

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
Independent Auditor's Report and Financial Statements  
December 31, 2018 and 2017

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**December 31, 2018 and 2017**

**Contents**

<b>Independent Auditor's Report.....</b>	<b>1</b>
 <b>Financial Statements</b>	
Balance Sheets.....	3
Statements of Revenues, Expenses and Changes in Net Position (Deficit).....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	7
 <b>Required Supplementary Information</b>	
Schedule of the Hospital's Proportionate Share of the Net Pension Liability .....	28
Schedule of the Hospital's Pension Contributions .....	29
Schedule of Changes in the Hospital's Total OPEB Liability and Related Ratios.....	30

## Independent Auditor's Report

Board of Trustees  
Hamilton County Hospital  
Syracuse, Kansas

We have audited the accompanying financial statements of the Hamilton County Hospital (Hospital), a component unit of Hamilton County, Kansas, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Hamilton County Hospital's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Hospital as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in *Note 1* to the financial statements, in 2018, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

The accompanying financial statements have been prepared assuming the Hospital will continue as a going concern. As discussed in *Note 10*, the Hospital has suffered recurring losses from operations and has a net deficit, 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 10*. 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.

### **Other Matters**

#### **Required Supplementary Information**

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

**BKD, LLP**

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Balance Sheets**  
**December 31, 2018 and 2017**

**Assets and Deferred Outflows of Resources**

	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		<i>(As Restated)</i>
Cash and cash equivalents	\$ 1,256,155	\$ 1,240,850
Certificates of deposit	755,279	-
Patient accounts receivable, net of allowance; 2018 – \$1,406,006, 2017 – \$1,369,860	1,017,014	532,564
Loan receivable from provider	7,106	-
Estimated amounts due from Medicare	381,046	1,617,333
Supplies	61,743	64,070
Prepaid expenses and other	50,170	27,696
Total current assets	3,528,513	3,482,513
<b>Capital Assets, Net</b>	653,363	946,315
Total assets	4,181,876	4,428,828
<b>Deferred Outflows of Resources</b>		
Pension	70,873	123,086
Total assets and deferred outflows of resources	\$ 4,252,749	\$ 4,551,914

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

	<b>2018</b>	<b>2017</b>
<b>Current Liabilities</b>		<i>(As Restated)</i>
Current maturities of long-term debt	\$ 190,487	\$ 302,953
Current portion of no fund warrants	756,396	715,536
Accounts payable	7,875,493	5,858,006
Accrued expenses	66,796	15,509
Estimated amounts due to Medicare	15,852	-
Total current liabilities	8,905,024	6,892,004
<b>No Fund Warrants</b>	358,604	836,064
<b>Long-term Debt</b>	97,474	188,480
<b>Net Pension Liability</b>	137,790	760,468
<b>Total Other Postemployment Benefits Liability</b>	62,448	80,260
Total liabilities	9,561,340	8,757,276
<b>Deferred Inflows of Resources</b>		
Pension	1,688,441	1,624,533
Other postemployment benefits	16,602	3,439
Total deferred inflows of resources	1,705,043	1,627,972
<b>Net Position (Deficit)</b>		
Net investment in capital assets	365,402	454,882
Unrestricted deficit	(7,379,036)	(6,288,216)
Total net deficit	(7,013,634)	(5,833,334)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 4,252,749	\$ 4,551,914

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Statements of Revenues, Expenses and Changes in Net Position (Deficit)**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Revenues</b>		<i>(As Restated)</i>
Net patient service revenue, net of provision for uncollectible accounts; 2018 – \$370,742, 2017 – \$257,987	\$ 5,451,771	\$ 5,730,546
Other	13,313	25,826
	<u>5,465,084</u>	<u>5,756,372</u>
<b>Operating Expenses</b>		
Salaries, wages and employee benefits	277,193	120,930
Purchased services and professional fees	6,281,941	6,994,959
Supplies and other	527,656	743,800
Depreciation	339,783	444,729
	<u>7,426,573</u>	<u>8,304,418</u>
	<u>(1,961,489)</u>	<u>(2,548,046)</u>
<b>Operating Loss</b>		
<b>Nonoperating Revenues (Expenses)</b>		
Noncapital appropriations - Hamilton County	715,536	678,400
Sales tax revenue	180,389	195,044
Interest income	11,004	1,817
Interest expense	(177,696)	(17,961)
Noncapital grants and gifts	7,264	812
	<u>736,497</u>	<u>858,112</u>
	<u>(1,224,992)</u>	<u>(1,689,934)</u>
<b>Deficiency of Revenues Over Expenses Before Capital Appropriations</b>		
<b>Capital Appropriations - Hamilton County</b>	<u>44,692</u>	<u>-</u>
	<u>(1,180,300)</u>	<u>(1,689,934)</u>
<b>Decrease in Net Position</b>		
<b>Net Position, Beginning of Year, as Previously Reported</b>	(5,833,334)	(4,060,955)
<b>Change in Accounting Principle - GASB No. 75</b>	<u>-</u>	<u>(82,445)</u>
<b>Net Deficit, Beginning of Year, as Restated</b>	<u>(5,833,334)</u>	<u>(4,143,400)</u>
<b>Net Deficit, End of Year</b>	<u>\$ (7,013,634)</u>	<u>\$ (5,833,334)</u>

