Stafford County Hospital
A Component Unit of Stafford County, Kansas

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023

Stafford County Hospital
A Component Unit of Stafford County, Kansas
Contents
December 31, 2024 and 2023

Independent Auditor's Report 1

Financial Statements

Balance Sheets 4

Statements of Revenues, Expenses and Changes in Net Position 5

Statements of Cash Flows 6

Notes to Financial Statements 8

Required Supplementary Information

Schedule of the Hospital’s Proportionate Share of the Net Pension Liability 29

Schedule of the Hospital’s Pension Contributions 31

Schedule of Changes in the Hospital’s Total OPEB Liability and Related Ratios 33

Forvis Mazars, LLP
1551 N. Waterfront Parkway, Suite 300
Wichita, KS 67206
P 316.265.2811 | F 316.265.9405
forvismazars.us

Independent Auditor's Report

Board of Directors
Stafford County Hospital
Stafford, Kansas

Opinion

We have audited the financial statements of Stafford County Hospital, a component unit of Stafford County, Kansas, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Hospital'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 Stafford County Hospital as of December 31, 2024 and 2023, 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 Stafford County Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

The accompanying financial statements have been prepared assuming Stafford County Hospital will continue as a going concern. As discussed in *Note 12* to the financial statements, Stafford County Hospital has suffered recurring losses from operations and has a net deficit, which raises substantial doubt about Stafford County Hospital's ability to continue as a going concern. Management's evaluation of the conditions and events and management's plans regarding these matters are also described in *Note 12*. 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 Stafford County Hospital's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Stafford County Hospital's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stafford County Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and other postemployment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Forvis Mazars, LLP

Wichita, Kansas
July 7, 2025

Stafford County Hospital
A Component Unit of Stafford County, Kansas
Balance Sheets
December 31, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	$ 1,682,928	$ 955,433
Short-term certificates of deposit	1,184,443	1,439,615
Patient accounts receivable, net of allowance; 2024 - $297,000, 2023 - $248,000	2,894,284	1,903,300
Other receivable	9,507	3,822
Supplies	173,883	191,804
Prepaid expenses and other	89,204	101,812
Total Current Assets	6,034,249	4,595,786
Capital Assets, Net	1,604,165	1,797,982
Lease Assets, Net	14,313	19,393
Subscription Assets, Net	204,453	477,057
Total Assets	7,857,180	6,890,218
Deferred Outflows of Resources		
Pension	162,659	273,204
Other postemployment benefits	253	276
Total Deferred Outflows of Resources	162,912	273,480
Total Assets and Deferred Outflows of Resources	$ 8,020,092	$ 7,163,698

See Notes to Financial Statements

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)		
Current Liabilities		
Current maturities of long-term debt	$ 538,159	$ 539,473
Current portion of lease liabilities	6,480	6,480
Current portion of subscription liability	216,869	279,238
Estimated amounts due to Medicare	2,740,115	1,102,000
Accounts payable	5,851,704	4,592,773
Accrued expenses	42,940	43,855
Total Current Liabilities	9,396,267	6,563,819
Long-term Debt	3,797,117	4,875,671
Long-term Lease Liabilities	3,050	9,530
Subscription Liability	-	216,870
Net Pension Liability	302,554	448,868
Total Other Postemployment Benefits Liability	1,344	1,385
Total Liabilities	13,500,332	12,116,143
Deferred Inflows of Resources		
Pension	147,179	76,133
Other postemployment benefits	9,036	10,527
Total Deferred Inflows of Resources	156,215	86,660
Net Position (Deficit)		
Net investment in capital assets	1,361,616	1,498,651
Unrestricted	(6,998,071)	(6,537,756)
Total Net Deficit	(5,636,455)	(5,039,105)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	$ 8,020,092	$ 7,163,698

