

BUCKLIN HOSPITAL DISTRICT  
d/b/a  
HILL TOP HOUSE

Bucklin, Kansas

December 31, 2018

OFFICERS AND DIRECTORS

Melanie "Sue" Scott  
Kris Crable  
Cynthia Imel  
Stephen Hokanson  
Denise Koechner

Bucklin, Kansas  
Bucklin, Kansas  
Bucklin, Kansas  
Bucklin, Kansas  
Bucklin, Kansas

Chairman  
Vice-Chairman  
Secretary/Treasurer  
Director  
Director

\* \* \*

Judy Kregar

Administrator

\* \* \*

Examination by  
James R. Northcutt  
Certified Public Accountant  
Wichita, Kansas

BUCKLIN HOSPITAL DISTRICT  
d/b/a  
HILL TOP HOUSE

Bucklin, Kansas

December 31, 2018

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**JAMES R. NORTHCUTT**

Certified Public Accountant

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Independent Auditor's Report

The Board of Directors  
Bucklin Hospital District d/b/a  
Hill Top House  
Bucklin, Kansas

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activity of Bucklin Hospital District d/b/a Hill Top House, Bucklin, Kansas (Hospital District) which comprise the Statement of Net Position as of December 31, 2018, and the related Statements of Revenue, Expenses, and Changes in Net Position, and Cash Flows for the year then ended, and the related notes to the financial statements, which collectively comprise Bucklin Hospital District d/b/a Hill Top House's basic financial statements.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of 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 judgement, 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 District'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 District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity of Bucklin Hospital District d/b/a Hill Top House, as of December 31, 2018, and the changes in net positions and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

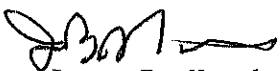
*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the pension information listed in the table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me 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 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. My opinion on the basic financial statements is not affected by this missing information.

*Additional Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenses on page 16, Schedule of Capital Assets on page 17, and Schedule of Changes in Long-term Debt on page 18 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



James R. Northcutt

Wichita, Kansas

March 21, 2019

BUCKLIN HOSPITAL DISTRICT  
d/b/a  
HILL TOP HOUSE  
Bucklin, Kansas

STATEMENT OF NET POSITION  
December 31, 2018

Exhibit "A"

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

<u>Current Assets</u>		
Cash	\$ 252,465.00	
Short-term investments	449,783.46	
Accounts receivable - residents	159,076.16	
Less: allowance for doubtful accounts	(5,000.00)	
Tax levy receivable	400,475.00	
Other receivables and prepaid expenses	<u>14,691.44</u>	
Total current assets		\$1,271,491.06
<u>Property and Equipment</u>		
Cost	\$4,204,085.44	
Less: accumulated depreciation	<u>(3,074,739.00)</u>	
Net property and equipment		1,129,346.44
<u>Other Assets</u>		
Unamortized bond issuance costs	\$ 14,544.32	
Cash - memory care project	<u>77,933.75</u>	
Total other assets		92,478.07
<u>Deferred Outflows of Resources</u>		
Pension contributions remitted subsequent to the measurement date	\$ 44,084.71	
Pension	<u>90,560.00</u>	
Total deferred outflows of resources		<u>134,644.71</u>
Total Assets and Deferred Outflows of Resources		<u>\$2,627,960.28</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

<u>Current Liabilities</u>		
Accounts payable	\$ 42,853.33	
Prepaid resident accounts	4,524.87	
Bond interest payable	6,270.83	
Taxes and withholding payable	13,333.12	
Salaries and wages payable	38,942.85	
Accrued compensated absences	31,823.08	
Obligations under bond agreement - due within one year	<u>100,000.00</u>	
Total current liabilities		\$ 237,748.08
<u>Long Term Liabilities</u>		
Obligations under bond agreement		225,000.00
NET PENSION LIABILITIES		<u>884,652.00</u>
Total liabilities		\$1,347,400.08
<u>Deferred Inflows of Resources</u>		
Property tax revenue	\$ 400,475.00	
Pension	<u>76,670.00</u>	
Total deferred inflows of resources		477,145.00
<u>Net Position</u>		
Invested in capital assets, net of related liability	\$ 804,346.44	
Unreserved	<u>(931.24)</u>	
Total net position		<u>803,415.20</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$2,627,960.28</u>

The accompanying notes to financial statements are an integral part of these statements.

