

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
LINCOLN COUNTY HOSPITAL
MARCH 31, 2012 AND 2011

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LINCOLN COUNTY HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years ended March 31, 2012 and 2011

Our discussion and analysis of the financial performance of Lincoln County Hospital provides a narrative overview of the Hospital's financial activities for the years ended March 31, 2012 and 2011. Please read it in conjunction with the accompanying financial statements.

Financial highlights

The Hospital reported operating losses of \$388,162 in 2012, \$611,588 in 2011, and \$385,609 in 2010. After consideration of tax appropriations and other nonoperating revenues and expenses, the Hospital's net assets decreased by \$332,998 or 14 percent in 2012 and decreased by \$372,794 or 14 percent in 2011.

Using these financial statements

The Hospital's financial statements consist of three statements - a Balance Sheet; a Statement of Revenues, Expenses, and Changes in Net Assets; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Hospital, and resources held by or for the benefit of the Hospital.

One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net assets and changes in them. The Hospital's net assets - the difference between assets and liabilities may be thought of as one way to measure the financial health, or financial position. Over time, increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration must also be given to other nonfinancial indicators, such as changes in the Hospital's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It provides answers to such questions as "Where did cash come from?", "What was cash used for?", and "What was the change in cash balance during the reporting period?"

LINCOLN COUNTY HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
Years ended March 31, 2012 and 2011

Assets, liabilities, and net assets

Table 1 below summarizes the Hospital's assets, liabilities, and net assets for the latest three calendar years.

Table 1: Assets, Liabilities, and Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets			
Current assets	\$ 1,721,173	\$ 1,831,796	\$ 1,760,006
Capital assets, net	6,425,496	6,924,420	3,450,115
Other noncurrent assets	<u>1,175,743</u>	<u>1,707,525</u>	<u>4,783,334</u>
Total assets	<u>9,322,412</u>	<u>10,463,741</u>	<u>9,993,455</u>
Current liabilities	760,960	1,293,052	930,927
Noncurrent liabilities	<u>6,520,711</u>	<u>6,796,950</u>	<u>6,315,995</u>
Total liabilities	<u>7,281,671</u>	<u>8,090,002</u>	<u>7,246,922</u>
Total net assets	<u>\$ 2,040,741</u>	<u>\$ 2,373,739</u>	<u>\$ 2,746,533</u>

We try to maintain a consistent liquidity position in our balance sheet with our ratio of current assets to current liabilities equaling 2.26 in 2012, 1.41 in 2011, and 1.90 in 2010. This ratio has fluctuated from year to year due to the change in the amount that is due to or from third-parties, the amount of cash carried on the balance sheet, which is affected by the payment position with Medicare, timing of withdrawals from board funds, and the increase in current portion of long-term obligations in 2011. The Hospital recorded a receivable from third-party payors of \$460,170 in 2012, a liability of \$271,545 in 2011, and a receivable of \$220,947 in 2010. The change in this balance means that the Hospital's interim payments received were higher or lower than actual reimbursement, which affects the year-end cost report settlement and cash. The month-to-month cash flow of the Hospital affects the amount of funds requested from Board funds to cover operating losses.

The Lincoln County, Kansas Public Building Commission issued revenue bonds in the amount of \$6,300,000 on behalf of the Hospital during 2009. These funds were used to renovate the existing Hospital building. The renovation was completed in April 2011. The Hospital also entered into a lease of a CT Scan and a PACS system in 2011. Both of these leases met the criteria for capitalization which resulted in a \$758,690 increase in capital assets and long-term obligations.

The Hospital's capital acquisitions were \$83,680, \$3,786,132, and \$2,991,498 during 2012, 2011, and 2010. The remaining change in capital assets, net, results from the normal annual depreciation provisions of \$582,604, \$311,828, and \$81,938 during 2012, 2011, and 2010. The increase in depreciation expense in 2012 is due to the final phase of the Hospital renovation being placed into service during the year, and the depreciation on the CT lease which was acquired March 1, 2011.

Other noncurrent assets consist of board funds that are available to fund the continuing operation of the Hospital, a debt service reserve fund, funds set aside for future replacement of capital assets, and funds set aside for payment

LINCOLN COUNTY HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
Years ended March 31, 2012 and 2011

of future health claims expense. These balances will change as tax appropriations and contributions are received and funds are dispersed to the Hospital's operating cash account. These funds decreased by \$486,652 and \$29,148 in 2012 and 2011, respectively. These funds are important in operating the Hospital on a day-to-day basis and to manage through periods of lower cash flows. Also included in other noncurrent assets are funds held by the Lincoln County Public Building Commission (PBC) which were used to fund the renovation of the Hospital. The assets held by the PBC currently are for current debt service requirements.

Operating results and changes in net assets

In 2012, the Hospital's net assets decreased by \$332,998 or 14 percent. This change is made up of different components as displayed below in Table 2.