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
		<i>(As Restated)</i>
<b>Cash Flows From Operating Activities</b>		
Receipts from and on behalf of patients	\$ 6,219,460	\$ 4,926,123
Payments to suppliers and contractors	(4,809,107)	(4,422,942)
Payments to and on behalf of employees	(737,112)	(494,903)
Other receipts, net	13,313	25,826
	<u>686,554</u>	<u>34,104</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Noncapital appropriations - Hamilton County	278,936	-
Sales taxes supporting operations	173,283	195,044
No Fund Warrants	-	1,100,000
Noncapital grants and gifts	7,264	812
	<u>459,483</u>	<u>1,295,856</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of capital assets	(5,289)	(45,644)
Interest paid on long-term debt	(177,696)	(17,961)
Principal payments on long-term debt	(203,472)	(308,752)
	<u>(386,457)</u>	<u>(372,357)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income received	11,004	1,817
Purchase of certificates of deposit	(755,279)	-
	<u>(744,275)</u>	<u>1,817</u>
<b>Increase in Cash and Cash Equivalents</b>	15,305	959,420
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,240,850</u>	<u>281,430</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,256,155</u>	<u>\$ 1,240,850</u>



**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
		<i>(As Restated)</i>
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Operating loss	\$ (1,961,489)	\$ (2,548,046)
Depreciation	339,783	444,729
Loss on disposal of capital assets	3,150	72,954
Provision for uncollectible accounts	370,742	257,987
Changes in assets, liabilities and deferred outflows/inflows of resources		
Patient accounts receivable, net	(855,192)	(521,962)
Estimated amounts due from and to Medicare	1,252,139	(540,448)
Accounts payable and accrued expenses	2,068,774	3,088,157
Supplies, prepaid expenses and other	(20,147)	(1,291)
Net pension liability	(622,678)	(1,633,993)
Total other postemployment benefits liability	(17,812)	(2,185)
Deferred outflows of resources - pension	52,213	403,022
Deferred inflows of resources - pension and OPEB	77,071	1,015,180
Net cash provided by operating activities	\$ 686,554	\$ 34,104
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital assets paid for by County	\$ 44,692	\$ -

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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

***Nature of Operations and Reporting Entity***

Hamilton County Hospital (Hospital) is an acute care hospital located in Syracuse, Kansas. The Hospital is a component unit of Hamilton County, Kansas (County). The Hospital is operated by a Board of Trustees appointed by the Board of County Commissioners. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Hamilton County area.

***Basis of Accounting and Presentation***

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific, such as county appropriations, interest 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 and 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, 2018 and 2017, cash equivalents consisted primarily of certificates of deposit, which are carried at amortized cost.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

***Noncapital Appropriations – Hamilton County and Sales Tax Revenue***

The Hospital received approximately 14% in 2018 and 13% in 2017 of its financial support from the proceeds of noncapital appropriations from Hamilton County and sales taxes. One hundred percent of these funds were used to support operations of the Hospital in both years.

Property taxes are levied by the County and shared with the Hospital for hospital operational purposes. Property taxes are assessed by the County in November of one year and are received beginning in January of the following year. Noncapital appropriations revenue is recognized in full in the year in which use is first permitted.

Sales tax revenue is recognized based on sales tax collected by the County's retailers in the Hospital's accounting period.