BUCKLIN HOSPITAL DISTRICT  
d/b/a  
HILL TOP HOUSE  
Bucklin, Kansas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION

Exhibit "B"

For the Year Ended December 31, 2018

Operating Revenue

Routine care - private pay	\$ 597,951.67	
Routine care - Medicaid	1,037,510.08	
Routine care - Medicare	111,347.57	
Residential care/assisted living	94,623.24	
Meals	14,609.92	
Personal services	3,139.88	
Other	<u>1,200.24</u>	
Total operating revenues		\$1,860,382.60

Operating Expenses

Personnel	\$1,346,842.18	
Food	52,973.65	
Residential care/assisted living	160,204.05	
Contracted services	143,840.01	
Consumable supplies	48,864.78	
Depreciation	86,868.62	
Other	<u>309,850.66</u>	
Total operating expenses		<u>2,149,443.95</u>

Net income(loss) from operations \$ (289,061.35)

Non-operating Revenue

Tax revenue	\$ 399,858.69	
Contributions	84,357.63	
Interest	<u>5,872.50</u>	
Total non-operating revenue		<u>490,088.82</u>

Increase in net position \$ 201,027.47

Net position - beginning of year 602,387.73

Net Position - End of Year \$ 803,415.20

The accompanying notes to financial statements are an integral part of these statements.

BUCKLIN HOSPITAL DISTRICT  
d/b/a  
HILL TOP HOUSE  
Bucklin, Kansas

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2018

Exhibit "C"

Cash Flows From Operating Activities

Cash received - residents and third party payors	\$1,765,648.48	
Cash paid to suppliers and employees	(2,013,440.38)	
Tax revenue	399,858.69	
Contributions	84,357.63	
Interest received	5,872.50	
Interest paid	<u>(16,962.54)</u>	
Cash provided by operating activities		\$225,334.38

Cash Flows From Investing Activities

Purchase of property and equipment	\$ (37,826.97)	
Change in short-term investments	<u>(5,028.27)</u>	
Cash provided(used) by investing activities		(42,855.24)

Cash Flows From Financing Activities

Payment of bond principle		<u>(90,000.00)</u>
Net increase in cash		\$ 92,479.14
Cash - beginning of year		<u>237,919.61</u>
Cash - current assets	\$252,465.00	
Cash - memory care project	<u>77,933.75</u>	
Cash - End of Year		<u>\$330,398.75</u>

Reconciliation of Net Income to Net Cash Provided by Operating Activities

Change in net position	\$201,027.47	
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	142,802.41	
Amortization of bond issuance costs	2,566.68	
Change in net pension liability	(15,235.41)	
Change in receivables/prepaid exp.	(103,560.30)	
Change in payables	<u>(2,266.47)</u>	
Cash Provided By Operating Activities		<u>\$225,334.38</u>

Supplemental Schedule of Non-Cash Investing and Financing Activities

None

The accompanying notes to financial statements are an integral part of these statements.

BUCKLIN HOSPITAL DISTRICT  
d/b/a  
HILL TOP HOUSE  
Bucklin, Kansas

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

1. Summary of Significant Accounting Policies

Organization

The District owns and operates an skilled care nursing home, and a residential care and assisted living facility in Bucklin, Kansas. A Hospital formerly used as an alcohol/drug rehabilitation center ceased operations on July 21, 1992. The financial statements of the District present financial information of the District as a whole by including all District funds.

The Bucklin Hospital District is a municipal corporation governed by an elected five-member board of directors. These financial statements include all funds included in the District's legally adopted budget. The District has no component units.

Basis of Accounting

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash

The District considers all highly liquid debt instruments purchases with a maturity of three months or less to be cash.