Stafford County Hospital
A Component Unit of Stafford County, Kansas
Statements of Revenues, Expenses and Changes in Net Position (Deficit)
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2024 - $228,968, 2023 - $168,400	$ 12,881,298	$ 11,658,632
Other	97,080	114,364
Total Operating Revenues	12,978,378	11,772,996
Operating Expenses		
Salaries and wages	327,530	379,884
Employee benefits	112,299	120,723
Purchased services and professional fees	12,454,223	11,009,706
Supplies and other	1,133,960	1,218,182
Depreciation	276,284	277,472
Amortization	277,684	291,627
Total Operating Expenses	14,581,980	13,297,594
Operating Loss	(1,603,602)	(1,524,598)
Nonoperating Revenues (Expenses)		
Noncapital appropriations - Stafford County	475,747	474,151
Interest income	63,669	33,938
Interest expense	(76,955)	(65,232)
Noncapital grants and gifts	3,396	377,713
Forgiveness of debt	540,395	416,462
Total Nonoperating Revenues	1,006,252	1,237,032
Decrease in Net Position	(597,350)	(287,566)
Net Deficit, Beginning of Year	(5,039,105)	(4,751,539)
Net Deficit, End of Year	$ (5,636,455)	$ (5,039,105)

Stafford County Hospital
A Component Unit of Stafford County, Kansas
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 13,528,429	$ 12,646,588
Payments to suppliers and contractors	(12,298,723)	(12,229,991)
Payments to and on behalf of employees	(406,976)	(481,746)
Other receipts, net	97,080	120,750
Net Cash Provided by Operating Activities	919,810	55,601
Cash Flows From Noncapital Financing Activities		
Noncapital appropriations - Stafford County	470,062	470,329
Noncapital grants and gifts	3,396	377,713
Principal paid on promissory notes payable	(490,726)	(173,198)
Interest paid on promissory notes payable	(52,200)	(331)
Net Cash Provided by (Used in) Noncapital Financing	(69,468)	674,513
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(82,467)	(262,234)
Proceeds from disposal of capital assets	-	2,008
Principal paid on long-term debt	(48,747)	(63,541)
Interest paid on long-term debt	(9,993)	(39,207)
Principal paid on leases payable	(6,480)	(20,426)
Interest paid on leases payable	-	(1)
Principal paid on subscription liability	(279,239)	(268,307)
Interest paid on subscription liability	(14,762)	(25,693)
Net Cash Used in Capital and Related Financing Activities	(441,688)	(677,401)
Cash Flows From Investing Activities		
Purchase of short-term certificate of deposit	(750,000)	(900,000)
Maturities of short-term certificate of deposit	1,060,880	-
Interest income received	7,961	8,767
Net Cash Provided by (Used in) Investing Activities	318,841	(891,233)
Increase (Decrease) in Cash	727,495	(838,520)
Cash, Beginning of Year	955,433	1,793,953
Cash, End of Year	$ 1,682,928	$ 955,433

Stafford County Hospital
A Component Unit of Stafford County, Kansas
Statements of Cash Flows - Continued
Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (1,603,602)	$ (1,524,598)
Depreciation	276,284	277,472
Amortization	277,684	291,627
Loss on disposal of capital assets	-	6,386
Provision for uncollectible accounts	228,968	168,400
Changes in operating assets and liabilities		
Patient accounts receivable, net	(1,219,952)	(537,028)
Estimated amounts due from and to Medicare	1,638,115	1,356,584
Accounts payable and accrued expenses	1,258,016	(5,462)
Other assets	30,529	(19,446)
Net pension liability	(146,314)	(108,460)
Total other postemployment benefits liability	(41)	(301)
Deferred outflows of resources - pension	110,568	133,698
Deferred inflows of resources - pension and OPEB	69,555	16,729
Net Cash Provided by Operating Activities	$ 919,810	$ 55,601
Noncash Investing, Capital and Financing Activities		
Forgiveness of debt	$ 540,395	$ 416,462

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

Nature of Operations and Reporting Entity

Stafford County Hospital (Hospital) is an acute care hospital located in Stafford, Kansas. The Hospital is a component unit of Stafford County, Kansas (County) and the Board of County Commissioners appoints members to the Board of Directors of the Hospital. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Stafford County area. It also operates a home health agency in the same geographic 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, liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents for the years ended December 31, 2024 and 2023.

Patient Accounts Receivable

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

Supplies

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

Capital Assets

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

Land improvements	10 – 15 years
Buildings	5 – 40 years
Fixed equipment	10 – 25 years
Major moveable equipment	5 – 20 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease and Subscription Asset Impairment

The Hospital evaluates capital, lease and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease or subscription asset has occurred. If a capital, lease or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation or accumulated amortization is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Deferred Outflows of Resources

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

Compensated Absences

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

Risk Management

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

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

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 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 on its balance sheets.

