South Central Kansas Regional Medical Center d/b/a South Central Kansas Medical Center
A Component Unit of the City of Arkansas City, Kansas

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
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December 31, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
South Central Kansas Regional Medical Center
d/b/a South Central Kansas Medical Center
Arkansas City, Kansas

Opinion

We have audited the accompanying financial statements of South Central Kansas Regional Medical Center d/b/a South Central Kansas Medical Center, a component unit of the City of Arkansas City, Kansas, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise South Central Kansas Regional Medical Center d/b/a South Central Kansas Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of South Central Kansas Regional Medical Center as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of South Central Kansas Regional Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Hospital's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Hospital will continue as a going concern. As discussed in *Note 15*, the Hospital has suffered recurring losses from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in *Note 15*. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Central Kansas Regional Medical Center's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Central Kansas Regional Medical Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Central Kansas Regional Medical Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and other postemployment benefit 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Central Kansas Regional Medical Center'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.

Forvis Mazars, LLP

Wichita, Kansas
March 10, 2025

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	$ 5,251,909	$ 11,447,919
Patient accounts receivable, net of allowance; 2021 - $3,666,097, 2020 - $2,818,036	5,204,277	4,401,586
Estimated amounts due from third-party payers	4,243	60,000
Supplies	335,648	657,993
Prepaid expenses and other	337,696	161,347
Total Current Assets	11,133,773	16,728,845
Capital Assets, Net	23,108,040	19,886,313
Total Assets	34,241,813	36,615,158
Deferred Outflows of Resources		
Pension	3,719,302	3,219,175
Other postemployment benefits	55,758	48,015
Total Deferred Outflows of Resources	3,775,060	3,267,190
Total Assets and Deferred Outflows of Resources	$ 38,016,873	$ 39,882,348

See Notes to Financial Statements

	2021	2020
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Current maturities of long-term debt	$ 131,252	$ 1,750,170
Accounts payable	1,363,743	1,496,536
Accrued expenses	929,472	1,021,028
Unearned grant revenue	1,453,958	6,691,872
Advance from Medicare	1,914,335	1,212,022
Total Current Liabilities	5,792,760	12,171,628
Advance from Medicare	-	1,888,246
Long-term Debt	354,655	78,054
Net Pension Liability	5,886,325	7,223,044
Total Other Postemployment Benefits Liability	631,529	635,680
Total Liabilities	12,665,269	21,996,652
Deferred Inflows of Resources		
Pension	2,482,377	754,073
Other postemployment benefits	51,108	59,791
Total Deferred Inflows of Resources	2,533,485	813,864
Net Position (Deficit)		
Net investment in capital assets	24,468,292	21,536,621
Unrestricted (deficit)	(1,650,173)	(4,464,789)
Total Net Position	22,818,119	17,071,832
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 38,016,873	$ 39,882,348

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2021 - $3,153,632, 2020 - $3,215,951	$ 24,859,738	$ 20,996,053
340B drug savings program	956,085	1,281,047
Other	111,997	125,594
Total Operating Revenues	25,927,820	22,402,694
Operating Expenses		
Salaries and wages	11,562,988	10,160,223
Employee benefits	2,473,859	2,501,645
Purchased services and professional fees	8,926,748	7,676,244
Supplies and other	5,214,150	4,443,030
Depreciation	1,166,261	1,023,406
Total Operating Expenses	29,344,006	25,804,548
Operating Loss	(3,416,186)	(3,401,854)
Nonoperating Revenues (Expenses)		
Interest income	17,924	29,016
Interest expense	(15,203)	(17,062)
Noncapital appropriations - City of Arkansas City	287,704	-
Noncapital grants and gifts	569,527	253,297
Provider Relief Funds (*CARES Act*)	6,670,148	2,436,458
Paycheck Protection Program (PPP) loan forgiveness	1,632,373	-
Total Nonoperating Revenues (Expenses)	9,162,473	2,701,709
Increase (Decrease) in Net Position	5,746,287	(700,145)
Net Position, Beginning of Year	17,071,832	17,771,977
Net Position, End of Year	$ 22,818,119	$ 17,071,832

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 22,926,871	$ 23,084,761
Payments to suppliers and contractors	(14,127,695)	(12,490,399)
Payments to employees and on behalf of employees	(14,257,522)	(12,183,693)
Other receipts, net	(4,169,832)	8,076,789
Net Cash Provided by (Used in) Operating Activities	(9,628,178)	6,487,458
Cash Flows From Noncapital Financing Activities		
Noncapital appropriations - City of Arkansas City	287,704	-
Noncapital grants and gifts	569,527	253,297
Provider Relief Funds (*CARES Act*)	6,670,148	2,436,458
Proceeds from issuance of long-term debt	-	1,632,373
Net Cash Provided by (Used in) Noncapital Financing	7,527,379	4,322,128
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(181,434)	(97,432)
Interest paid on long-term debt	(15,203)	(17,062)
Purchase of capital assets	(3,916,498)	(134,878)
Net Cash Provided by (Used in) Capital and Related Financing	(4,113,135)	(249,372)
Cash Flows From Investing Activities		
Interest income	17,924	29,016
Net Cash Provided by Investing Activities	17,924	29,016
Increase (Decrease) in Cash	(6,196,010)	10,589,230
Cash, Beginning of Year	11,447,919	858,689
Cash, End of Year	$ 5,251,909	$ 11,447,919