Accounts Receivable

The District reports resident accounts receivable at net realizable value from third-party payors and others. As a service to residents, the District bills third party payors directly and bills the resident when the resident's liability is determined. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Allowance for Bad Debts

The District uses the allowance method for recording bad debts. The allowance is maintained using management's estimate of the collectability of resident balances.

Property and Equipment

Property and equipment are recorded at cost. When individual items are sold or disposed of, the related cost and accumulated depreciation are removed and the resulting gain or loss is included in the results of operations. The straight line method is used in computing depreciation based on the useful lives of the individual assets. Major repairs are capitalized, other maintenance and repair items are expensed as incurred.

Compensated Absences

The District records a liability for compensated absences based on unpaid vacation hours accrued.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.



NOTES TO FINANCIAL STATEMENTS - CONT.

1. Summary of Significant Accounting Policies-cont.

Revenue Recognition

Revenues are recorded at the estimated net realizable value. Revenue from third-party payors is subject to audit and retroactive adjustment. Provisions for estimated third-party settlements are provided in the period the related services are rendered. Differences between the estimated amounts and final settlements are reported in the year of settlement.

Income Taxes

As an essential government function of Bucklin, Kansas, the District is exempt from Federal and Kansas income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

Pension Plan

Substantially all full-time employees of the District are members of the State of Kansas Public Employees' Retirement System, which is a multi-employer state-wide pension plan. The District uses information provided by KPERS to measure the net pension liability, deferred outflows of resources and deferred inflows of resources of the KPERS pension plan. The District's policy is to fund all pensions costs accrued.

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

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is non-capital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. Unrestricted net position(deficit) is the remaining net position that does not meet the definitions of the other two components of net position.

Budgetary Control

Kansas statutes require that an annual operating budget be legally adopted for enterprise funds. Adoption of the final budget is required before August 25th. In order for the governing body to increase the originally adopted budget, a public hearing must be held. There was no budget amendment for the year ended December 31, 2018. All legal operating budgets are prepared using the modified accrual basis of accounting.

Property Tax Revenue

Property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The county treasurer is the tax collection agent for all taxing entities within the county. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the following year. State statutes prohibit

NOTES TO FINANCIAL STATEMENTS - CONT.

1. Summary of Significant Accounting Policies-cont.

the county treasurer from distributing taxes collected in the year levied prior to January 1 of the following year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the following year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as deferred revenue on the balance sheet.

Implementation of New Accounting Pronouncement

In fiscal year 2015, the District implemented the Provision of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revised accounting and reporting standards related to pension plans and multi-employer pension plans. The beginning net position was decreased by \$886,511.68 to recognize the District's proportionate share of the defined benefit pension plan unfunded pension liability.

2. Compliance With Kansas Law

Kansas law requires that the District legally adopt a fixed operating budget. Actual expenditures compared to budgeted expenditures for the year ended December 31, 2018 are as follows:

Actual	\$2,158,230.00
Budgeted	<u>3,078,213.00</u>
Favorable Variance	<u>\$ 919,983.00</u>

3. Deposits and Investments

Deposits - At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$779,873.15. The bank balance was \$794,191.74. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$598,273.66 was covered by FDIC insurance and \$195,918.08 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name. The third-party banks holding the pledged securities are independent of the pledging banks. The pledged securities are held under tri-party custodial agreements signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

Investments - Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Municipal Investment Pool. The District had no such investments at December 31, 2018.

4. Property and Equipment

A summary of property and equipment is as follows:

Buildings and improvements	\$3,079,627.01
Furnishings and equipment	596,059.62
Automobiles	99,975.98
Land	5,239.00
Land improvements	<u>423,183.83</u>
Total Property and Equipment	<u>\$4,204,085.44</u>

Depreciation expense for the year ended December 31, 2018 was \$142,802.41.

NOTES TO FINANCIAL STATEMENTS - CONT.