- Net investment in capital assets consist of capital, lease and subscription assets net of accumulated depreciation and amortization 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.

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 at amounts less than its established rates to patients meeting certain criteria under its uncompensated care policy. Because the Hospital does not pursue collection of amounts determined to qualify as uncompensated care, these amounts are not reported as net patient service revenue.

Noncapital Appropriations – Stafford County

The Hospital received approximately 3% and 4% in 2024 and 2023, respectively, of its financial support from the proceeds of noncapital appropriations derived from property taxes levied by the County. One hundred percent of these funds were used to support operations in both years.

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.

Income Taxes

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

Note 2. Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

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

At December 31, 2024 and 2023, respectively, $2,421,515 and $1,968,942 of the Hospital's bank balances of $2,921,515 and $2,468,942 were exposed to custodial credit risk as follows:

	2024	2023
Uninsured and collateral held by pledging financial institution	$ 2,421,515	$ 1,968,942

Summary of Carrying Values

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

	2024	2023
Carrying value		
Deposits	$ 2,866,921	$ 2,394,598
Petty cash	450	450
	$ 2,867,371	$ 2,395,048

Included in the following balance sheet captions:

	2024	2023
Cash	$ 1,682,928	$ 955,433
Short-term certificates of deposit	1,184,443	1,439,615
	$ 2,867,371	$ 2,395,048

Note 3. Patient Accounts Receivable

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

	2024	2023
Medicare	$ 2,572,259	$ 1,639,327
Medicaid	44,956	51,863
Blue Cross	70,645	46,755
Other third-party payers	111,590	83,528
Patients	391,834	329,827
	3,191,284	2,151,300
Less allowance for uncollectible accounts	297,000	248,000
	$ 2,894,284	$ 1,903,300

Note 4. Capital, Lease and Subscription Assets

Capital assets activity for the years ended December 31 was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 29,071	$ -	$ -	$ -	$ 29,071
Land improvements	52,979	41,000	-	-	93,979
Buildings	1,145,999	-	-	-	1,145,999
Fixed equipment	892,349	23,417	-	133,440	1,049,206
Major moveable equipment	1,222,767	18,050	-	-	1,240,817
Construction in progress	133,440	-	-	(133,440)	-
	3,476,605	82,467	-	-	3,559,072
Less accumulated depreciation					
Land improvements	17,903	2,903	-	-	20,806
Buildings	313,554	75,960	-	-	389,514
Fixed equipment	590,023	69,491	-	-	659,514
Major moveable equipment	757,143	127,930	-	-	885,073
	1,678,623	276,284	-	-	1,954,907
Capital assets, net	$ 1,797,982	$ (193,817)	$ -	$ -	$ 1,604,165

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 29,071	$ -	$ -	$ -	$ 29,071
Land improvements	52,979	-	-	-	52,979
Buildings	1,003,614	142,385	-	-	1,145,999
Fixed equipment	874,044	32,695	(14,390)	-	892,349
Major moveable equipment	1,136,293	87,154	(680)	-	1,222,767
Construction in progress	133,440	-	-	-	133,440
	3,229,441	262,234	(15,070)	-	3,476,605
Less accumulated depreciation					
Land improvements	15,281	2,622	-	-	17,903
Buildings	242,273	71,281	-	-	313,554
Fixed equipment	517,950	78,069	(5,996)	-	590,023
Major moveable equipment	632,323	125,500	(680)	-	757,143
	1,407,827	277,472	(6,676)	-	1,678,623
Capital assets, net	$ 1,821,614	$ (15,238)	$ (8,394)	$ -	$ 1,797,982

Lease assets activity for the years ended December 31 was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Fixed equipment	$ 69,715	$ -	$ -	$ -	$ 69,715
Major moveable equipment	32,400	-	-	-	32,400
	102,115	-	-	-	102,115
Less accumulated amortization					
Fixed equipment	69,715	-	-	-	69,715
Major moveable equipment	13,007	5,080	-	-	18,087
	82,722	5,080	-	-	87,802
Lease assets, net	$ 19,393	$ (5,080)	$ -	$ -	$ 14,313

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Fixed equipment	$ 69,715	$ -	$ -	$ -	$ 69,715
Major moveable equipment	32,400	-	-	-	32,400
	102,115	-	-	-	102,115
Less accumulated amortization					
Fixed equipment	55,772	13,943	-	-	69,715
Major moveable equipment	7,927	5,080	-	-	13,007
	63,699	19,023	-	-	82,722
Lease assets, net	$ 38,416	$ (19,023)	$ -	$ -	$ 19,393