***No Fund Warrants***

On August 11, 2016, the County authorized the issuance of \$2,230,000 of No Fund Warrants (Warrants) from the County to the Hospital to provide additional cash to support Hospital operations and pay outstanding accounts payable. The warrants are to be repaid to the County through a reduction of future noncapital appropriations and are reported as a liability of the Hospital in the accompanying balance sheets.

***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, except workers' compensation and property and casualty coverage. Settled claims have not exceeded commercial coverage in any of the three preceding years.

Workers' compensation coverage is provided through a fund managed by the Kansas Workers' Risk Cooperative for Counties. The workers' compensation premiums are subject to retrospective adjustment based upon the overall performance of the fund. Property and casualty coverage is provided through a fund managed by the Kansas Counties Association Multi-Line Pool. The property and casualty premiums are subject to retrospective adjustment based upon the overall performance of the fund. Management believes adequate reserves are in place to cover claims incurred but not reported for both workers' compensation and property and casualty risks.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

***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 useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements	15 – 20 years
Buildings	5 – 40 years
Fixed equipment	5 – 20 years
Major moveable equipment	4 – 18 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. No asset impairment was recognized during the years ended December 31, 2018 and 2017.

***Compensated Absences***

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances for earned vacation only, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

***Deferred Outflows of Resources***

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

***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's 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 Plan (the OPEB Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

***Deferred Inflows of Resources***

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

***Net Position (Deficit)***

Net position (deficit) of the Hospital is classified in two components. 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 (deficit) is the remaining net position (deficit) that does not meet the definition of net investment in capital assets.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**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 charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

**Income Taxes**

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

**Implementation of New Accounting Principle**

In 2018, the Hospital implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures by state and local governments for postemployment benefits other than pensions. For defined benefit other postemployment benefit plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In accordance with GASB 75, the December 31, 2017, financial statements were restated to report the adoption of the standard. The effects of the restatement are as follows:

Net position, January 1, 2017, as previously reported	\$ (4,060,955)
Total other postemployment benefits liability at January 1, 2017	<u>(82,445)</u>
Net position, January 1, 2017, as restated	<u><u>\$ (4,143,400)</u></u>

Decrease in net position for the year ended December 31, 2017, was increased by \$1,254. Total other postemployment benefits liability and deferred inflows of resources were also recorded at December 31, 2017, as described in *Note 9*.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 2: Net Patient Service Revenue**

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

*Medicare.* The Hospital is recognized as a critical access hospital (CAH) and is paid at one hundred one percent (101%) of allowable costs for certain inpatient and outpatient services. The Hospital is reimbursed for certain services and cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

*Medicaid.* Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed on a prospective payment methodology, which includes a hospital specific add-on percentage based on prior filed cost reports. The add-on percentage may be rebased at some time in the future.

Approximately 90% and 87% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2018 and 2017, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

**Note 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, 2018 and 2017, \$22,823 and \$19,642 of the Hospital's bank balances of \$2,059,626 and \$1,363,196, respectively, were uninsured and uncollateralized.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Summary of Carrying Values**

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

	<u>2018</u>	<u>2017</u>
Carrying value		
Deposits	\$ 2,009,930	\$ 1,239,366
Petty cash	<u>1,504</u>	<u>1,484</u>
	<u>\$ 2,011,434</u>	<u>\$ 1,240,850</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 1,256,155	\$ 1,240,850
Certificates of deposit	<u>755,279</u>	<u>-</u>
	<u>\$ 2,011,434</u>	<u>\$ 1,240,850</u>

**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 consisted of:

	<u>2018</u>	<u>2017</u>
Medicare	\$ 877,272	\$ 444,564
Medicaid	76,424	85,729
Blue Cross	146,356	45,728
Other third-party payers	293,813	237,036
Patients	<u>1,029,155</u>	<u>1,089,367</u>
	2,423,020	1,902,424
Less allowance for uncollectible accounts	<u>1,406,006</u>	<u>1,369,860</u>
	<u>\$ 1,017,014</u>	<u>\$ 532,564</u>