5. Defined Benefit Pension Plan

*Plan Description*

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74 Article 49. Substantially all employees of the District are eligible to participate in KPERS following the completion of one year of service. KPERS provides retirement benefits, life insurance, disability benefits, and death benefits. Kansas law establishes and amends benefit provisions. Participation by local political subdivisions and entities is optional, but irrevocable once elected. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 South Kansas Ave., Suite 100, Topeka, KS 66603-3869, or by calling 1-888-275-5737, or accessing by the internet at [www.KPERS.org](http://www.KPERS.org).

*Benefits*

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

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. Their monthly retirement benefit is then permanently reduced based on the amount of the lump sum distribution. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

*Contributions*

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

NOTES TO FINANCIAL STATEMENTS - CONT.

5. Defined Benefit Pension Plan - cont.

Effective January 1, 2015, the KPERS Tier 1 and Tier 2 member-employee contribution rate was set at 6 percent of covered salary. The employer rate established by statute at December 31, 2018 was 8.39 percent. The District's employer contributions to KPERS for the year ended December 31, 2018 was \$100,054.59.

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 District's employees participate in the Local group.

*Actuarial Assumptions*

The net pension liability was determined by actuarial valuations as of December 31, 2017, which were then rolled forward to June 30, 2018, using the following actuarial assumptions:

- \* Inflation 2.75%
- \* Salary increases, including wage increases 3.50% - 12.00%
- \* Long-term rate of return net of investment  
and including price inflation 7.75%

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the three-year period ended December 31, 2015.

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. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Global equity	47.00%	6.80%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

NOTES TO FINANCIAL STATEMENTS - CONT.

5. Defined Benefit Pension Plan - cont.

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. Future mortality improvements are anticipated using Scale MP-2016.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School, and Local employers do not necessarily contribute the full actuarial determined. Based on legislation passed in 1993, the employer contribution rates certified by the System's 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 Net Pension Liability to Changes in the Discount Rate*

The District's proportionate share of the net pension liability has been calculated using a discount rate of 7.75%. The following table presents the District's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate:

	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
District's share of net pension liability	\$1,297,472.00	\$884,652.00	\$535,783.00

*Pension Liability*

For the year ended December 31, 2018, the District recognized pension expense of \$84,819.18 which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the period.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

A summary of the collective deferred outflows of resources and deferred inflows of resources at December 31, 2018 are included in the tables below. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual performance	\$ 3,194.00	\$ 25,067.00
Difference in projected and actual earnings	20,694.00	0.00
Changes of assumptions	38,309.00	4,260.00
Changes in proportion	28,363.00	47,343.00
District's contributions subsequent to the measurement date	<u>44,084.71</u>	<u>0.00</u>
Totals	<u>\$134,644.71</u>	<u>\$ 76,670.00</u>

NOTES TO FINANCIAL STATEMENTS - CONT.

5. Defined Benefit Pension Plan - cont.

*Net Pension Liability*

At December 31, 2018, the District reported a liability of \$884,652.00.00 for its proportionate share of the net pension liability.

*Deferred Outflows of Resources and Deferred Inflows of Resources - cont.*

The following table provides the deferred outflows of resources and the deferred inflows of resources as of December 31, 2018, that will be recognized in pension expense in future years:

	Employer Contributions Subsequent to The Measurement Date	Recognition of Net Deferred Outflows(inflows) of Resources By Year	Total
2019	\$ 44,084.71	\$ 30,988.00	\$ 75,072.71
2020		11,844.00	11,844.00
2021		(23,462.00)	(23,462.00)
2022		(5,480.00)	(5,480.00)
2023		(0.00)	(0.00)
Totals	<u>\$ 44,084.71</u>	<u>\$ 13,890.00</u>	<u>\$ 57,974.71</u>

6. Risk Management

The District 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.

