System's ability to retain some or all of the distributions received may be affected. The Provider Relief Funds are subject to government oversight, including potential audits.

Paycheck Protection Program (PPP) Loan

During 2020, the System received a PPP loan of \$2,777,100 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. Subsequent to year-end, the System received legal notice on January 25, 2021, that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as other nonoperating revenue in fiscal year 2021.

Other COVID-19 Funding

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 System received and recognized \$100,000 on April 27, 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 2020, the Coronavirus Small Rural Hospital Improvement Program provided support to small rural and Critical Access Hospitals (CAHs) which were seeing increased demands for critical 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 System received and recognized \$20,000 during 2020, related to this Small Rural Hospital Improvement Program (SHIP) grant and the revenue is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

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During 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 System 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.

Strengthening People and Revitalizing Kansas (SPARK) Program Funding

During 2020, the System received \$690,738 of funding through the SPARK program. The System recognized \$690,738, related to this funding at December 31, 2020, and these payments are recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

Medicare Accelerated and Advanced Payment Program

During 2020, the System 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 2020, the System received \$2,706,259 from these accelerated Medicare payment requests. 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, 2020.

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Notes to Financial Statements
December 31, 2020 and 2019

Note 12: Contingencies

Litigation

In the normal course of business, the System is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the System's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The System evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 13: Future Changes in Accounting Principles

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 System is evaluating the impact the statement will have on the financial statements.

Coffey Health System
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Notes to Financial Statements
December 31, 2020 and 2019

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 System. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The System received legal notice on January 25, 2021, 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 of the subsequent year.

On June 10, 2021, the System received approximately \$400,000 of stimulus funds related to COVID testing in the Rural Health Clinics, certain conditions are required to be met to retain these funds. If the conditions are met, the funds will be retained by the Hospital with no repayment obligations. Management has attested to the requirements and believes the Hospital will retain the stimulus payments.

On November 23, 2021, the System received approximately \$696,000 of stimulus funds from the Department of Health and Human Services (HHS) under the American Rescue Plan (part of phase 4 of the PRF), certain conditions are required to be met to retain these funds. In November 2021, the System received approximately \$99,000 from the State of Kansas to help with elevated staffing costs that are currently a challenge in the health care space. If the conditions are met, the funds will be retained by the Hospital with no repayment obligations. Management has attested to the requirements and believes the Hospital will retain the stimulus payments.

Supplementary Information

Coffey Health System
A Component Unit of Coffey County, Kansas
Schedules of Net Patient Service Revenues
Years Ended December 31, 2020 and 2019

	2020		
	Inpatient	Outpatient	Total
Nursing Services			
Acute hospital	\$ 925,471	\$ 9,768	\$ 935,239
Swing-bed	141,435	-	141,435
Nursery	71,284	-	71,284
Long-term care	1,242,409	-	1,242,409
Assisted living	560,974	-	560,974
	<u>2,941,573</u>	<u>9,768</u>	<u>2,951,341</u>
Other Professional Services			
Operating room	859,793	2,329,319	3,189,112
Recovery room	13,144	241,275	254,419
Delivery room	175,341	30,989	206,330
Anesthesiology	133,451	449,626	583,077
Radiology	382,298	7,667,148	8,049,446
Laboratory	382,573	5,045,378	5,427,951
Blood administration	12,201	11,380	23,581
Respiratory services	369,428	105,800	475,228
Physical therapy	162,179	883,289	1,045,468
Occupational therapy	132,219	269,460	401,679
Speech pathology	78,351	204,683	283,034
Electrocardiology	10,220	197,620	207,840
Central service	1,280	4,097	5,377
Pharmacy	1,347,042	2,718,822	4,065,864
Specialty clinics	6,583	897,015	903,598
Emergency room	60,868	3,362,716	3,423,584
Observation	18,069	330,171	348,240
Rural health clinic	-	4,792,974	4,792,974
Ambulance	-	1,227,494	1,227,494
Home health	-	282,695	282,695
Physician clinics	-	865,072	865,072
Lifeline	-	14,523	14,523
Senior care	-	35,975	35,975
	<u>4,145,040</u>	<u>31,967,521</u>	<u>36,112,561</u>
	<u>\$ 7,086,613</u>	<u>\$ 31,977,289</u>	<u>39,063,902</u>
Contractual Allowances, Charity Care and Provision for Uncollectible Accounts			<u>16,627,754</u>
Net Patient Service Revenue			<u>\$ 22,436,148</u>