Table 2: Operating Results and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenues			
Net patient service revenue	\$ 5,749,707	\$ 5,148,075	\$ 4,694,642
Other operating revenue	<u>78,220</u>	<u>101,365</u>	<u>55,657</u>
Total operating revenues	<u>5,827,927</u>	<u>5,249,440</u>	<u>4,750,299</u>
Operating expenses			
Salaries and benefits	3,565,700	3,409,630	3,107,663
Supplies and other	2,067,785	2,139,570	1,946,307
Depreciation and amortization	<u>582,604</u>	<u>311,828</u>	<u>81,938</u>
Total operating expenses	<u>6,216,089</u>	<u>5,861,028</u>	<u>5,135,908</u>
Operating loss	(388,162)	(611,588)	(385,609)
Nonoperating revenues net of expenses	55,164	214,630	399,376
Capital grants and contributions	<u> </u>	<u>24,164</u>	<u>8,880</u>
Increase (decrease) in net assets	<u>\$ (332,998)</u>	<u>\$ (372,794)</u>	<u>\$ 22,647</u>

The first component of the overall change in the Hospital's net assets is its operating loss - generally the difference between net patient service revenue and other operating revenues and the expenses incurred to generate those revenues. In 2012, the Hospital's operating loss decreased by \$223,426 in comparison to 2011, while in 2011 the operating loss increased by \$225,979 in comparison to 2010. The Hospital's net patient service revenue in 2012 increased by 11.7 percent and in 2011 increased by 9.7 percent over the previous year. The change in net patient service revenue is affected by changes in charges to patients, payment rates by third-party payors, patient volumes, the type of services provided, bad debts and, to a greater extent, the change in Medicare

LINCOLN COUNTY HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
Years ended March 31, 2012 and 2011

reimbursable costs. The increase in net revenues was accompanied with a 6 percent increase in operating expenses during 2012, and a 14 percent increase in 2011.

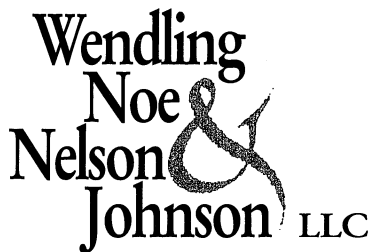
In 2012 and 2011, the Hospital received 78 and 81 percent of its net patient revenue from the Medicare program with these revenues determined based on the Hospital's status as a critical access hospital provider. This designation results in Hospital services to Medicare beneficiaries being reimbursed primarily based upon allowable costs and has helped stabilize the Hospital's net patient service revenues. This high concentration of Medicare revenues, however, makes it challenging for the Hospital to generate operating profits, as revenues from non-Medicare payers are not sufficient to cover the costs that are not reimbursed by the Medicare program.

Employee salaries, wages, and benefits increased by \$156,070 (4.6 percent) in 2012, and increased by \$301,967 (10 percent) in 2011, as compared with the previous year. Salaries, wages, and employee benefits represent 61 percent, 65 percent, and 63 percent of total operating revenues in 2012, 2011, and 2010. Total Hospital staffing increased by 1.73 full-time equivalent employees in 2012 as compared to 2011, with the only other increases being caused by inflationary pressures and services covered by third-party contract service providers when employees cannot be retained for specific skilled positions. Employee benefits as a percentage of salary and wage expense was 21.6 percent in 2012, 23.5 percent in 2011, and 23.1 percent in 2010. This decrease was primarily due to a decrease in health insurance expenses during 2012, as compared with 2011 and 2010.

Supplies and other expenses decreased by \$71,785 in 2012, and increased by \$193,263 in 2011, and by \$185,387 in 2010. Items affecting the 2012 to 2011 comparison include decreased costs of contract nursing expense by \$52,000, a decrease in minor equipment costs of \$32,000, a decrease in physician recruitment expense and contract service expense of \$59,000, a decrease in CT equipment rental expense of \$52,000, and a decrease in contract ER and clinic physician service expense of \$52,000. These decreases were partially offset by a \$137,000 increase in pharmacy supplies sold and a \$36,000 increase in contract therapy expense. Items affecting the 2011 to 2010 comparison included increased costs of pharmacy supplies sold and rental costs, administrative costs, contract nursing expense, minor equipment, physician recruitment expenses, and a decrease in ER and clinic physician costs.

Nonoperating revenues (expenses) include an annual tax appropriation from Lincoln County, noncapital grants and contributions, interest expense, and investment income earned on investments. Interest expense increased by \$157,233 in 2012, which was due to the renovation project being placed into service in April 2011 and, thus, no amounts were capitalized in 2012. The Hospital is highly dependent on these nonoperating revenues to offset operating losses and to maintain the financial health necessary to insure that the Hospital continues to provide high quality health care services to our patients.

This financial report is designed to provide a general overview of the Hospital's finances and to discuss the significant changes in our financial statements. If you have any questions about the report or need additional financial information, contact the Administration Office at Lincoln County Hospital, 624 N. 2nd, Lincoln, Kansas 67455.



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Lincoln County Hospital

We have audited the accompanying financial statements of the business-type activity and discretely presented component unit of Lincoln County Hospital, a component unit of Lincoln County, Kansas, as of and for the years ended March 31, 2012 and 2011, which collectively comprise the Hospital's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. 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 Kansas Municipal Audit Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activity and discretely presented component unit of Lincoln County Hospital as of March 31, 2012 and 2011, and their respective results of operations, changes in their net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 1 through 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Wendling Noe Nelson & Johnson LLC
Topeka, Kansas
July 27, 2012