7. Bonds Payable

Medical Care Facility Revenue Bonds - Series 2009

Interest rate variable from 2.75% to 5.25%. \$ 325,000.00

Less: portion due within one year 100,000.00

Long-Term Portion \$ 225,000.00

Medical Care Facility Revenue Bonds - Series 2009 proceeds were used to pay the costs to refurbish the heat and air system as well as landscaping to improve drainage. On February 1, 2013, the District elected to call the 2022 bonds in the amount of \$175,000.00. The remaining bonds are to be redeemed in varying amounts with final payment due February 1, 2021. The Board of Directors of the District is to annually make proper provision for the payment of principal and interest of the bonds by a tax levy.

Bond issuance costs of \$38,500.00 related to the 2009 issue have been capitalized and are being amortized over the life of the bonds(15 years). Amortization expense recognized for these costs for the year ended December 31, 2018 was \$2,566.68.

NOTES TO FINANCIAL STATEMENTS - CONT.

7. Bonds Payable - cont.

Debt service requirements for the fiscal years ended December 31 are for the following amounts:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 100,000.00	\$ 12,800.00	\$112,800.00
2020	110,000.00	8,006.25	118,006.25
2021	<u>115,000.00</u>	<u>2,731.25</u>	<u>117,731.25</u>
Total	<u>\$ 325,000.00</u>	<u>\$ 23,537.50</u>	<u>\$348,537.50</u>

Interest expense for the year ended December 31, 2018 was \$15,368.77 none of which was capitalized.

8. Third Party Reimbursement

The District receives reimbursement from the Kansas Department of Social and Rehabilitative Services for residents who meet certain guidelines. The reimbursement rate is based upon cost reports and other factors and may vary during the year. A significant reduction in the level of this support, if it were to occur, may have a substantial effect of the District's activities.

9. Concentrations of Credit Risk

The District operates a nursing home and residential care facilities for residents in and around the City of Bucklin. The District grants credit to residents for payment of resident fees. The District received approximately 56% of its operating revenue from the Medicaid program administered by the State of Kansas and 6% from the Federal Medicare program.

10. Evaluation of Subsequent Events

The District has evaluated subsequent events through March 21, 2019 which is the date the financial statements were available to be issued.

BUCKLIN HOSPITAL DISTRICT  
 d/b/a  
 HILL TOP HOUSE  
 Bucklin, Kansas

Schedule "1"

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

December 31, 2018

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.063471%	0.063144%	0.068512%	0.066194%	0.065183%
District's proportionate share of the net pension liability	\$884,652.00	\$914,613.00	\$1,059,901.00	\$869,156.00	\$802,281.00
District's covered-employee payroll	\$1,064,084.79	\$1,148,419.78	\$1,165,096.99	\$1,151,459.54	\$1,113,802.73
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.08%	79.64%	90.97%	75.48%	72.03%
Plan fiduciary net position as a percentage of the total pension liability	74.22%	72.15%	68.55%	64.95%	66.60%

Notes 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 current year.

See independent auditor's report.



BUCKLIN HOSPITAL DISTRICT  
 d/b/a  
 HILL TOP HOUSE  
 Bucklin, Kansas

Schedule "2"

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO DEFINED PENSION PLAN  
 December 31, 2018

	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 100,054.59	\$ 96,714.69	\$ 109,596.16	\$ 117,031.23	\$ 104,857.22	\$ 87,591.12
Contributions in relation to the contractually required contribution	(100,054.59)	(96,741.69)	(109,596.16)	(117,031.23)	(104,857.22)	(87,591.12)
Contributory deficiency (excess)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
District's covered-employee payroll	\$1,064,804.79	\$1,148,419.78	\$1,165,096.99	\$1,151,459.54	\$1,113,802.73	\$1,062,196.37
Contributions as a percentage of covered-employee payroll	9.40%	8.42%	9.41%	10.16%	9.41%	8.25%

Notes 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 most recent fiscal year ended December 31, of the current year.

See independent audit's report.