2019		
Inpatient	Outpatient	Total
\$ 676,424	\$ 12,495	\$ 688,919
118,572	-	118,572
68,192	-	68,192
1,482,625	-	1,482,625
664,695	-	664,695
<u>3,010,508</u>	<u>12,495</u>	<u>3,023,003</u>
980,190	2,504,595	3,484,785
16,540	296,376	312,916
151,760	28,180	179,940
137,486	528,782	666,268
295,210	7,389,469	7,684,679
341,524	4,657,898	4,999,422
6,810	8,112	14,922
298,480	133,540	432,020
160,419	1,047,178	1,207,597
130,035	345,172	475,207
31,660	291,999	323,659
9,198	251,087	260,285
1,572	4,406	5,978
880,178	2,941,248	3,821,426
3,780	1,132,822	1,136,602
45,668	3,541,682	3,587,350
30,107	409,206	439,313
146	5,354,963	5,355,109
-	1,336,047	1,336,047
-	260,656	260,656
-	1,060,692	1,060,692
-	15,030	15,030
-	37,721	37,721
<u>3,520,763</u>	<u>33,576,861</u>	<u>37,097,624</u>
<u>\$ 6,531,271</u>	<u>\$ 33,589,356</u>	40,120,627
		<u>18,361,249</u>
		<u>\$ 21,759,378</u>

Coffey Health System
A Component Unit of Coffey County, Kansas
Deductions from Revenue and Other Operating Revenue
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Deductions from Revenue		
Medicare	\$ 8,828,132	\$ 9,720,234
Medicaid	1,728,945	1,665,013
Blue Cross	3,593,414	4,073,735
Other third-party payers	1,468,318	1,192,148
Charity care	55,394	81,453
Administrative adjustments	151,409	126,373
Provision for uncollectible accounts	<u>802,142</u>	<u>1,502,293</u>
	<u>\$ 16,627,754</u>	<u>\$ 18,361,249</u>
 Other Operating Revenue		
Mobile magnetic resonance imaging	\$ 25,350	\$ 87,100
Cafeteria	156,585	198,517
In-house catering	41,868	47,999
Education	420	6,311
Sale of medical records	11,928	19,913
Miscellaneous	<u>35,614</u>	<u>47,775</u>
	<u>\$ 271,765</u>	<u>\$ 407,615</u>

Coffey Health System
A Component Unit of Coffey County, Kansas
Schedules of Operating Expenses
Years Ended December 31, 2020 and 2019

	2020			2019		
	Salaries	Other	Total	Salaries	Other	Total
Nursing Services						
Nursing service	\$ 773,430	\$ 342,084	\$ 1,115,514	\$ 736,787	\$ 101,109	\$ 837,896
Nursery	32,079	1,672	33,751	30,613	1,548	32,161
Long-term care	1,385,615	462,110	1,847,725	1,336,311	402,635	1,738,946
Assisted living	557,801	173,964	731,765	530,294	170,024	700,318
Nursing administration	116,804	419	117,223	101,869	1,650	103,519
	<u>2,865,729</u>	<u>980,249</u>	<u>3,845,978</u>	<u>2,735,874</u>	<u>676,966</u>	<u>3,412,840</u>
Other Professional Services						
Operating room	233,131	108,865	341,996	220,987	101,347	322,334
Recovery room	10,921	1,273	12,194	12,422	164	12,586
Delivery room	296,941	12,799	309,740	316,056	47,049	363,105
Anesthesiology	285,355	39,169	324,524	278,793	40,658	319,451
Radiology	588,405	754,099	1,342,504	619,213	557,758	1,176,971
Laboratory	305,011	920,785	1,225,796	369,799	575,176	944,975
Blood administration	-	18,777	18,777	-	14,365	14,365
Respiratory services	182,609	11,786	194,395	161,934	10,937	172,871
Physical therapy	264,802	16,027	280,829	258,720	21,941	280,661
Occupational therapy	117,017	2,758	119,775	128,110	1,086	129,196
Speech pathology	58,380	5,122	63,502	62,382	11,308	73,690
Electrocardiology	13,095	-	13,095	16,739	5	16,744
Central service	24,741	565,087	589,828	15,883	522,654	538,537
Pharmacy	194,527	1,155,971	1,350,498	187,814	1,165,909	1,353,723
Specialty clinics	99,661	40,801	140,462	96,480	58,193	154,673
Emergency room	1,088,669	316,566	1,405,235	926,120	285,028	1,211,148
Rural health clinic	3,595,142	671,939	4,267,081	3,414,864	684,374	4,099,238
Ambulance	947,730	81,384	1,029,114	898,763	89,818	988,581
Home health	283,631	61,957	345,588	240,951	75,327	316,278
Physician clinics	547,637	31,440	579,077	553,296	31,740	585,036
Lifeline	-	5,530	5,530	-	4,772	4,772
Wolf Creek	45,086	3,370	48,456	55,319	3,500	58,819
	<u>9,182,491</u>	<u>4,825,505</u>	<u>14,007,996</u>	<u>8,834,645</u>	<u>4,303,109</u>	<u>13,137,754</u>