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating loss	$ (3,416,186)	$ (3,401,854)
Depreciation	1,166,261	1,023,406
Changes in operating assets and liabilities		
Patient accounts receivable, net	(802,691)	(956,560)
Estimated amounts due to/from third-party payers	(1,130,176)	3,045,268
Supplies and prepaid expenses	145,996	(186,951)
Accounts payable and accrued expenses	(224,349)	114,320
Unearned revenue	(5,237,914)	6,670,148
Net pension liability	(1,336,719)	3,158,549
Total other postemployment benefits liability	(4,151)	12,782
Deferred outflows of resources - pension and OPEB	(507,870)	(2,608,529)
Deferred inflows of resources - pension and OPEB	1,719,621	(383,121)
Net Cash Provided by (Used in) Operating Activities	$ (9,628,178)	$ 6,487,458
Noncash Investing, Capital and Financing Activities		
Capital lease obligation incurred for property and equipment	$ 471,490	$ 66,020
PPP loan forgiveness	$ 1,632,373	$ -

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

Nature of Operations and Reporting Entity

South Central Kansas Regional Medical Center d/b/a South Central Kansas Medical Center (Hospital) is an acute care hospital located in Arkansas City, Kansas. The Hospital is a component unit of the City of Arkansas City (City), and the Board of City Commissioners appoints members to the Board of Trustees of the Hospital. The Hospital primarily earns revenues by providing inpatient (including geriatric psychiatric), outpatient and emergency care services to patients in south central Kansas. The Hospital also operates two rural health clinics in the same geographic area.

As required by accounting principles generally accepted in the United States of America, these financial statements include the Hospital and its component unit, SCKC, LLC. Although SCKC, LLC is legally separate from the Hospital, SCKC, LLC is reported as if it were part of the Hospital because the Hospital's Board of Trustees also serves as its governing body. SCKC, LLC is considered a component unit of the Hospital and is included in the financial statements of the Hospital using the blended method. All significant intercompany accounts and transactions have been eliminated. Separate financial statements for SCKC, LLC are not available.

Basis of Accounting and Presentation

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

Use of Estimates

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

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, there were no cash equivalents.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than workers' compensation claims. 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 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 reserves have been accrued.

Patient Accounts Receivable

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

Supplies

Supply inventories are stated at the lower of cost, 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 Hospital:

Land improvements	10 – 20 years
Buildings and improvements	5 – 50 years
Fixed equipment	3 – 25 years
Major moveable equipment	3 – 20 years

Capital Asset Impairment

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Compensated Absences

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

Paycheck Protection Program (PPP) Loans

The Hospital and SCKC received PPP loans established by the *Coronavirus Aid, Relief and Economic Security Act* (*CARES Act*) and has accounted for the funding as debt in accordance with GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as nonoperating revenue in the financial statements in the period the debt is legally forgiven. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustment could be required to any revenue recognized. The Hospital and SCKC received legal notice on March 5, 2021, that the PPP loans were 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.

Cost-Sharing Defined Benefit Pension Plan

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

Defined Benefit Other Postemployment Benefit Plan

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

Deferred Outflows of Resources

The Hospital reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its balance sheets.

Deferred Inflows of Resources

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

Net Position

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

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

Net Patient Service Revenue

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

Charity Care

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

Provider Relief Funds (CARES Act)

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

Noncapital Appropriations – City of Arkansas City

The Hospital received approximately 1% and 0% in 2021 and 2020, respectively, of its financial support from City appropriations. One hundred percent of these funds were used to support operations. Revenue is recognized in full in the year in which use if first permitted.

Income Taxes

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

Note 2. Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

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

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or per billable service unit. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services (skilled swing-bed) are paid at prospectively determined per diem rates that are based on the patients' acuity. Home health services are paid on a per episode basis using clinical, diagnostic and other factors. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology. Due to certain financial and clinical criteria, the Hospital also receives Medicaid disproportionate share (DSH) funding. Medicaid DSH payments were approximately $977,000 in 2021 and $904,000 in 2020.

Approximately 47% and 48% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2021 and 2020, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Note 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 Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2021 and 2020, respectively, $5,226,299 and $11,568,681 of the Hospital's bank balances of $5,557,141 and $11,901,598 were exposed to custodial credit risk as follows:

	2021	2020
Uninsured and uncollateralized	$ -	$ -
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the Hospital's name	5,226,299	11,568,681
	$ 5,226,299	$ 11,568,681

Summary of Carrying Values

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

	2021	2020
Carrying value		
Deposits	$ 5,249,197	$ 11,446,220
Petty cash	2,712	1,699
	$ 5,251,909	$ 11,447,919
Included in the following balance sheet captions		
Cash	$ 5,251,909	$ 11,447,919

Note 4. Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at December 31, 2021 and 2020, consisted of:

	2021	2020
Medicare	$ 1,298,940	$ 1,769,577
Medicaid	494,720	339,033
Other third-party payers	2,242,729	1,346,807
Patients	4,833,985	3,764,205
	8,870,374	7,219,622
Less allowance for uncollectible accounts	3,666,097	2,818,036
	$ 5,204,277	$ 4,401,586

Note 5. Capital Assets

Capital assets activity for the years ended December 31, 2021 and 2020, was:

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 150,000	$ -	$ -	$ -	$ 150,000
Land improvements	2,909,460	-	-	-	2,909,460
Buildings	20,974,791	279,370	-	-	21,254,161
Fixed equipment	312,508	-	-	-	312,508
Major moveable equipment	12,464,394	4,108,618	-	-	16,573,012
	36,811,153	4,387,988	-	-	41,199,141
Less accumulated depreciation					
Land improvements	1,065,702	155,448	-	-	1,221,150
Buildings	4,120,784	430,232	-	-	4,551,016
Fixed equipment	269,980	24,540	-	-	294,520
Major moveable equipment	11,468,374	556,041	-	-	12,024,415
	16,924,840	1,166,261	-	-	18,091,101
Capital assets, net	$ 19,886,313	$ 3,221,727	$ -	$ -	$ 23,108,040

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 150,000	$ -	$ -	$ -	$ 150,000
Land improvements	2,909,460	-	-	-	2,909,460
Buildings	21,160,099	-	-	(185,308)	20,974,791
Equipment	298,856	13,652	-	-	312,508
Major moveable equipment	12,196,595	187,246	(104,755)	185,308	12,464,394
	36,715,010	200,898	(104,755)	-	36,811,153
Less accumulated depreciation					
Land improvements	928,863	136,839	-	-	1,065,702
Buildings	3,702,443	418,341	-	-	4,120,784
Equipment	239,697	30,283	-	-	269,980
Major moveable equipment	11,135,186	437,943	(104,755)	-	11,468,374
	16,006,189	1,023,406	(104,755)	-	16,924,840
Capital assets, net	$ 20,708,821	$ (822,508)	$ -	$ -	$ 19,886,313

Note 6. Long-term Debt

The following is a summary of long-term debt transactions for the Hospital for the years ended December 31, 2021 and 2020:

	2021					
	Beginning Balance	Additions	Payments	Forgiven	Ending Balance	Current Portion
Long-term debt						
Capital lease obligations	$ 195,851	$ 471,490	$ 181,434	$ -	$ 485,907	$ 131,252
PPP loans	1,632,373	-	-	1,632,373	-	-
	$ 1,828,224	$ 471,490	$ 181,434	$ 1,632,373	$ 485,907	$ 131,252

	2020					
	Beginning Balance	Additions	Payments	Forgiven	Ending Balance	Current Portion
Long-term debt						
Capital lease obligations	$ 227,263	$ 66,020	$ 97,432	$ -	$ 195,851	$ 126,797
PPP loans	-	1,632,373	-	-	1,632,373	1,623,373
	$ 227,263	$ 1,698,393	$ 97,432	$ -	$ 1,828,224	$ 1,750,170

PPP Loans

The Hospital entered into the Paycheck Protection Program (PPP) loan on April 28, 2020, in the amount of $1,512,000. SCKC entered into the Paycheck Protection Program (PPP) loan on April 27, 2020, in the amount of $120,373. The loans have provisions that, if met, allow for the Hospital to be forgiven up to 100% of the loan amount. Management believes that 100% of the loan will be forgiven. If any amounts are not forgiven, interest and principal payments begin six months from the date of the loan origination date. The loans have an interest rate of 1% and are due in full two years from date of issuance. The loans are a part of a program under the SBA and are fully guaranteed by the SBA. The Hospital and SCKC received legal notice on March 5, 2021, that the PPP loans were forgiven in their entirety and recognized the gain from extinguishment as other nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position.

Capital Lease Obligations

The Hospital is obligated under capital leases for building improvements and equipment. All assets under capital leases at December 31, 2021 and 2020, totaled $460,185 and $411,883, respectively, net of accumulated depreciation of $205,960 and $143,232, respectively.

The remaining capital lease obligations as of December 31, 2021, are as follows:

Year Ending December 31,		
2022	$	142,702
2023		129,698
2024		113,534
2025		100,541
2026		21,485
Total minimum lease payments		507,960
Less amount representing interest		22,053
Present value of future minimum lease payments	$	485,907

Note 7. Medical Malpractice Claims

The Hospital purchases medical malpractice insurance which provides $200,000 of coverage for each medical incident and $600,000 of aggregate coverage for each policy year. The policy is a claims-made policy, which means 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 Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at December 31 consisted of:

		2021		2020
Payable to suppliers and contractors	$	1,363,743	$	1,496,536
Payable to employees (including payroll taxes and benefits)		929,472		1,021,028
	$	2,293,215	$	2,517,564

Note 9. Pension Plan

Plan Description

The Kansas Public Employees Retirement System Plan is an umbrella organization administering the following three statewide retirement systems under one plan as provided by K.S.A. 74, Article 49: *Kansas Public Employees Retirement System (KPERS), Kansas Police and Fire Retirement System and Kansas Retirement System for Judges*.

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

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

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

The Hospital's employees participate in the Local group.

Benefits Provided

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

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

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

Contributions

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

The Hospital's contributions to KPERS for the years ended December 31, 2021 and 2020, were $869,844 and $722,266, respectively.

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

At December 31, 2021 and 2020, the Hospital reported a liability of $5,886,325 and $7,223,044, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020, respectively, rolled forward to June 30, 2021 and 2020, respectively. The Hospital's proportion of the net pension liability was based on the ratio of the Hospital's actual contributions to total employer and nonemployer actual contributions of the group for the respective measurement periods. At June 30, 2021, the Hospital's proportion was 0.490545%, which was an increase of 0.073908% from its proportion measured as of June 30, 2020, of 0.416637%. At June 30, 2019, the proportion was 0.290867%.