FINANCIAL STATEMENTS

LINCOLN COUNTY HOSPITAL

BALANCE SHEETS

March 31,

ASSETS

	2012		2011	
	<u>Hospital</u>	<u>Component unit</u>	<u>Hospital</u>	<u>Component unit</u>
CURRENT ASSETS				
Cash	\$ 383,662	\$ 22,522	\$ 489,623	\$ 55,787
Investments		5,674		5,625
Assets limited as to use	87,347		309,122	
Accounts receivable, net of allowance for uncollectible accounts of \$150,899 in 2012 and \$106,476 in 2011	608,790		878,293	
Other receivables	576		1,131	
Inventories	117,817		109,275	
Prepaid expenses and other	62,811		44,352	
Estimated third-party payor settlements	460,170			
Total current assets	<u>1,721,173</u>	<u>28,196</u>	<u>1,831,796</u>	<u>61,412</u>
ASSETS LIMITED AS TO USE				
By Board of Trustees				
For operations	769,427		1,359,186	
For debt service reserve	128,954		91,917	
For capital assets	42,984		30,639	
For health claims	69,098		15,373	
By Public Building Commission	75,146		316,243	
	1,085,609	-	1,813,358	-
Less amounts required to meet current obligations	87,347		309,122	
	<u>998,262</u>	<u>-</u>	<u>1,504,236</u>	<u>-</u>
CAPITAL ASSETS, net	<u>6,425,496</u>	<u>-</u>	<u>6,924,420</u>	<u>-</u>
OTHER ASSETS				
Deferred financing costs, less accumulated amortization of \$39,401 in 2012 and \$27,294 in 2011	166,481		178,589	
Other receivables	11,000		24,700	
	<u>177,481</u>	<u>-</u>	<u>203,289</u>	<u>-</u>
Total assets	<u>\$ 9,322,412</u>	<u>\$ 28,196</u>	<u>\$10,463,741</u>	<u>\$ 61,412</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2012		2011	
	<u>Hospital</u>	<u>Component unit</u>	<u>Hospital</u>	<u>Component unit</u>
CURRENT LIABILITIES				
Current maturities of long-term obligations	\$ 276,247	\$ -	\$ 260,006	\$ -
Accounts payable	72,578		67,583	
Construction costs payable			264,362	
Salaries payable	166,406		179,389	
Payroll taxes payable	70,886		75,766	
Vacation benefits payable	98,495		93,598	
Other accrued expenses	47,970		51,416	
Interest payable	28,378		29,387	
Estimated third-party payor settlements			271,545	
Total current liabilities	<u>760,960</u>	<u>-</u>	<u>1,293,052</u>	<u>-</u>
LONG-TERM OBLIGATIONS, less current maturities				
	<u>6,520,711</u>		<u>6,796,950</u>	
Total liabilities	<u>7,281,671</u>	<u>-</u>	<u>8,090,002</u>	<u>-</u>
NET ASSETS				
Invested in capital assets net of related debt	(358,527)		139,196	
Restricted				
For debt service	75,146		58,385	
For specific operating activities		16,757		49,973
Unrestricted	<u>2,324,122</u>	<u>11,439</u>	<u>2,176,158</u>	<u>11,439</u>
Total net assets	<u>2,040,741</u>	<u>28,196</u>	<u>2,373,739</u>	<u>61,412</u>
Total liabilities and net assets	<u>\$ 9,322,412</u>	<u>\$ 28,196</u>	<u>\$10,463,741</u>	<u>\$ 61,412</u>

LINCOLN COUNTY HOSPITAL
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year ended March 31,

	2012		2011	
	<u>Hospital</u>	<u>Component unit</u>	<u>Hospital</u>	<u>Component unit</u>
Operating revenues				
Net patient service revenue	\$ 5,749,707	\$ -	\$ 5,148,075	\$ -
Other	78,220	20,620	101,365	50,382
Total operating revenues	<u>5,827,927</u>	<u>20,620</u>	<u>5,249,440</u>	<u>50,382</u>
Operating expenses				
Salaries and wages	2,926,286		2,761,935	
Employee benefits	639,414		647,695	
Supplies and other	2,067,785	54,345	2,139,570	55,868
Depreciation	582,604		311,828	
Total operating expenses	<u>6,216,089</u>	<u>54,345</u>	<u>5,861,028</u>	<u>55,868</u>
Operating loss	<u>(388,162)</u>	<u>(33,725)</u>	<u>(611,588)</u>	<u>(5,486)</u>
Nonoperating revenues (expenses)				
Tax appropriations	349,740		369,685	
Investment income	16,794	509	29,165	634
Interest expense	(363,464)		(206,231)	
Noncapital grants and contributions	52,094		22,011	
Total nonoperating revenues (expenses)	<u>55,164</u>	<u>509</u>	<u>214,630</u>	<u>634</u>
Excess of expenses over revenues before capital grants and contributions	<u>(332,998)</u>	<u>(33,216)</u>	<u>(396,958)</u>	<u>(4,852)</u>
Capital grants and contributions			24,164	
Decrease in net assets	<u>(332,998)</u>	<u>(33,216)</u>	<u>(372,794)</u>	<u>(4,852)</u>
Net assets beginning of year	<u>2,373,739</u>	<u>61,412</u>	<u>2,746,533</u>	<u>66,264</u>
Net assets end of year	<u>\$ 2,040,741</u>	<u>\$ 28,196</u>	<u>\$ 2,373,739</u>	<u>\$ 61,412</u>

The accompanying notes are an integral part of these statements.