Coffey Health System
A Component Unit of Coffey County, Kansas
Schedules of Operating Expenses (Continued)
Years Ended December 31, 2020 and 2019

	2020			2019		
	Salaries	Other	Total	Salaries	Other	Total
General Services						
Plant operation	\$ 239,940	\$ 380,747	\$ 620,687	\$ 204,093	\$ 371,458	\$ 575,551
Laundry	15,133	7,701	22,834	18,908	9,201	28,109
Housekeeping	193,843	37,420	231,263	192,629	33,203	225,832
Dietary	300,703	237,066	537,769	284,530	234,814	519,344
	<u>749,619</u>	<u>662,934</u>	<u>1,412,553</u>	<u>700,160</u>	<u>648,676</u>	<u>1,348,836</u>
Administration Services						
Administration and general	1,728,393	1,208,829	2,937,222	1,598,928	1,371,510	2,970,438
Medical records	336,623	47,033	383,656	335,918	45,546	381,464
Marketing	100,662	81,861	182,523	96,972	85,101	182,073
	<u>2,165,678</u>	<u>1,337,723</u>	<u>3,503,401</u>	<u>2,031,818</u>	<u>1,502,157</u>	<u>3,533,975</u>
Employee Benefits		<u>3,520,206</u>	<u>3,520,206</u>		<u>3,246,972</u>	<u>3,246,972</u>
Depreciation		<u>928,573</u>	<u>928,573</u>		<u>969,403</u>	<u>969,403</u>
	<u>\$ 14,963,517</u>	<u>\$ 12,255,190</u>	<u>\$ 27,218,707</u>	<u>\$ 14,302,497</u>	<u>\$ 11,347,283</u>	<u>\$ 25,649,780</u>

Coffey Health System
A Component Unit of Coffey County, Kansas
Schedules of Financial and Statistical Comparisons
Years Ended December 31,

	2020	2019	2018	2017	2016
Operating Revenues	\$ 23,915,601	\$ 24,199,946	\$ 23,283,973	\$ 21,414,552	\$ 22,065,417
Operating Expenses	<u>27,218,707</u>	<u>25,649,780</u>	<u>25,666,511</u>	<u>24,693,110</u>	<u>24,192,296</u>
Loss From Operations	<u>\$ (3,303,106)</u>	<u>\$ (1,449,834)</u>	<u>\$ (2,382,538)</u>	<u>\$ (3,278,558)</u>	<u>\$ (2,126,879)</u>
Total Salaries	<u>\$ 14,963,517</u>	<u>\$ 14,302,497</u>	<u>\$ 14,056,002</u>	<u>\$ 13,749,007</u>	<u>\$ 13,544,133</u>
Full-time Equivalents	<u>266.1</u>	<u>260.5</u>	<u>256.6</u>	<u>256.9</u>	<u>267.1</u>
Patient Days (Acute and Swing-bed)					
Medicare	1,334	1,047	1,428	1,110	1,335
Other	<u>337</u>	<u>352</u>	<u>236</u>	<u>628</u>	<u>538</u>
Total	<u>1,671</u>	<u>1,399</u>	<u>1,664</u>	<u>1,738</u>	<u>1,873</u>
Percent of Occupancy (Acute and Swing-bed)	<u>18.3</u>	<u>15.3</u>	<u>12.7</u>	<u>13.2</u>	<u>14.3</u>
Medicare Percent (Acute and Swing-bed)	<u>79.8</u>	<u>74.8</u>	<u>85.8</u>	<u>63.9</u>	<u>71.3</u>
Discharges (Acute and Swing-bed)					
Medicare	268	219	333	281	271
Other	<u>160</u>	<u>174</u>	<u>102</u>	<u>241</u>	<u>230</u>
Total	<u>428</u>	<u>393</u>	<u>435</u>	<u>522</u>	<u>501</u>
Average Length of Stay (Acute and Swing-bed)					
Medicare	5.0	4.8	4.3	4	4.9
Other	2.1	2	2.3	2.6	2.3
Overall	3.9	3.6	3.8	3.3	3.7