For the years ended December 31, 2021 and 2020, the Hospital recognized pension expense of $764,967 and $1,010,133, respectively. At December 31, 2021 and 2020, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 232,347	$ 53,298
Net difference between projected and actual earnings on pension plan investments	-	2,090,218
Changes of assumptions	1,158,730	-
Changes in proportion	1,886,897	338,861
Hospital's contributions subsequent to the measurement date	441,328	-
Total	$ 3,719,302	$ 2,482,377

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 120,603	$ 92,860
Net difference between projected and actual earnings on pension plan investments	842,749	-
Changes of assumptions	435,067	-
Changes in proportion	1,424,958	661,213
Hospital's contributions subsequent to the measurement date	395,798	-
Total	$ 3,219,175	$ 754,073

At December 31, 2021, the Hospital reported $441,328 as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred inflows of resources at December 31, 2021, related to pensions will be recognized in pension expense as follows:

2022	$ 231,671
2023	337,909
2024	394,608
2025	(246,256)
2026	77,665
	$ 795,597

Actuarial Assumptions

The total pension liability in the December 31, 2021 and 2020, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Price inflation	2.75%	2.75%
Salary increases, including inflation	3.50% to 12.00%	3.25% to 11.75%
Investment rate of return, net of pension plan investment expense, including inflation	7.25%	7.50%

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

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

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

	2021		2020	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
U.S. equities	23.5%	5.20%	23.5%	5.20%
Non-U.S. equities	23.5%	6.40%	23.5%	6.40%
Private equity	8%	9.50%	8%	9.50%
Private real estate	11%	4.45%	11%	4.45%
Yield driven	8%	4.70%	8%	4.70%
Real return	11%	3.25%	11%	3.25%
Fixed income	11%	1.55%	11%	1.55%
Short-term investments	4%	0.25%	4%	0.25%
	100%		100%	

Discount Rate

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Hospital's proportionate share of the net pension liability	$ 9,682,433	$ 5,886,325	$ 2,702,807

Pension Plan Fiduciary Net Position

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

Note 10. Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

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

	2021	2020
Active employees	181	136
Disabled employees	4	5
	185	141

Total OPEB Liability

The Hospital's total OPEB liability as of December 31, 2021 and 2020, of $631,529 and $635,680 was measured as of June 30, 2021 and 2020, for the years ended December 31, 2021 and 2020, respectively, and was determined by actuarial valuations as of December 31, 2020 and 2019, respectively, and rolled forward to June 30, 2021 and 2020, respectively.

The total OPEB liability in the December 31, 2021 and 2020, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Inflation	2.75%	2.75%
Discount rate	2.16%	2.21%
Salary increases, including inflation	3.5% to 10%	3.50% to 10%

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

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

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

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

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	2021	2020
Balance, beginning of year	$ 635,680	$ 622,898
Changes for the year:		
Service cost	23,662	20,751
Interest	13,951	21,541
Differences between expected and actual experience	13,252	(14,973)
Changes of assumptions	1,529	42,322
Benefit payments	(56,545)	(56,859)
Net changes	(4,151)	12,782
Balance, end of year	$ 631,529	$ 635,680

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

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

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Hospital's total OPEB liability	$ 662,790	$ 631,529	$ 601,724

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

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

For the years ended December 31, 2021 and 2020, the Hospital recognized OPEB expense of $35,968 and $39,178, respectively. At December 31, 2021 and 2020, the Hospital reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,935	$ (29,890)
Changes of assumptions	43,823	(21,218)
Total	$ 55,758	$ (51,108)

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (34,279)
Changes of assumptions	48,015	(25,512)
Total	$ 48,015	$ (59,791)

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

2022	$ (1,645)
2023	(1,645)
2024	(1,645)
2025	(1,645)
2026	(626)
Thereafter	11,856
	$ 4,650

Note 11. Condensed Combining Information

The following tables include condensed combining balance sheet information for the Hospital and its blended component unit as of December 31, 2021 and 2020:

	December 31, 2021			
	Hospital	SCKC, LLC	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	$ 11,829,670	$ 276,558	$ (972,455)	$ 11,133,773
Capital assets, net	23,105,273	2,767	-	23,108,040
Deferred outflows of resources	3,775,060	-	-	3,775,060
Total Assets and Deferred Outflows of Resources	$ 38,710,003	$ 279,325	$ (972,455)	$ 38,016,873
Liabilities and Deferred Inflows of Resources				
Current liabilities	$ 5,757,020	$ 1,008,195	$ (972,455)	$ 5,792,760
Advance from Medicare	-	-	-	-
Long-term debt	354,655	-	-	354,655
Total other post-employment benefits liability	631,529	-	-	631,529
Net pension liability	5,886,325	-	-	5,886,325
Deferred inflows of resources	2,533,485	-	-	2,533,485
Total Liabilities and Deferred Inflows of Resources	15,163,014	1,008,195	(972,455)	15,198,754
Net Position (Deficit)				
Net investment in capital assets	24,468,292	-	-	24,468,292
Unrestricted	(921,303)	(728,870)	-	(1,650,173)
Total Net Position (Deficit)	23,546,989	(728,870)	-	22,818,119
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	$ 38,710,003	$ 279,325	$ (972,455)	$ 38,016,873