LINCOLN COUNTY HOSPITAL
STATEMENTS OF CASH FLOWS
Year ended March 31,

	2012		2011	
	<u>Hospital</u>	<u>Component unit</u>	<u>Hospital</u>	<u>Component unit</u>
Cash flows from operating activities				
Receipts from and on behalf of patients	\$ 5,287,495	\$ -	\$ 5,306,720	\$ -
Payments to or on behalf of employees	(3,582,112)		(3,343,118)	
Payments for supplies and services	(2,089,791)	(54,345)	(2,180,656)	(55,868)
Other receipts and payments	<u>91,920</u>	<u>20,620</u>	<u>114,165</u>	<u>50,382</u>
Net cash used by operating activities	<u>(292,488)</u>	<u>(33,725)</u>	<u>(102,889)</u>	<u>(5,486)</u>
Cash flows from noncapital financing activities				
Tax appropriations	349,740		369,685	
Noncapital grants and contributions	<u>52,094</u>		<u>22,011</u>	
Net cash provided by noncapital financing activities	<u>401,834</u>	<u>-</u>	<u>391,696</u>	<u>-</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	(348,042)		(3,184,851)	
Principal paid on long-term obligations	(259,057)		(17,602)	
Interest paid on long-term obligations	(353,306)		(320,419)	
Capital grants and contributions	<u></u>	<u></u>	<u>24,164</u>	<u></u>
Net cash used by capital and related financing activities	<u>(960,405)</u>	<u>-</u>	<u>(3,498,708)</u>	<u>-</u>
Cash flows from investing activities				
Changes in Internally designated funds	486,652		29,148	
Investments		(49)		(83)
Assets held by Public Building Commission	241,097		3,193,056	
Investment income received	<u>17,349</u>	<u>509</u>	<u>129,446</u>	<u>634</u>
Net cash provided by investing activities	<u>745,098</u>	<u>460</u>	<u>3,351,650</u>	<u>551</u>
Net increase (decrease) in cash and cash equivalents	(105,961)	(33,265)	141,749	(4,935)
Cash and cash equivalents at beginning of year	<u>489,623</u>	<u>55,787</u>	<u>347,874</u>	<u>60,722</u>
Cash and cash equivalents at end of year	<u>\$ 383,662</u>	<u>\$ 22,522</u>	<u>\$ 489,623</u>	<u>\$ 55,787</u>

The accompanying notes are an integral part of these statements.

LINCOLN COUNTY HOSPITAL
STATEMENTS OF CASH FLOWS - CONTINUED
Year ended March 31,

	2012		2011	
	<u>Hospital</u>	<u>Component unit</u>	<u>Hospital</u>	<u>Component unit</u>
Reconciliation of operating loss to net cash used by operating activities				
Operating loss	\$ (388,162)	\$ (33,725)	\$ (611,588)	\$ (5,486)
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities				
Depreciation	582,604		311,828	
Provision for bad debts	265,165		190,933	
Changes in				
Accounts receivable	4,338		(524,780)	
Estimated third-party payor settlements	(731,715)		492,492	
Other assets	13,700		12,800	
Inventories	(8,542)		10,593	
Prepaid expenses and other	(18,459)		(4,433)	
Accounts payable and accrued expenses	(11,417)		19,266	
Net cash used by operating activities	<u>\$ (292,488)</u>	<u>\$ (33,725)</u>	<u>\$ (102,889)</u>	<u>\$ (5,486)</u>
Supplemental schedule of noncash investing and financing activities				
Capital lease obligations incurred	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 758,690</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

1. Reporting entity

Lincoln County Hospital (the Hospital) is owned by Lincoln County, Kansas, and is operated by the Board of Trustees of the Hospital, a seven-member governing board appointed by the governing body of the County. The Hospital, which was organized in 1952, is a not-for-profit general hospital located in Lincoln, Kansas. The Hospital can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the County. The Hospital is a component unit of the County.

2. Component unit

The financial statements include the discrete presentation of financial data of Lincoln County Hospital and Health Care Foundation (the Foundation). The component unit is reported separately to emphasize that it is legally separate from the Hospital.

The Foundation, which is a not-for-profit corporation, was established in 2005 for the purpose of providing financial assistance to the Hospital. The association is administered by a self-perpetuating Board of Directors. Two of the five members of the Foundation's Board are also members of the Hospital's Board of Trustees.

3. Use of estimates

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

4. Basis of accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Accounting," the Hospital has implemented all GASB pronouncements, and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued before November 30, 1989, except those that conflict with GASB pronouncements, and has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

5. Cash and cash equivalents

Cash and cash equivalents include all cash and highly liquid debt instruments with maturities of three months or less excluding any such amounts included in assets limited as to use.

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

6. Allowance for doubtful accounts

The Hospital provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. The Hospital estimates this allowance based on the aging of its accounts receivable and its historical collection experience for each type of payor.

7. Inventories

Inventories are stated at cost as determined using the first-in, first-out method.

8. Assets limited as to use

Assets limited as to use include assets set aside by the Board of Trustees for on-going hospital operations, for the replacement of capital assets, for debt service reserve, and for payment of partially self-insured health claims, over which the Board retains control; and assets whose use is limited under a bond indenture agreement that are held by the Lincoln County Public Building Commission.

9. Capital assets

Capital assets, including assets recorded as capital leases, are stated at cost. Depreciation and amortization of capital assets are provided on the straight-line method over the estimated useful lives of the assets which are substantially in conformity with the guidelines established by the American Hospital Association.