## BUCKLIN HOSPITAL DISTRICT

d/b/a

HILL TOP HOUSE

Bucklin, Kansas

SCHEDULE OF EXPENSES

Schedule "3"

For the Year Ended December 31, 2018

Personnel

Salaries and wages	\$1,115,556.93	
Fringe benefits and taxes	<u>231,285.25</u>	
Total personnel		\$1,346,842.18

Food

52,973.65

Apartment/Residential Care Allocated Costs

Salaries	\$ 26,456.10	
Employee benefits	6,136.43	
Contracted services	1,462.35	
Consumable supplies	10,257.11	
Food	7,223.68	
Maintenance/utilities	33,209.37	
Other administrative costs	13,785.87	
Interest - bonds	4,918.01	
Depreciation	55,933.79	
Other	<u>821.34</u>	
Total allocated costs		160,204.05

Contracted Services

Health services	\$ 98,364.63	
Health consultants	8,746.05	
Financial consultant	31,417.45	
Other professional fees	<u>5,311.88</u>	
Total contractual		143,840.01

Consumable Supplies

48,864.78

Depreciation

86,868.62

Other Costs

Training	\$ 4,198.53	
Travel	5,672.93	
Minor equipment	5,246.50	
Utilities	58,742.50	
Advertising	9,827.71	
Physician recruitment	121,011.39	
Dues/subscriptions	6,681.30	
Telephone	7,266.23	
Repairs and maintenance	16,256.60	
Insurance	19,086.21	
Other	2,556.66	
Bad debt expense	5,000.00	
Amortization - bond costs	1,745.34	
Interest - bonds	10,450.76	
Software and updates	6,368.58	
Provider assessment	25,767.00	
Rent and lease	<u>3,972.42</u>	
Total other costs		<u>309,850.66</u>

Total Expenses

\$2,149,443.95

See independent auditor's report on additional data.

BUCKLIN HOSPITAL DISTRICT

d/b/a

HILL TOP HOUSE

Bucklin, Kansas

SCHEDULE OF CAPITAL ASSETS

For the Year Ended December 31, 2018

Schedule "4"

	Beginning Balance	Additions	Dispositions	Ending Balance
Land	\$ 5,239.00	\$	\$	\$ 5,239.00
Land improvements	423,183.83			423,183.83
Buildings and improvements	3,044,100.04	35,526.97		3,079,627.01
Furnishings and equipment	593,759.62	2,300.00		596,059.62
Vehicles	<u>99,975.98</u>			<u>99,975.98</u>
Totals at historical cost	<u>\$4,166,258.47</u>	<u>\$ 37,826.97</u>	<u>\$ 0.00</u>	<u>\$4,204,085.44</u>
Less accumulated depreciation				
Land improvements	\$ 201,304.85	\$ 20,722.27	\$	\$ 222,027.12
Buildings and improvements	2,121,593.00	102,999.97		2,224,592.97
Furnishings and equipment	519,855.11	14,080.17		533,935.28
Vehicles	<u>89,183.63</u>	<u>5,000.00</u>		<u>94,183.63</u>
Total accumulated depreciation	<u>\$2,931,936.59</u>	<u>\$ 142,802.41</u>	<u>\$ 0.00</u>	<u>\$3,074,739.00</u>
Capital Assets, Net	<u>\$1,234,321.88</u>	<u>\$(104,975.44)</u>	<u>\$ 0.00</u>	<u>\$1,129,346.44</u>

See independent auditor's report.

BUCKLIN HOSPITAL DISTRICT  
 d/b/a  
 HILL TOP HOUSE  
 Bucklin, Kansas

SCHEDULE OF CHANGES IN LONG-TERM DEBT  
 For the Year Ended December 31, 2018

Schedule "5"

Medical Care Facility  
 Revenue Bonds - Series 2009

	Beginning Balance	Additions	Repayments	Ending Balance
	\$ 415,000.00	\$ 0.00	\$ 90,000.00	\$ 325,000.00

Maturity Schedule

	Principal	Interest	Totals
2019	\$ 100,000.00	\$ 12,800.00	\$ 112,800.00
2020	110,000.00	8,006.25	118,006.25
2021	115,000.00	2,731.25	117,731.25
Totals	\$ 325,000.00	\$ 23,537.50	\$ 348,537.50

See independent auditor's report.