	December 31, 2020			
	Hospital	SCKC, LLC	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	$ 16,970,881	$ 531,914	$ (773,950)	$ 16,728,845
Capital assets, net	19,880,987	5,326	-	19,886,313
Deferred outflows of resources	3,267,190	-	-	3,267,190
Total Assets and Deferred Outflows of Resources	$ 40,119,058	$ 537,240	$ (773,950)	$ 39,882,348
Liabilities and Deferred Inflows of Resources				
Current liabilities	$ 11,985,064	$ 960,514	$ (773,950)	$ 12,171,628
Advance from Medicare	1,888,246	-	-	1,888,246
Long-term debt	78,054	-	-	78,054
Total other post-employment benefits liability	635,680	-	-	635,680
Net pension liability	7,223,044	-	-	7,223,044
Deferred inflows of resources	813,864	-	-	813,864
Total Liabilities and Deferred Inflows of Resources	22,623,952	960,514	(773,950)	22,810,516
Net Position (Deficit)				
Net investment in capital assets	21,536,621	-	-	21,536,621
Unrestricted	(4,041,515)	(423,274)	-	(4,464,789)
Total Net Position (Deficit)	17,495,106	(423,274)	-	17,071,832
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	$ 40,119,058	$ 537,240	$ (773,950)	$ 39,882,348

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the Hospital and its blended component unit as of December 31, 2021 and 2020:

	December 31, 2021			
	Hospital	SCKC, LLC	Eliminations	Total
Operating Revenues				
Total operating revenues	$ 24,741,805	$ 1,186,015	$ -	$ 25,927,820
Operating Expenses				
Total operating expenses	27,852,395	1,491,611	-	29,344,006
Operating Loss	(3,110,590)	(305,596)	-	(3,416,186)
Nonoperating Revenues (Expenses)				
Interest income	17,924	-	-	17,924
Interest expense	(15,203)	-	-	(15,203)
Noncapital appropriations	287,704	-	-	287,704
Noncapital grants and gifts	569,527	-	-	569,527
Provider Relief Funds (*CARES Act*)	6,670,148	-	-	6,670,148
PPP loan forgiveness	1,632,373	-	-	1,632,373
Total Nonoperating Revenues	9,162,473	-	-	9,162,473
Change in Net Position	6,051,883	(305,596)	-	5,746,287
Net Position (Deficit), Beginning of Year	17,495,106	(423,274)	-	17,071,832
Net Position (Deficit), End of Year	$ 23,546,989	$ (728,870)	$ -	$ 22,818,119

	December 31, 2020			
	Hospital	SCKC, LLC	Eliminations	Total
Operating Revenues				
Total operating revenues	$ 21,026,730	$ 1,375,964	$ -	$ 22,402,694
Operating Expenses				
Total operating expenses	24,415,447	1,389,101	-	25,804,548
Operating Loss	(3,388,717)	(13,137)	-	(3,401,854)
Nonoperating Revenues (Expenses)				
Interest income	29,016	-	-	29,016
Interest expense	(17,062)	-	-	(17,062)
Noncapital grants and gifts	253,297	-	-	253,297
Provider Relief Funds (*CARES Act*)	2,436,458	-	-	2,436,458
Total Nonoperating Expenses	2,701,709	-	-	2,701,709
Debt Forgiveness	-	-	-	-
Change in Net Position	(687,008)	(13,137)	-	(700,145)
Net Deficit, Beginning of Year	18,182,114	(410,137)	-	17,771,977
Net Position (Deficit), End of Year	$ 17,495,106	$ (423,274)	$ -	$ 17,071,832

The following tables include condensed combining statements of cash flows information for the Hospital and its blended component unit as of December 31, 2021 and 2020:

	December 31, 2021			
	Hospital	SCKC, LLC	Eliminations	Total
Net Cash Provided by (Used in):				
Operating Activities	$ (9,384,191)	$ (243,987)	$ -	$ (9,628,178)
Noncapital Financing Activities	7,527,379	-	-	7,527,379
Capital and Related Financing Activities	(4,113,135)	-	-	(4,113,135)
Investing Activities	17,924	-	-	17,924
Decrease in Cash	(5,952,023)	(243,987)	-	(6,196,010)
Cash, Beginning of Year	11,115,185	332,734	-	11,447,919
Cash, End of Year	$ 5,163,162	$ 88,747	$ -	$ 5,251,909

	December 31, 2020			
	Hospital	SCKC, LLC	Eliminations	Total
Net Cash Provided by (Used in):				
Operating Activities	$ 6,297,187	$ 190,271	$ -	$ 6,487,458
Noncapital Financing Activities	4,201,755	120,373	-	4,322,128
Capital and Related Financing Activities	(249,372)	-	-	(249,372)
Investing Activities	29,016	-	-	29,016
Increase in Cash	10,278,586	310,644	-	10,589,230
Cash, Beginning of Year	836,599	22,090	-	858,689
Cash, End of Year	$ 11,115,185	$ 332,734	$ -	$ 11,447,919

Note 12. Contingencies

Litigation

In the normal course of business, the Hospital 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 Hospital's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital 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 Principals

Leases

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

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

Note 14. COVID-19 Pandemic & *CARES Act* Funding

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

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

The Hospital's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Hospital has taken 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 Hospital's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital's control and ability to forecast.

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the effect of the pandemic on the Hospital's business. Decreases in cash flows and result of operations may have an effect on debt covenant compliance and 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 2021 and 2020, the Hospital received $1,453,958 and $9,106,606, respectively, of distributions from the *CARES Act* Provider Relief Fund. These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by HHS.

The Hospital accounts for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Hospital's operating revenues and expenses through December 31, 2021 and 2020, the Hospital recognized $6,670,148 and $2,436,458, respectively, related to the Provider Relief Fund, and these payments are recorded as Provider Relief Funds (*CARES Act*). The unrecognized amount of Provider Relief Fund distributions of $1,453,958 and $6,670,148 is recorded as a component of unearned grant revenue in the accompanying balance sheets for the years ended December 31, 2021 and 2020, respectively.