Subscription assets activity for the years ended December 31 was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	$ 1,022,265	$ -	$ -	$ -	$ 1,022,265
	1,022,265	-	-	-	1,022,265
Less accumulated amortization					
Subscription IT assets	545,208	272,604	-	-	817,812
	545,208	272,604	-	-	817,812
Subscription assets, net	$ 477,057	$ (272,604)	$ -	$ -	$ 204,453

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription IT assets	$ 1,022,265	$ -	$ -	$ -	$ 1,022,265
	1,022,265	-	-	-	1,022,265
Less accumulated amortization					
Subscription IT assets	272,604	272,604	-	-	545,208
	272,604	272,604	-	-	545,208
Subscription assets, net	$ 749,661	$ (272,604)	$ -	$ -	$ 477,057

Note 5. Long-term Obligations

The following is a summary of long-term obligation transactions for the Hospital for the years ended December 31, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Non-balloon promissory note	$ 1,963,690	$ -	$ 490,726	$ 1,472,964	$ 505,652
Balloon promissory note	3,167,791	-	540,395	2,627,396	-
Financed capital purchases	283,663	-	48,747	234,916	32,507
Total long-term debt	5,415,144	-	1,079,868	4,335,276	538,159
Long-term liabilities					
Lease liabilities	16,010	-	6,480	9,530	6,480
Subscription liability	496,108	-	279,239	216,869	216,869
Total long-term liabilities	512,118	-	285,719	226,399	223,349
Total long-term obligations	$ 5,927,262	$ -	$ 1,365,587	$ 4,561,675	$ 761,508

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Non-balloon promissory note	$ 2,136,888	$ -	$ 173,198	$ 1,963,690	$ 490,726
Balloon promissory note	3,584,253	-	416,462	3,167,791	-
Financed capital purchases	347,204	-	63,541	283,663	48,747
Total long-term debt	6,068,345	-	653,201	5,415,144	539,473
Long-term liabilities					
Lease liabilities	36,436	-	20,426	16,010	6,480
Subscription liability	764,415	-	268,307	496,108	279,238
Total long-term liabilities	800,851	-	288,733	512,118	285,718
Total long-term obligations	$ 6,869,196	$ -	$ 941,934	$ 5,927,262	$ 825,191

Non-Balloon Promissory Note

The promissory note consists of an agreement with Carter Professional Care Stafford, LLC, to repay the principal amount of $3,424,114 dated October 1, 2020. The promissory note is payable in monthly installments through October 1, 2027. The Hospital is required to make monthly payments of $45,244, including interest of 3%.

Balloon Promissory Note

The promissory note consists of an agreement with Carter Professional Care Stafford, LLC, to repay the principal amount of $4,176,853 dated October 1, 2020. In consideration of the continuing effectiveness of the Management Services Agreement dated October 1, 2020, with Carter Professional Care Stafford, LLC, a portion of the outstanding principal balance and accrued, but unpaid, interest shall be forgiven commencing on the first anniversary of the Management Services Agreement and on each subsequent anniversary thereafter. Any remaining principal and interest amounts shall be payable in one installment on October 1, 2027. The promissory note has an interest rate of 3%.

Debt Service Requirements – Long-term Debt

Debt service requirements on long-term debt other than financed capital purchases as of December 31, 2024, are as follows:

Year Ending December 31,	Total to be Paid	Non-Balloon Promissory Note		Balloon Promissory Note	
		Principal	Interest	Principal	Interest
2025	$ 542,926	$ 505,652	$ 37,274	$ -	$ -
2026	542,926	521,032	21,894	-	-
2027	3,259,236	446,280	6,159	2,627,396	179,401
	$ 4,345,088	$ 1,472,964	$ 65,327	$ 2,627,396	$ 179,401

Financed Capital Purchases

Financed capital purchases are in the form of a note payable to bank and/or vendor, with a maturity date of February 1, 2031. Principal and interest is payable monthly. The interest rate is 3.80%. The note is secured by certain capital assets.