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended useful lives of the item or the properties.

10. Vacation benefits payable

Employees of the Hospital are entitled to paid vacation depending on length of service and whether they are full or part time. Upon resignation, termination, or retirement from service with the Hospital, employees are entitled to payment for all accrued vacation, up to an allowable maximum. The Hospital accrues vacation benefits as earned.

11. Net assets

Net assets of the Hospital are classified in three components. "Net assets invested in capital assets net of related debt" consist of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase of assets. "Restricted net assets" are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital, including amounts deposited with the Lincoln County, Kansas, Public Building Commission as required under the Pledge of Revenues and Operation Agreement signed in connection with the issuance of bonds by the Lincoln County, Kansas, Public Building Commission. "Unrestricted net assets" are remaining net assets that do not meet the definitions of the other two components of net assets.

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

12. Operating revenues and expenses

The Hospital's statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the Hospital's principal activity. Nonexchange revenues, including noncapital grants and contributions and tax appropriations, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

13. Net patient service revenue

Net patient service revenue is reported at established charges with deductions for discounts, contractual adjustments, and provision for bad debts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

14. Cost of borrowing

Interest costs including amortization of deferred financing costs and bond premiums incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Deferred financing costs incurred in connection with the issuance of long-term debt are amortized over the term of the related debt using the interest method.

15. Grants and contributions

From time to time, the Hospital receives grants and contributions from individuals and private organizations. Revenues from grants and contributions, including contributions of capital assets, are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

16. Restricted resources

When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

17. Charity care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charity care provided by the Hospital is disclosed in Note B.

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

18. Income taxes

The Hospital is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

NOTE B - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established charge rates. The amounts reported on the balance sheet as estimated third-party payor settlements consist of management's best estimate of the differences between the contractual amounts for providing covered services and the interim payments received for those services. A summary of the payment arrangements with major third-party payors follows:

Medicare - Services rendered to Medicare program beneficiaries are paid under the provisions applicable to critical access hospitals. Payments to the Hospital under the critical access provisions for inpatient, outpatient, and swing-bed patient services are determined on the basis of allowable costs. The Hospital is paid for cost reimbursable and other services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits or reviews thereof by the Medicare administrative contractor. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited or reviewed by the Medicare administrative contractor through March 31, 2010.

Medicaid - Services rendered to Medicaid program beneficiaries, other than those covered by managed care plans, are paid under provisions applicable to critical access hospitals. Payments to the Hospital under the critical access hospital provisions are based on cost reimbursement methodologies used by the Medicare program. Final settlement with the Medicaid program is based on filed cost reports. Medicaid has final settled these cost reports through March 31, 2009.

Blue Cross and Blue Shield - All services rendered to patients who are insured by Blue Cross and Blue Shield are paid on the basis of prospectively determined rates per discharge or discounts from established charges.

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE B - NET PATIENT SERVICE REVENUE - Continued

A summary of gross and net patient service revenue follows:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	\$ 7,275,062	\$ 6,304,819
Third-party contractual adjustments	(1,221,562)	(940,571)
Charity care	(25,228)	(14,021)
Other discounts and allowances	(13,400)	(11,219)
Provision for bad debts	<u>(265,165)</u>	<u>(190,933)</u>
Net patient service revenue	<u>\$ 5,749,707</u>	<u>\$ 5,148,075</u>

Revenue from the Medicare program accounted for approximately 78 and 81 percent of the Hospital's net patient service revenue during 2012 and 2011, respectively. Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term.

The Hospital maintains records to indentify and monitor the level of charity care it provides. The amount of charges forgone for services and supplies furnished under its charity care policy for 2012 and 2011 was \$25,228 and \$14,021, respectively. The Hospital estimates that the cost of providing charity care, based on overall cost-to-charge ratios obtained from the Hospital's cost report, was \$22,822 and \$13,470 for 2012 and 2011, respectively.

NOTE C - DEPOSITS WITH FINANCIAL INSTITUTIONS

Kansas statutes authorize the Hospital with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State Treasurer's investment pool. Kansas statutes also require that collateral be pledged for bank deposits with a fair value equal to total deposits in excess of F.D.I.C. coverage at any given time and the securities pledged be deposited with a Kansas state or national bank or trust company, the Federal Reserve Bank, or the Federal Home Loan Bank.

At March 31, 2012, the carrying amount of the Hospital's bank deposits, including certificates of deposit, was \$1,393,988 and the bank balances were \$1,334,409. Of the bank balances, \$323,053 was covered by federal depository insurance and \$1,011,356 was uninsured and collateralized with securities held by a third-party bank, but not registered in the Hospital's name.