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

Medicare Accelerated and Advanced Payment Program

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

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

During 2020, the Hospital received $3,100,268 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, 2021 and 2020, respectively.

Paycheck Protection Program (PPP) Loan

During 2020, the Hospital received PPP loans of $1,632,373 established by the *CARES Act* and has accounted for the funding as debt in accordance with GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as nonoperating revenue in the financial statements in the period the debt is legally forgiven. PPP loans are subject to audit and acceptance by the SBA, or lender; as a result of such audit, adjustment could be required to any revenue recognized. The Hospital received legal notice on March 5, 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.

Other COVID-19 Funding

In November 2021, the Hospital received and recognized $143,271 from a distribution from the Frontline Hospital Employee Retention Plan program. Funding under this program was utilized by the Hospital to retain existing clinical staff and re-hire retirees who have retired since March 1, 2020. The revenue recognized is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

On April 16, 2020, Kansas Governor Laura Kelly announced a special emergency grant funding program for Kansas hospitals. This emergency funding was requested by the Kansas Hospital Association (KHA) on behalf of Kansas hospitals and was distributed to help offset current financial strains caused by the COVID-19 pandemic. To facilitate the timely release of funds, hospitals were not required to complete an application. There are no specific requirements tied to utilization of the funds. The intent is for the grant payments to serve as a bridge to aid hospitals in meeting their basic operational expenditures. The Hospital received and recognized $150,000 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 Hospital received $63,834 from Cowley County related to *CARES Act* funding that was used to reimburse expenses incurred by the Hospital related to COVID-19. 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 2021 and 2020, the Coronavirus Small Rural Hospital Improvement Program (SHIP) provided support to small rural and Critical Access Hospitals (CAHs) which were seeing increased demands for clinical services and equipment, as well as experiencing short-term financial and workforce challenges related to responding to meeting the needs of patients with COVID-19 seeking care at their facilities. These funds were administered through the Small Rural Hospital Improvement Program to provide emergency funding support to CAHs and non-CAH rural hospitals with less than 50 beds. This approach provided funding directly to the states to target those rural hospitals and the communities they serve who are facing the greatest strain from this crisis. The Hospital received and recognized $73,994 and $28,714 during 2021 and 2020, respectively, related to this SHIP grant. The recognition is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

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 Hospital received and recognized $3,000 during 2021, 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.

Note 15. Management's Consideration of Going Concern Matters

The Hospital has incurred large losses from operations for the past two years. Subsequent to year-end the Hospital saw a significant decline in cash, a large amount was related to payback of an advance from Medicare (see *Note 14*). The financial statements have been prepared assuming the Hospital will continue as a going concern, realizing assets and liquidating liabilities in the ordinary course of business. Management considered several alternatives for mitigating these conditions during the next year. Management evaluated the challenges related to staffing shortages, especially in nursing care, and concluded that operational deficiencies were not sustainable in the current operating model. Management conducted an analysis of the projected benefit of

converting to a Rural Emergency Hospital (REH). REH designation was awarded and effective August 26, 2023. The Hospital receives a monthly facility payment of approximately $276,000, which resulted in approximately $3,306,000 (unaudited) of revenue for fiscal year 2024. The Hospital reduced operating expenses in fiscal year 2024 by approximately $5,400,000 (unaudited), compared to fiscal year 2021 totals, primarily related to closure of inpatient and behavioral health services. Net Patient service revenue was lower by approximately $4,850,000 (unaudited) in fiscal year 2024 as compared to fiscal year 2021, primarily related to the closure of inpatient and behavioral health services. There was also a reduction of 340B revenue of approximately $1,000,000 (unaudited) in fiscal year 2024 as compared to fiscal year 2021, due to inability to participate in the 340B program as an REH. The net impact of the changes made as a result of converting to an REH was a positive change to operating margin of approximately $2,900,000 (unaudited) and fiscal year 2024 results showed an operating loss of approximately $520,000 (unaudited) compared to operating loss of approximately $3,416,000 for fiscal year 2021. While the unaudited operating margin improvement has been significant for fiscal year 2024 the unaudited operating losses in fiscal year 2022 and 2023 were approximately $8,200,000 and $2,300,000 respectively and lead to an unaudited cash position of approximately $20,000 on December 31, 2024, and unaudited accounts payable position of approximately $2,700,000 as of December 31, 2024.

The accompanying financial statements have been prepared assuming that the Hospital will continue as a going concern, however, the above conditions raise substantial doubt about the Hospital's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of liabilities that may result should the Hospital be unable to continue as a going concern.

Note 16. Subsequent Events

The Hospital converted to a Rural Emergency Hospital (REH), as discussed in Note 15, effective August 26, 2023. As part of the conversion to an REH, the Hospital is no longer able to provide acute care (inpatient) services, which includes inpatient behavioral health services. The Hospital plans to repurpose the space that was previously used for acute care services.