Debt Service Requirements – Financed Capital Purchases

Debt service requirements on financed capital purchases as of December 31, 2024, is as follows:

Year Ending December 31,	Total to be Paid	Principal	Interest
2025	$ 41,128	$ 32,507	$ 8,621
2026	41,128	33,754	7,374
2027	41,128	35,049	6,079
2028	41,128	36,394	4,734
2029	41,128	37,790	3,338
2030-2031	61,694	59,422	2,272
	$ 267,334	$ 234,916	$ 32,418

Lease Liabilities

The Hospital leases equipment, the terms of which expire in various years through 2026. Payments are based on the lease agreements in each specific lease.

The following is a schedule by year of lease payments under the leases as of December 31, 2024:

Year Ending December 31,	Total to be Paid	Principal	Interest
2025	$ 6,480	$ 6,480	$ -
2026	3,050	3,050	-
	$ 9,530	$ 9,530	$ -

Subscription Liabilities

The Hospital has one subscription-based information technology arrangement (SBITAs), the term of which expires in 2025. The subscription requires monthly payments of approximately $24,500.

The following is a schedule by year of lease payments under the SBITAs as of December 31, 2024:

Year Ending December 31,	Total to be Paid	Principal	Interest
2025	$ 220,499	$ 216,869	$ 3,630

Note 6. Medical Malpractice Coverage and Claims

The Hospital purchases medical malpractice insurance under a claims-made policy with a fixed premium which provides $500,000 of coverage for each medical incident and $1,500,000 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 $500,000 of coverage for each medical incident and $1,500,000 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 7. 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. 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 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 93% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2024 and 2023. 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 8. Management and Professional Services Agreements

The Hospital has contracted with Carter Professional Care Stafford, LLC, for various management services. The Hospital has contracted with Carter Clinical Services, LLC, for various clinical services. The initial contract term of the management services agreement is for a period of ten years through October 3, 2026. The initial contract term of the professional services agreement is for a term of seven years through October 1, 2027. Fees incurred for the various management services provided by Carter Professional Care Stafford, LLC and Carter Clinical Services, LLC, to the Hospital for the years ended December 31, 2024 and 2023, were $2,682,000 and $2,682,000, respectively. Fees incurred for clinical and various other services provided by Carter Professional Care Stafford, LLC and Carter Clinical Services, LLC, to the Hospital for the years ended December 31, 2024 and 2023, were $8,303,233 and $9,735,344, respectively. Amounts due to Carter Professional Care Stafford, LLC, at December 31, 2024 and 2023, were $2,246,622 and $2,173,361, respectively. Amounts due to Carter Clinical Services, LLC, at December 31, 2024 and 2023, were $3,432,461 and $2,203,016, respectively.

See *Note 5* for discussion of the promissory note agreements between the Hospital and Carter Professional Care Stafford, LLC.

Note 9. 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*.

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

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

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

The Hospital’s employees participate in the Local group.

Benefits Provided

Retirement benefits for employees are calculated based on the credited service, final average salary and a statutory multiplier. KPERS has two levels of benefits depending on retirement age and years of credited service. Tier 1 benefits are for members who are age 65 or age 62 with ten years of credited service or of any age when combined age and years of credited service equal 85 "points." Tier 2 benefits are for members who are age 65 with five years of credited service or age 60 with 30 years of credited service. Tier 1 members receive a participating service credit of 1.75% of the final average salary for years of service prior to January 1, 2014. Participating service credit is 1.85% of final average salary for years of service after December 31, 2013. Tier 2 members retiring on or after January 1, 2012, the 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, 2024 and 2023, was 9.26% and 8.43% 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, 2024 and 2023, were $34,639 and $32,711, respectively.

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

At December 31, 2024 and 2023, the Hospital reported a liability of $302,554 and $448,868, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of December 31, 2023 and 2022, respectively, rolled forward to June 30, 2024 and 2023, 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 non-employer actual contributions of the group for the respective measurement periods. At June 30, 2024, the Hospital's proportion was 0.014243%, which was a decrease of 0.007153% from its proportion measured as of June 30, 2023, of 0.021396%. At June 30, 2022, the proportion was 0.028034%.