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE D - ASSETS LIMITED AS TO USE

The composition of assets limited as to use is as follows:

	<u>2012</u>	<u>2011</u>
Board of Trustee funds		
Cash	\$ 910,463	\$ 1,397,115
Certificates of deposit	<u>100,000</u>	<u>100,000</u>
	<u>\$ 1,010,463</u>	<u>\$ 1,497,115</u>
Under bond agreements		
Cash	<u>\$ 75,146</u>	<u>\$ 316,243</u>

Assets limited as to use by bond agreements are held by the Lincoln County Public Building Commission in the following accounts:

	<u>2012</u>	<u>2011</u>
Project fund	\$ -	\$ 257,858
Principal and interest	<u>75,146</u>	<u>58,385</u>
	<u>\$ 75,146</u>	<u>\$ 316,243</u>

NOTE E - CAPITAL ASSETS

	Balance March 31, 2011	Transfers and additions	Retirements	Balance March 31, 2012
Land	\$ 19,725	\$ -	\$ -	\$ 19,725
Land improvements	166,332	20,957		187,289
Buildings	1,845,464	175,047		2,020,511
Fixed equipment	4,678,606	681,645		5,360,251
Movable equipment	<u>2,237,994</u>	<u>49,727</u>	<u>349,232</u>	<u>1,938,489</u>
	<u>8,948,121</u>	<u>927,376</u>	<u>349,232</u>	<u>9,526,265</u>
Less accumulated depreciation and amortization				
Land improvements	18,077	13,020		31,097
Buildings	851,370	91,221		942,591
Fixed equipment	723,411	297,493		1,020,904
Movable equipment	<u>1,274,539</u>	<u>180,870</u>	<u>349,232</u>	<u>1,106,177</u>
	<u>2,867,397</u>	<u>582,604</u>	<u>349,232</u>	<u>3,100,769</u>
Construction in progress	<u>843,696</u>	<u>(843,696)</u>		<u>-</u>
Capital assets, net	<u>\$ 6,924,420</u>	<u>\$ (498,924)</u>	<u>\$ -</u>	<u>\$ 6,425,496</u>

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE E - CAPITAL ASSETS - Continued

	Balance March 31, 2010	Transfers and additions	Retirements	Balance March 31, 2011
Land	\$ 15,926	\$ 3,799	\$ -	\$ 19,725
Land improvements	38,879	127,453		166,332
Buildings	965,974	912,647	33,157	1,845,464
Fixed equipment	590,943	4,098,290	10,627	4,678,606
Movable equipment	1,487,188	907,658	156,852	2,237,994
	<u>3,098,910</u>	<u>6,049,847</u>	<u>200,636</u>	<u>8,948,121</u>
Less accumulated depreciation and amortization				
Land improvements	9,442	8,635		18,077
Buildings	823,910	60,617	33,157	851,370
Fixed equipment	551,270	182,768	10,627	723,411
Movable equipment	1,371,584	59,807	156,852	1,274,539
	<u>2,756,206</u>	<u>311,827</u>	<u>200,636</u>	<u>2,867,397</u>
Construction in progress	<u>3,107,411</u>	<u>(2,263,715)</u>		<u>843,696</u>
Capital assets, net	<u>\$ 3,450,115</u>	<u>\$ 3,474,305</u>	<u>\$ -</u>	<u>\$ 6,924,420</u>

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE F - LONG-TERM OBLIGATIONS

Long-term obligations are summarized as follows:

	<u>2012</u>	<u>2011</u>
Capital lease obligation with the Lincoln County, Kansas Public Building Commission; interest rate of 4.375% to 5.50%; issued on December 15, 2008, in the original amount of \$6,300,000; due serially through March 1, 2035	\$ 6,160,000	\$ 6,300,000
Capital lease obligation; imputed interest rate of 5.50%; payable in monthly installments of \$10,850 through March 2017; collateralized by leased equipment with an amortized cost of \$548,110 at March 31, 2012	571,474	668,880
Capital lease obligation; interest rate of 4.625%; payable in monthly installments of \$2,053 through June 2014; collateralized by leased equipment with an amortized cost of \$58,377 at March 31, 2012	<u>52,550</u>	<u>74,202</u>
Unamortized premium on bonds	<u>6,784,024</u> 12,934	<u>7,043,082</u> 13,874
Less current maturities	<u>6,796,958</u> 276,247	<u>7,056,956</u> 260,006
	<u>\$ 6,520,711</u>	<u>\$ 6,796,950</u>

The following is a summary of changes in long-term obligations:

	<u>Capital lease obligations</u>	<u>Capital lease with PBC</u>	<u>Total long-term obligations</u>
Outstanding at April 1, 2010	\$ 1,994	\$ 6,300,000	\$ 6,301,994
Obligations incurred	758,690		758,690
Principal payments	<u>(17,602)</u>		<u>(17,602)</u>
Outstanding at March 31, 2011	743,082	6,300,000	7,043,082
Obligations incurred			
Principal payments	<u>(119,058)</u>	<u>(140,000)</u>	<u>(259,058)</u>
Outstanding at March 31, 2012	<u>\$ 624,024</u>	<u>\$ 6,160,000</u>	<u>\$ 6,784,024</u>

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE F - LONG-TERM OBLIGATIONS - Continued

On December 15, 2008, the Lincoln County, Kansas, Public Building Commission (PBC) issued Revenue Bonds, Series 2008 (the Bonds), in the amount of \$6,300,000, on behalf of the Hospital pursuant to a bond resolution dated December 1, 2008. The proceeds were used, together with other available funds of the Hospital, for the purpose of renovating the Hospital building (the Project).

The PBC is a municipal corporation created by the County to issue the Bonds. In connection with the issuance of the Bonds, the PBC, the County and the Hospital entered into a lease agreement in which the PBC leased the Project to the County and the Hospital for rental payments sufficient to provide for the payment of principal and interest on the Bonds. The lease contains a covenant by the County to make all rental payments required under the lease from whatever source of revenues is legally available and to levy ad valorem taxes without limit if necessary to make such payments.