**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 5: Capital Assets**

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

	<b>2018</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land	\$ 303	\$ -	\$ -	\$ 303
Land improvements	77,441	44,692	-	122,133
Buildings	2,792,183	-	(3,404)	2,788,779
Fixed equipment	975,722	5,289	-	981,011
Major moveable equipment	3,860,019	-	(40,990)	3,819,029
	<u>7,705,668</u>	<u>49,981</u>	<u>(44,394)</u>	<u>7,711,255</u>
Less accumulated depreciation				
Land improvements	170,943	248	-	171,191
Buildings	1,879,003	303,349	(3,404)	2,178,948
Fixed equipment	2,005,265	31,684	-	2,036,949
Major moveable equipment	2,704,142	4,502	(37,840)	2,670,804
	<u>6,759,353</u>	<u>339,783</u>	<u>(41,244)</u>	<u>7,057,892</u>
Capital Assets, Net	<u>\$ 946,315</u>	<u>\$ (289,802)</u>	<u>\$ (3,150)</u>	<u>\$ 653,363</u>
	<b>2017</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land	\$ 303	\$ -	\$ -	\$ 303
Land improvements	186,168	-	(108,727)	77,441
Buildings	3,825,505	45,644	(1,078,966)	2,792,183
Fixed equipment	1,182,726	-	(207,004)	975,722
Major moveable equipment	4,284,445	-	(424,426)	3,860,019
	<u>9,479,147</u>	<u>45,644</u>	<u>(1,819,123)</u>	<u>7,705,668</u>
Less accumulated depreciation				
Land improvements	170,943	-	-	170,943
Buildings	3,239,567	73,378	(1,433,942)	1,879,003
Fixed equipment	1,950,494	366,849	(312,078)	2,005,265
Major moveable equipment	2,699,789	4,502	(149)	2,704,142
	<u>8,060,793</u>	<u>444,729</u>	<u>(1,746,169)</u>	<u>6,759,353</u>
Capital Assets, Net	<u>\$ 1,418,354</u>	<u>\$ (399,085)</u>	<u>\$ (72,954)</u>	<u>\$ 946,315</u>

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 6: Long-term Debt**

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

	<b>2018</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Capital lease obligations	\$ 491,433	\$ -	\$ 203,472	\$ 287,961	\$ 190,487
Total long-term debt	<u>\$ 491,433</u>	<u>\$ -</u>	<u>\$ 203,472</u>	<u>\$ 287,961</u>	<u>\$ 190,487</u>
	<b>2017</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Note payable - County - 2007	\$ 27,500	\$ -	\$ 27,500	\$ -	\$ -
Capital lease obligations	772,685	-	281,252	491,433	302,953
Total long-term debt	<u>\$ 800,185</u>	<u>\$ -</u>	<u>\$ 308,752</u>	<u>\$ 491,433</u>	<u>\$ 302,953</u>

**Capital Lease Obligations**

The Hospital is obligated under leases for equipment that are accounted for as capital leases. A schedule of the capital assets and accumulated depreciation under capital leases at December 31, 2018 and 2017, follows:

	<b>2018</b>	<b>2017</b>
Buildings	\$ 229,678	\$ 229,678
Equipment	641,405	950,005
	<u>871,083</u>	<u>1,179,683</u>
Less accumulated depreciation	632,563	796,598
	<u>\$ 238,520</u>	<u>\$ 383,085</u>

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

The following is a schedule by year of future minimum lease payments under the capital leases including interest at the rates ranging from 4.34% to 6.16% together with the present value of the future minimum lease payments as of December 31, 2018:

Year Ending December 31,	
2019	\$ 195,436
2020	25,491
2021	25,179
2022	25,214
2023	25,250
2024	<u>10,509</u>
Total minimum lease payments	307,079
Less amount representing interest	<u>19,118</u>
Present value of future minimum lease payments	<u><u>\$ 287,961</u></u>

**Note 7: Medical Malpractice Coverage and Claims**

The Hospital purchases medical malpractice insurance under a claims-made policy with a fixed premium which provides \$200,000 of coverage for each medical incident and \$600,000 of aggregate coverage for each policy year. The policy only covers claims made and reported to the insurer during the policy term, regardless of when the incident giving rise to the claim occurred. The Kansas Health Care Stabilization Fund provides an additional \$300,000 of coverage for each medical incident and \$900,000 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 future.

**Note 8: Cost-Sharing Multiple-Employer Defined Benefit 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.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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](http://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 10 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.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**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 state wide 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, 2018 and 2017, was 8.39% and 8.46% of annual payroll, respectively. The employer contribution is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The Hospital's contributions to KPERS for pensions for the years ended December 31, 2018 and 2017, were \$46,237 and \$22,762, respectively.