For the years ended December 31, 2024 and 2023, the Hospital recognized pension expense of $66,569 and $69,911, respectively. At December 31, 2024 and 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 36,804	$ -
Net difference between projected and actual earnings on pension plan investments	1,853	-
Changes of assumptions	18,288	-
Changes in proportion	89,644	147,179
Hospital's contributions subsequent to the measurement date	16,070	-
Total	$ 162,659	$ 147,179

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,314	$ 63
Net difference between projected and actual earnings on pension plan investments	26,216	-
Changes of assumptions	47,574	-
Changes in proportion	148,125	76,070
Hospital's contributions subsequent to the measurement date	13,975	-
Total	$ 273,204	$ 76,133

At December 31, 2024, the Hospital reported $16,070 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024, related to pensions will be recognized in pension expense as follows:

2025	$ 17,388
2026	30,597
2027	(28,650)
2028	(19,925)
	$ (590)

Actuarial Assumptions

The total pension liability in the December 31, 2023 and 2022, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Price inflation	2.75%	2.75%
Salary increases, including inflation	3.5% to 15.5%	3.5% to 12%
Investment rate of return, net of pension plan investment expense including inflation	7.00%	7.00%

Mortality rates used in the December 31, 2023, actuarial valuation were based on the PUB 2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups.

Mortality rates used in the December 31, 2022, actuarial valuation 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.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study prepared during 2023.

The actuarial assumptions used in the December 31, 2022, valuation 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 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:

	2024		2023	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equities	0.0%	0.00%	23.5%	5.20%
Non-U.S. Equities	43.0%	8.20%	23.5%	6.40%
Core Fixed Income	13.0%	2.20%	0.0%	0.00%
Private Equity	0.0%	0.00%	8.0%	9.50%
Private Real Estate	0.0%	0.00%	11.0%	4.45%
Yield Driven	12.0%	5.30%	8.0%	4.70%
Infrastructure	3.0%	6.80%	0.0%	0.00%
Real Estate	15.0%	5.70%	0.0%	0.00%
Alternatives	11.0%	12.00%	0.0%	0.00%
Real Return	0.0%	0.00%	11.0%	3.25%
Fixed Income	0.0%	0.00%	11.0%	1.55%
Short Term Investments	3.0%	0.30%	4.0%	0.25%
	100%		100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2024 and 2023. 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 7.00%. 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, 2024.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Hospital's proportionate share of the net pension liability	$ 438,015	$ 302,554	$ 189,345

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:

	2024	2023
Active employees	2	3

Total OPEB Liability

The Hospital's total OPEB liability of $1,344 and $1,385 was measured as of June 30, 2024 and 2023, for the years ended December 31, 2024 and 2023, respectively, and was determined by actuarial valuations as of December 31, 2023 and 2022, respectively, and rolled forward to June 30, 2024 and 2023, respectively.

The total OPEB liability in the December 31, 2023 and 2022, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Inflation	2.75%	2.75%
Discount rate	3.93%	3.65%
Salary increases, including inflation	3.50% to 10%	3.50% to 10%

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate changed from 3.54% in 2022 to 3.65% in 2023 and to 3.93% in 2024.

Mortality rates were based on the PUB 2010 and RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups, as appropriate with adjustments for mortality improvements based on MP-2021 Mortality Tables for the December 31, 2023 and 2022, actuarial valuations, respectively.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study prepared during 2023.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study for the three-year period ended December 31, 2018.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	2024	2023
Balance, beginning of year	$ 1,385	$ 1,686
Changes for the year:		
Service cost	865	725
Interest	83	86
Differences between expected and actual experience	(1,006)	(1,115)
Changes of assumptions	17	3
Net changes	(41)	(301)
Balance, end of year	$ 1,344	$ 1,385

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

The total OPEB liability of the Hospital, at December 31, 2024, has been calculated using a discount rate of 3.93%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Hospital's total OPEB liability	$ 1,312	$ 1,344	$ 1,361

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, 2024 and 2023, the Hospital recognized OPEB expense (credit) of ($1,509) and ($1,549), respectively. At December 31, 2024 and 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 217	$ 8,951
Changes of assumptions	36	85
Total	$ 253	$ 9,036

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 252	$ 10,404
Changes of assumptions	24	123
Total	$ 276	$ 10,527

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024, related to OPEB will be recognized in OPEB expense as follows:

2025	$ (2,457)
2026	(2,445)
2027	(1,827)
2028	(479)
2029	(434)
Thereafter	(1,141)
	$ (8,783)

Note 11. *CARES Act* Funding

During the year ended December 31, 2023, the Coronavirus Small Rural Hospital Improvement Program 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 (SHIP) 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 $257,367 related to the SHIP grant for the year ended December 31, 2023. The payment is recorded as a component of noncapital grants and gifts in the accompanying statements of revenues, expenses and changes in net position (deficit).