Required Supplementary Information

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedule of the Hospital's Proportionate Share of the Net Pension Liability
Kansas Public Employees Retirement System Plan
Last Ten Fiscal Years

	2021 *	2020 *	2019 *	2018 *
Hospital's proportion of the net pension liability	0.490545%	0.416637%	0.290867%	0.330535%
Hospital's proportionate share of the net pension liability	$ 5,886,325	$ 7,223,044	$ 4,064,495	$ 4,606,964
Hospital's covered-employee payroll	$ 9,806,578	$ 8,349,594	$ 6,039,432	$ 6,600,069
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.02%	86.51%	67.30%	69.80%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%

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

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

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedule of the Hospital's Proportionate Share of the Net Pension Liability
Kansas Public Employees Retirement System Plan (Continued)
Last Ten Fiscal Years

2017 *	2016 *	2015 *	2014 *
0.379130%	0.414767%	0.377913%	0.403961%
$ 4,978,342	$ 6,416,568	$ 4,962,164	$ 4,972,005
$ 6,364,004	$ 6,349,540	$ 6,566,834	$ 6,629,750
78.23%	101.06%	75.56%	75.00%
67.12%	65.10%	64.95%	66.60%

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedule of the Hospital's Pension Contributions
Kansas Public Employees Retirement System Plan
Last Ten Fiscal Years

	2021 *	2020 *	2019 *	2018 *
Contractually required contribution	$ 873,619	$ 722,266	$ 541,691	$ 533,638
Contribution in relation to the contractually required contribution	873,619	722,266	541,691	533,638
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Hospital's covered-employee payroll	$ 9,851,578	$ 8,388,682	$ 6,093,255	$ 6,360,410
Contributions as a percentage of covered-employee payroll	8.87%	8.61%	8.89%	8.39%

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

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

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedule of the Hospital's Pension Contributions
Kansas Public Employees Retirement System Plan (Continued)
Last Ten Fiscal Years

2017 *	2016 *	2015 *	2014 *
$ 537,355	$ 599,668	$ 575,911	$ 557,877
537,355	599,668	575,911	557,877
$ -	$ -	$ -	$ -
$ 6,338,654	$ 6,506,548	$ 6,265,319	$ 6,895,637
8.48%	9.22%	9.19%	8.09%

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedule of Changes in the Hospital's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years

	2021 *	2020 *	2019 *	2018 *	2017 *
Total OPEB Liability					
Service cost	$ 23,662	$ 20,751	$ 22,939	$ 22,657	$ 22,449
Interest	13,951	21,541	24,363	23,752	20,139
Differences between expected and actual experience	13,252	(14,973)	(14,849)	(13,070)	-
Changes in assumptions	1,529	42,322	12,552	(10,730)	(30,851)
Benefit payments	(56,545)	(56,859)	(56,859)	(56,859)	(53,425)
Net Change in Total OPEB Liability	(4,151)	12,782	(11,854)	(34,250)	(41,688)
Hospital's Total OPEB Liability - Beginning	635,680	622,898	634,752	669,002	710,690
Hospital's Total OPEB Liability - Ending	$ 631,529	$ 635,680	$ 622,898	$ 634,752	$ 669,002
Hospital's Covered-Employee Payroll	$ 8,616,058	$ 5,813,942	$ 5,551,406	$ 6,404,500	$ 5,732,290
Hospital's Total OPEB Liability as a Percentage of Covered-employee Payroll	7.33%	10.93%	11.22%	9.91%	11.67%
Discount Rate	2.16%	2.21%	3.50%	3.87%	3.58%

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

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

Supplementary Information

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedules of Net Patient Service Revenues
Years Ended December 31, 2021 and 2020

	2021		
	Inpatient	Outpatient	Total
Nursing Services			
Nursing, dietary and room services	$ 2,758,054	$ -	$ 2,758,054
Psychiatric	6,718,069	-	6,718,069
Observation	-	522,253	522,253
Intensive care	323,330	-	323,330
Nursery	100,202	-	100,202
Skilled swing-bed	23,550	-	23,550
	9,923,205	522,253	10,445,458
Other Professional Services			
Operating room	1,523,439	5,772,574	7,296,013
Delivery room	371,822	101,482	473,304
Anesthesiology	12,078	73,630	85,708
Radiology	214,128	2,163,949	2,378,077
CT scans	321,159	3,557,853	3,879,012
Magnetic resonance imaging	65,130	1,910,988	1,976,118
Nuclear medicine	1,668	321,615	323,283
Ultrasound	302,692	1,993,820	2,296,512
Laboratory	1,524,840	7,308,025	8,832,865
Intravenous therapy	557,565	566,852	1,124,417
Respiratory therapy	1,486,215	264,084	1,750,299
Physical therapy	118,082	984,269	1,102,351
Speech therapy	6,637	13,276	19,913
Electrocardiology	220,714	589,158	809,872
Central supply	1,358,580	1,880,640	3,239,220
Pharmacy	1,583,437	1,918,008	3,501,445
Outpatient surgery	7,238	35,067	42,305
Emergency room	1,469,508	11,095,309	12,564,817
SCKC, LLC	-	1,772,161	1,772,161
Arkansas City Clinic	-	3,015,859	3,015,859
Specialty Clinic	-	731,438	731,438
Physician clinics	-	4,458,285	4,458,285
	11,144,932	50,528,342	61,673,274
	$ 21,068,137	$ 51,050,595	72,118,732
Less Provision for Uncollectible Accounts			3,153,632
Less Contractual and Other Adjustments			44,105,362
Net Patient Service Revenue			$ 24,859,738

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedules of Net Patient Service Revenues (Continued)
Years Ended December 31, 2021 and 2020