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

At December 31, 2018 and 2017, the Hospital reported a liability of \$137,790 and \$760,468, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of December 31, 2017 and 2016, respectively, rolled forward to June 30, 2018 and 2017, 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, 2018, the Hospital's proportion was 0.009886%, which was a decrease of 0.042616% from its proportion measured as of June 30, 2017, of 0.052502%. At June 30, 2016, the proportion was 0.154778%.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

For the years ended December 31, 2018 and 2017, the Hospital recognized pension expense of \$(460,481) and \$(287,044), respectively. At December 31, 2018 and 2017, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2018</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 497	\$ 3,904
Net difference between projected and actual earnings on pension plan investments	3,223	-
Changes of assumptions	5,967	664
Changes in proportion	25,597	1,683,873
Hospital's contributions subsequent to the measurement date	35,589	-
Total	\$ 70,873	\$ 1,688,441
	<b>2017</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,678	\$ 26,295
Net difference between projected and actual earnings on pension plan investments	40,954	-
Changes of assumptions	23,855	5,561
Changes in proportion	50,112	1,592,677
Hospital's contributions subsequent to the measurement date	4,487	-
Total	\$ 123,086	\$ 1,624,533

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

At December 31, 2018, the Hospital reported \$35,589 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to pensions will be recognized in pension expense as follows:

2019	\$ (470,429)
2020	(489,291)
2021	(444,370)
2022	(223,199)
2023	(25,868)
	<u>                    </u>
	<u><u>\$ (1,653,157)</u></u>

***Actuarial Assumptions***

The total pension liability in the December 31, 2017 and 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2017</u>	<u>2016</u>
Price inflation	2.75%	2.75%
Wage inflation	3.5% to 4%	3.50%
Salary increases, including inflation	3.5% to 12%	3.5% to 12%
Investment rate of return, net of pension plan investment expense including inflation	7.75%	7.75%

The mortality rates used in both the December 31, 2017 and 2016, valuations 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.

The actuarial assumptions used in both the December 31, 2017 and 2016, valuations were based on the results of an actuarial experience study for the three-year period ended December 31, 2015.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	2018		2017	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.85%	47%	6.80%
Fixed income	13%	1.25%	13%	1.25%
Yield driven	8%	6.55%	8%	6.55%
Real return	11%	1.71%	11%	1.71%
Real estate	11%	5.05%	11%	5.05%
Alternatives	8%	9.85%	8%	9.85%
Short-term investments	2%	-0.25%	2%	-0.25%
	100%		100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75% for both the years ended June 30, 2018 and 2017. 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.



**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

***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 7.75%. 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, 2018.

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Hospital's proportionate share of the net pension liability	\$ 202,089	\$ 137,790	\$ 83,451

***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 9: 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.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Benefits Provided**

The OPEB Plan provides long-term disability 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:

	<b>2018</b>	<b>2017</b>
Active employees	1	32
Disabled employees	1	1
	2	33

**Total OPEB Liability**

The Hospital's total OPEB liability of \$62,448 and \$80,260 was measured as of June 30, 2018 and 2017, for the years ended December 31, 2018 and 2017, respectively, and was determined by actuarial valuations as of December 31, 2017 and 2016, respectively, and rolled forward to June 30, 2018 and 2017, respectively.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

The total OPEB liability in the December 31, 2017 and 2016, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2018</u>	<u>2017</u>
Inflation	2.75%	2.75%
Discount rate	3.87%	3.58%
Salary increases, including inflation	3.50% to 10%	3.50% to 10%

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate changed from 2.85% in 2016 to 3.58% in 2017 to 3.87% in 2018.

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-2018 Mortality Tables for the December 31, 2017, 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-2017 Mortality Tables for the December 31, 2016, actuarial valuation.

The actuarial assumptions used in the December 31, 2017 and 2016, valuations were based on the results of an actuarial experience study for 2014 - 2016.