In connection with the issuance of the Bonds, the Hospital and the County entered into a pledge of revenues agreement. Under the agreement, the Hospital pledged its net revenues to the County to secure the payment of principal and interest on the Bonds. The pledge of revenues agreement requires the Hospital to set aside certain amounts sufficient to pay principal and interest on the Bonds as payments are due. Such reserves were maintained and are included with assets limited as to use in the financial statements.

Scheduled annual debt service requirements on the lease with the Public Building Commission are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 150,000	\$ 310,528	\$ 460,528
2014	155,000	303,028	458,028
2015	165,000	295,278	460,278
2016	175,000	287,027	462,027
2017	180,000	278,277	458,277
Thereafter	<u>5,335,000</u>	<u>2,997,900</u>	<u>8,332,900</u>
	<u>\$ 6,160,000</u>	<u>\$ 4,472,038</u>	<u>\$10,632,038</u>

The following is a schedule of future minimum lease payments under capital leases, excluding the lease with the Public Building Commission, as of March 31, 2012:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 125,327	\$ 29,509	\$ 154,836
2014	131,919	22,917	154,836
2015	120,094	16,265	136,359
2016	120,112	10,088	130,200
2017	<u>126,572</u>	<u>3,628</u>	<u>130,200</u>
	<u>\$ 624,024</u>	<u>\$ 82,407</u>	<u>\$ 706,431</u>

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE F - LONG-TERM OBLIGATIONS - Continued

Total interest costs are summarized as follows:

	<u>2012</u>	<u>2011</u>
Interest incurred	\$ 352,297	\$ 323,345
Amortization of deferred financing costs net of bond premium amortization	<u>11,167</u>	<u>10,010</u>
	363,464	333,355
Less		
Net capitalized interest costs	<u> </u>	<u>(127,124)</u>
Interest expense	<u>\$ 363,464</u>	<u>\$ 206,231</u>

NOTE G - PENSION PLAN

Substantially all employees of the Hospital participate in the Lincoln County Hospital Employees' Pension Plan (the Plan), which is a defined contribution plan. The payroll for employees covered by the Plan for the years ended March 31, 2012 and 2011, was \$2,125,312 and \$1,817,365, respectively. Substantially all employees of the Hospital who are 21 years of age or older are eligible to participate in the Plan after one year of employment. Covered employees are required under the terms of the Plan to contribute 2.5 percent of the first \$7,800 of covered compensation plus 5 percent of the covered compensation exceeding \$7,800. Under the terms of the Plan, the Hospital contributes 4.5 percent of the first \$7,800 of covered compensation, plus 9 percent of the covered compensation exceeding \$7,800. Contributions to the Plan made by employees vest immediately, and contributions to the Plan made by the Hospital vest based upon the Plan's vesting schedule and the employees' years of service with the Hospital. The total cost of the Plan for the years ended March 31, 2012 and 2011, was \$163,819 and \$134,255, respectively.

NOTE H - CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of patient accounts receivable from patients and third-party payors is as follows:

	<u>2012</u>	<u>2011</u>
Medicare	54.3%	56.2%
Medicaid	6.3	1.9
Blue Cross	9.3	11.8
Commercial insurance	6.4	16.6
Self-pay	<u>23.7</u>	<u>13.5</u>
	<u>100.0%</u>	<u>100.0%</u>

LINCOLN COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2012 and 2011

NOTE I - RISK MANAGEMENT

For the years ended March 31, 2012 and 2011, the Hospital was insured for hospital professional liability under a comprehensive hospital liability policy provided by an independent insurance carrier with limits of \$200,000 per occurrence up to an annual aggregate of \$600,000 for all claims made during the policy year. The Hospital is further covered by the Kansas Health Care Stabilization Fund for claims in excess of its comprehensive hospital liability policy up to \$800,000 pursuant to any one judgment or settlement against the Hospital for any one party, subject to an aggregate limitation for all judgments or settlements arising from all claims made in the policy year in the amount of \$2,400,000. All coverage is on a claims-made basis. The above policies were renewed on January 1, 2012, for the policy period from January 1, 2012 to January 1, 2013.

In addition to the risk disclosed elsewhere in these financial statements and notes thereto, the Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Hospital purchases commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE J - COMMITMENTS AND CONTINGENCIES

The Hospital purchases professional and general liability insurance to cover medical malpractice and other liability claims (see Note I). There are no known claims and incidents that have been asserted; therefore, no accrual for loss contingencies has been made.

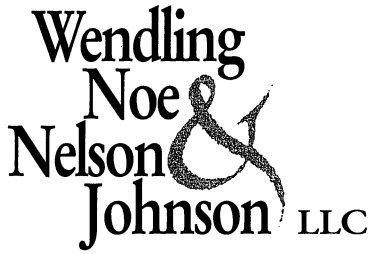
NOTE K - RELATED ORGANIZATIONS

Lincoln County levies and collects property taxes for the benefit of the Hospital. The Hospital received \$349,740 and \$369,685 in tax appropriations from Lincoln County in 2012 and 2011, respectively. The Hospital also received \$52,074 and \$46,175 in contributions from the Foundation in 2012 and 2011, respectively.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated all subsequent events through the date of the independent accountants' report, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