Note 12. Management's Consideration of Going Concern Matters

The Hospital has incurred losses from operations for the past several years, and owes amounts to Carter Professional Care Stafford, LLC and Carter Clinical Services, LLC in excess of liquid resources (see *Notes 5* and *8*). 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, pursuit of additional tax support, 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. There can be no assurance that management's plans will be implemented effectively or that the plans will mitigate negative financial conditions.

The accompanying financial statements have been prepared assuming 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 assets or the amounts and classifications of liabilities that may result should the Hospital be unable to continue as a going concern.

Note 13. 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. 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.

Required Supplementary Information

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

	2024 *	2023 *	2022 *	2021 *	2020 *
Hospital's proportion of the net pension liability	0.014243%	0.021396%	0.028034%	0.012575%	0.012450%
Hospital's proportionate share of the net pension liability	$ 302,554	$ 448,868	$ 557,328	$ 150,894	$ 215,840
Hospital's covered-employee payroll	$ 329,235	$ 446,325	$ 550,901	$ 255,918	$ 234,147
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	91.90%	100.57%	101.17%	58.96%	92.18%
Plan fiduciary net position as a percentage of the total pension liability	72.75%	70.70%	69.75%	76.40%	66.30%

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

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

2019 *	2018 *	2017 *	2016 *	2015 *
0.006484%	0.000000%	0.094216%	0.094703%	0.093038%
$ 90,606	$ -	$ 1,364,677	$ 1,465,083	$ 1,221,630
$ 138,062	$ 759,656	$ 1,541,365	$ 1,563,547	$ 1,559,189
65.63%	0.00%	88.54%	93.70%	78.35%
69.88%	68.88%	67.12%	65.10%	64.95%

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

	2024 *	2023 *	2022 *	2021 *	2020 *
Contractually required contribution	$ 31,207	$ 29,216	$ 55,380	$ 31,808	$ 17,552
Contribution in relation to the contractually required contribution	31,207	29,216	55,380	31,808	17,552
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Hospital's covered-employee payroll	$ 337,003	$ 346,571	$ 617,871	$ 357,773	$ 203,851
Contributions as a percentage of covered-employee payroll	9.26%	8.43%	8.96%	8.89%	8.61%

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

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

2019 *	2018 *	2017 *	2016 *	2015 *
$ 21,831	$ 8,896	$ 85,953	$ 140,593	$ 150,250
21,831	8,896	85,953	140,593	150,250
$ -	$ -	$ -	$ -	$ -
$ 245,421	$ 68,462	$ 1,048,352	$ 1,454,926	$ 1,580,414
8.90%	12.99%	8.20%	9.66%	9.51%

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

	2024 *	2023 *	2022 *	2021 *
Total OPEB Liability				
Service cost	$ 865	$ 725	$ 1,086	$ 386
Interest	83	86	80	50
Differences between expected and actual experience	(1,006)	(1,115)	(2,082)	357
Changes in assumptions	17	3	(32)	-
Net Change in Total OPEB Liability	(41)	(301)	(948)	793
Hospital's Total OPEB Liability - Beginning	1,385	1,686	2,634	1,841
Hospital's Total OPEB Liability - Ending	$ 1,344	$ 1,385	$ 1,686	$ 2,634
Hospital's Covered-Employee Payroll	$ 335,285	$ 372,726	$ 236,995	$ 244,984
Hospital's Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.40%	0.37%	0.71%	1.08%
Changes of Assumptions				
Discount rate	3.93%	3.65%	3.54%	2.16%

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 in paragraph 4 of GASB Statement No. 75.

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

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

2020 *	2019 *	2018 *	2017 *
$ 353	$ 329	$ 325	$ 5,561
83	92	718	556
(661)	(437)	(18,712)	-
33	(1)	(3)	(338)
(192)	(17)	(17,672)	5,779
2,033	2,050	19,722	13,943
$ 1,841	$ 2,033	$ 2,050	$ 19,722
$ 69,638	$ 68,462	$ 65,910	$ 1,619,007
2.64%	2.97%	3.11%	1.22%
2.21%	3.50%	3.87%	3.58%