***Changes in the Total OPEB Liability***

Changes in the total OPEB liability are:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 80,260	\$ 82,445
Changes for the year:		
Service cost	415	5,128
Interest	2,783	2,412
Differences between expected and actual experience	(13,988)	-
Changes of assumptions (discount rate change)	(1,132)	(3,835)
Benefit payments	(5,890)	(5,890)
Net changes	<u>(17,812)</u>	<u>(2,185)</u>
Balance, end of year	<u>\$ 62,448</u>	<u>\$ 80,260</u>

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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

The total OPEB liability of the Hospital, at December 31, 2018, has been calculated using a discount rate of 3.87%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Hospital's total OPEB liability	\$ 66,496	\$ 62,448	\$ 58,790

The total OPEB liability of the Hospital, at December 31, 2017, has been calculated using a discount rate of 3.58%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Hospital's total OPEB liability	\$ 85,551	\$ 80,260	\$ 75,406

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, 2018 and 2017, the Hospital recognized OPEB expense of \$1,241 and \$7,144, respectively. At December 31, 2018 and 2017, the Hospital reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,544
Changes of assumptions	-	4,058
Total	\$ -	\$ 16,602

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

	<b>2017</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	3,439
Total	\$ -	\$ 3,439

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to OPEB will be recognized in OPEB expense as follows:

2019	\$ (1,957)
2020	(1,957)
2021	(1,957)
2022	(1,957)
2023	(1,957)
Thereafter	(6,817)
	\$ (16,602)

**Note 10: Management’s Consideration of Going Concern Matters**

The Hospital has incurred losses from operations for the past several years. 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 is considering several alternatives for mitigating these conditions during the next year. These include evaluation of staffing patterns in the Hospital, new services, adjustments of charge rates for services to meet market conditions and other forms of financing. Although not currently planned, realization of assets in other than the ordinary course of business in order to meet liquidity needs could incur losses not reflected in these financial statements.

**Hamilton County Hospital**  
**A Component Unit of Hamilton County, Kansas**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 11: Future Change in Accounting Principle**

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. GASB 87 is effective for financial statements for fiscal years beginning after December 15, 2019. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun. The Hospital is evaluating the impact the statement will have on the financial statements.

## **Required Supplementary Information**

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

	<b>2018 *</b>	<b>2017 *</b>	<b>2016 *</b>	<b>2015 *</b>	<b>2014 *</b>
Hospital's proportion of the net pension liability	0.009886%	0.052502%	0.154778%	0.201791%	0.199463%
Hospital's proportionate share of the net pension liability	\$ 137,790	\$ 760,468	\$ 2,394,461	\$ 2,649,605	\$ 2,455,017
Hospital's covered-employee payroll	\$ 173,609	\$ 880,545	\$ 1,831,408	\$ 3,366,015	\$ 3,455,088
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	79.37%	86.36%	130.74%	78.72%	71.06%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	64.95%	66.60%

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

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



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

	<u>2018 *</u>	<u>2017 *</u>	<u>2016 *</u>	<u>2015 *</u>	<u>2014 *</u>
Contractually required contribution	\$ 46,237	\$ 22,762	\$ 174,737	\$ 279,419	\$ 298,821
Contribution in relation to the contractually required contribution	<u>46,237</u>	<u>22,762</u>	<u>217,970</u>	<u>236,186</u>	<u>298,821</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,233)</u>	<u>\$ 43,233</u>	<u>\$ -</u>
Hospital's covered-employee payroll	\$ 551,094	\$ 264,488	\$ 880,167	\$ 3,077,228	\$ 3,370,077
Contributions as a percentage of covered-employee payroll	8.39%	8.61%	24.76%	7.68%	8.87%

**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).

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

	<u>2018 *</u>	<u>2017 *</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 415	\$ 5,128
Interest	2,783	2,412
Differences between expected and actual experience	(13,988)	-
Changes in assumptions	(1,132)	(3,835)
Benefit payments	<u>(5,890)</u>	<u>(5,890)</u>
<b>Net Change in Total OPEB Liability</b>	(17,812)	(2,185)
<b>Hospital's Total OPEB Liability - Beginning</b>	<u>80,260</u>	<u>82,445</u>
<b>Hospital's Total OPEB Liability - Ending</b>	<u><u>\$ 62,448</u></u>	<u><u>\$ 80,260</u></u>
<b>Hospital's Covered-Employee Payroll</b>	\$ 96,252	\$ 1,359,973
<b>Hospital's Total OPEB Liability as a percentage of covered-employee payroll</b>	64.88%	5.90%

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

**Changes of assumptions:** Discount rate changed from 3.58% for 2017 to 3.87% for 2018 and from 2.85% for 2016 to 3.58% for 2017.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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