Certified Public Accountants
and Management Consultants

Brian J. Florea, CPA
Derek H. Hart, CPA
John R. Helms, CPA
Darrell D. Loyd, CPA
Eric L. Otting, CPA

Jere Noe, CPA
John E. Wendling, CPA
Gary D. Knoll, CPA
Adam C. Crouch, CPA
Heather R. Eichen, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION

Board of Trustees
Lincoln County Hospital

We have audited the financial statements of Lincoln County Hospital for the years ended March 31, 2012 and 2011, and have issued our report thereon dated July 27, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on those financial statements as a whole of Lincoln County Hospital as of and for the years ended March 31, 2012 and 2011, which are presented in the preceding section of this report. The supplementary information as of and for the years ended March 31, 2012 and 2011, presented hereinafter, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Wendling Noe Nelson & Johnson LLC

Topeka, Kansas
July 27, 2012

LINCOLN COUNTY HOSPITAL
PATIENT SERVICE REVENUE
Year ended March 31,

	2012			2011
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>	<u>Total</u>
Routine services				
Adults and pediatrics	\$ 1,264,555	\$ -	\$ 1,264,555	\$ 1,310,797
Ancillary services				
Operating room				
Radiology, ultrasound, nuclear medicine, echocardiography, and vascular studies	76,009	334,982	410,991	383,193
CT scan and MRI	85,464	580,708	666,172	481,317
Laboratory and blood	236,961	974,421	1,211,382	964,670
Physical therapy	115,233	344,625	459,858	426,385
Occupational therapy	113,792	17,244	131,036	135,358
Speech therapy	6,233	600	6,833	8,507
Electrocardiology	16,466	53,132	69,598	63,050
Medical supplies	409,666	79,947	489,613	342,180
Pharmacy	1,060,470	412,576	1,473,046	1,241,136
Emergency room	19,840	255,542	275,382	218,830
Observation care	481	3,752	4,233	5,192
Clinic		812,363	812,363	724,204
	<u>2,140,615</u>	<u>3,869,892</u>	<u>6,010,507</u>	<u>4,994,022</u>
	<u>\$ 3,405,170</u>	<u>\$ 3,869,892</u>	<u>7,275,062</u>	<u>6,304,819</u>
Less				
Contractual adjustments - third-party payors			(1,221,562)	(940,571)
Charity care			(25,228)	(14,021)
Administrative discounts			(13,400)	(11,219)
Provision for bad debts			(265,165)	(190,933)
Net patient service revenue			<u>\$ 5,749,707</u>	<u>\$ 5,148,075</u>

LINCOLN COUNTY HOSPITAL
OPERATING EXPENSES BY FUNCTIONAL DIVISION
Year ended March 31,

	2012			2011		
	Salaries	Supplies and other, employee benefits, and depreciation	Total	Salaries	Supplies and other, employee benefits, and depreciation	Total
Routine services						
Adults and pediatrics	\$ 719,159	\$ 197,065	\$ 916,224	\$ 683,729	\$ 304,292	\$ 988,021
Ancillary services						
Operating room					35	35
Radiology, ultrasound, nuclear medicine, echocardiography, and vascular studies	131,836	85,997	217,833	141,367	96,886	238,253
CT scan and MRI	19,055	54,325	73,380	10,904	111,530	122,434
Laboratory and blood	103,743	186,657	290,400	99,136	176,737	275,873
Physical therapy		156,931	156,931		122,776	122,776
Occupational therapy		66,166	66,166		64,728	64,728
Speech therapy		6,947	6,947		5,753	5,753
Electrocardiology	3,680		3,680	3,280		3,280
Medical supplies	19,971	47,900	67,871	21,542	68,695	90,237
Pharmacy		492,132	492,132		355,915	355,915
Emergency room	200,077	183,580	383,657	143,577	205,955	349,532
Clinic	828,372	249,391	1,077,763	717,725	276,920	994,645
Other		1,375	1,375			
	<u>1,306,734</u>	<u>1,531,401</u>	<u>2,838,135</u>	<u>1,137,531</u>	<u>1,485,930</u>	<u>2,623,461</u>
General services						
Administration and general	99,750	203,362	303,112	98,937	255,254	354,191
Accounting	171,052	163,205	334,257	185,800	147,703	333,503
Plant operations and maintenance	55,053	243,298	298,351	51,615	214,395	266,010
Laundry	25,294	21,733	47,027	28,680	32,906	61,586
Housekeeping	87,475	42,599	130,074	80,657	53,174	133,831
Dietary	174,836	161,039	335,875	185,557	153,796	339,353
Nursing administration	96,787	19,741	116,528	96,690	29,502	126,192
Medical records	87,120	32,428	119,548	81,789	33,749	115,538
Education and activities	30,180	13,786	43,966	58,878	9,448	68,326
Patient care coordination	72,846	21,478	94,324	72,072	20,602	92,674
Employee benefits - other		56,064	56,064		46,514	46,514
Depreciation		582,604	582,604		311,828	311,828
	<u>900,393</u>	<u>1,561,337</u>	<u>2,461,730</u>	<u>940,675</u>	<u>1,308,871</u>	<u>2,249,546</u>
	<u>\$ 2,926,286</u>	<u>\$ 3,289,803</u>	<u>\$ 6,216,089</u>	<u>\$ 2,761,935</u>	<u>\$ 3,099,093</u>	<u>\$ 5,861,028</u>