2020		
Inpatient	Outpatient	Total
$ 2,350,343	$ -	$ 2,350,343
6,624,555	-	6,624,555
-	305,032	305,032
311,695	-	311,695
81,508	-	81,508
10,830	-	10,830
9,378,931	305,032	9,683,963
807,306	2,810,087	3,617,393
252,819	71,312	324,131
11,231	37,331	48,562
139,834	1,129,415	1,269,249
303,480	2,388,100	2,691,580
72,403	1,339,904	1,412,307
3,710	237,531	241,241
222,334	1,204,965	1,427,299
1,444,267	5,701,669	7,145,936
512,097	470,892	982,989
1,141,173	133,758	1,274,931
115,481	913,966	1,029,447
8,388	36,080	44,468
69,104	184,759	253,863
1,384,242	1,093,656	2,477,898
1,328,180	1,347,542	2,675,722
1,318	50,296	51,614
1,144,999	7,773,562	8,918,561
-	2,210,532	2,210,532
-	2,420,546	2,420,546
-	216,267	216,267
-	3,305,233	3,305,233
8,962,366	35,077,403	44,039,769
$ 18,341,297	$ 35,382,435	53,723,732
		3,215,951
		29,511,728
		$ 20,996,053

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedules of Contractual Allowances and Other Revenue
Years Ended December 31, 2021 and 2020

Contractual Allowances

	2021	2020
Medicare	$ 19,175,147	$ 14,846,086
Medicaid	7,731,328	5,462,341
Medicaid – Disproportionate share adjustment	(977,532)	(904,345)
Blue Cross	6,278,110	3,578,967
Commercial	10,291,880	5,969,644
Charity care	476,952	137,551
Other	1,129,477	421,484
	$ 44,105,362	$ 29,511,728

Other Revenue (Expense)

	2021	2020
Cafeteria sales	$ 54,759	$ 54,098
Employee pharmacy sales	6,847	262
Rental income	6,800	5,850
Miscellaneous	43,591	65,384
	$ 111,997	$ 125,594

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedules of Operating Expenses
Years Ended December 31, 2021 and 2020

	2021			2020		
	Salaries	Other	Total	Salaries	Other	Total
Nursing Services						
Nursing service	$ 781,223	$ 2,210,998	$ 2,992,221	$ 839,986	$ 2,229,376	$ 3,069,362
Intensive care	361,883	111,281	473,164	140,908	130,451	271,359
	1,143,106	2,322,279	3,465,385	980,894	2,359,827	3,340,721
Other Professional Services						
Operating room	477,010	339,796	816,806	419,066	215,419	634,485
Delivery room	216,587	93,054	309,641	191,493	28,697	220,190
Anesthesiology	-	870,593	870,593	-	646,127	646,127
Radiology	261,329	141,818	403,147	268,128	198,229	466,357
CT scans	66,331	47,218	113,549	69,758	108,921	178,679
MRI	92,408	20,589	112,997	62,795	73,377	136,172
Nuclear medicine	28,651	13,919	42,570	10,017	19,114	29,131
Ultrasound	69,883	117,646	187,529	116,140	170,941	287,081
Laboratory	409,353	1,212,093	1,621,446	429,147	993,565	1,422,712
Reference laboratory	-	4,702	4,702	-	3,570	3,570
Respiratory therapy	234,422	203,317	437,739	318,630	17,709	336,339
Physical therapy	215,214	6,489	221,703	224,040	3,975	228,015
Electrocardiology	-	33	33	-	-	-
Central supply	51,761	1,111,671	1,163,432	41,345	947,816	989,161
Pharmacy	220,071	987,045	1,207,116	315,352	676,439	991,791
Outpatient surgery	111,699	22,239	133,938	93,589	17,758	111,347
Emergency room	745,939	1,624,136	2,370,075	695,199	1,481,485	2,176,684
SCKC, LLC	942,227	549,053	1,491,280	708,035	628,819	1,336,854
Arkansas City Clinic	1,983,460	466,570	2,450,030	1,783,243	359,661	2,142,904
Specialty clinic	666,919	58,607	725,526	450,888	50,805	501,693
Physician clinic	37,619	234,006	271,625	30,096	230,150	260,246
	$ 6,830,883	$ 8,124,594	$ 14,955,477	$ 6,226,961	$ 6,872,577	$ 13,099,538

South Central Kansas Regional Medical Center d/b/a
South Central Kansas Medical Center A Component Unit
of the City of Arkansas City, Kansas
Schedules of Operating Expenses (Continued)
Years Ended December 31, 2021 and 2020

	2021			2020		
	Salaries	Other	Total	Salaries	Other	Total
General Services						
Plant operation	$ 137,434	$ 487,395	$ 624,829	$ 111,459	$ 458,111	$ 569,570
Laundry	-	16,025	16,025	12,746	4,073	16,819
Housekeeping	-	394,782	394,782	70,027	199,086	269,113
Dietary	181,540	202,734	384,274	162,851	194,823	357,674
	318,974	1,100,936	1,419,910	357,083	856,093	1,213,176
Administration Services						
Administration and general	2,094,889	1,674,932	3,769,821	1,586,445	1,076,047	2,662,492
Business office	376,777	596,257	973,034	301,053	463,685	764,738
Purchasing	70,673	13,852	84,525	63,709	46,849	110,558
Nursing administration	414,231	775	415,006	421,688	2,934	424,622
Medical records	260,559	243,055	503,614	184,528	281,430	465,958
Public relations	52,896	64,218	117,114	37,862	159,832	197,694
	3,270,025	2,593,089	5,863,114	2,595,285	2,030,777	4,626,062
Employee Benefits		2,473,859	2,473,859		2,501,645	2,501,645
Depreciation		1,166,261	1,166,261		1,023,406	1,023,406
	$ 11,562,988	$ 17,781,018	$ 29,344,006	$ 10,160,223	$ 15,644,325	$ 25,804,548