



FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023 AND 2022

CPAs / ADVISORS



GOOD SAMARITAN HOSPITAL

TABLE OF CONTENTS DECEMBER 31, 2023 AND 2022

	Page
Report of Independent Auditors	1
Required Supplementary Information	
Management’s Discussion and Analysis (Unaudited).....	MDA - i
Financial Statements	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position.....	6
Statements of Cash Flows	7
Notes to Financial Statements.....	9
Supplementary Information	
Detailed Statement of Revenues and Expenses – Obligated Group Year Ended December 31, 2023.....	35
Reporting Under <i>Government Auditing Standards</i>	
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Knox County Hospital d/b/a Good Samaritan Hospital (the Hospital), a component unit of Knox County, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital as of December 31, 2023 and 2022, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Uniform Compliance Guidelines for Audits of Hospitals and State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Hospital adopted Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements*. 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 the Hospital's ability to continue as a going concern for twelve 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the 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 the Hospital's ability to continue as a going concern for a reasonable period of time.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

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 Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed statement of revenues and expenses on page 35 is presented for purposes of additional analysis rather than to present the results of operations of the individual component units, 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 the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
September 26, 2024

REQUIRED SUPPLEMENTARY INFORMATION

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023 AND 2022

This section of Good Samaritan Hospital's (the Hospital) annual financial statements presents background information and management's discussion and analysis (MD&A) of the Hospital's financial performance during the year ended December 31, 2023. This MD&A does include a discussion and analysis of the activities and results of the Hospital's blended component units, Good Samaritan Hospital Foundation, Inc., Good Samaritan Hospital Physician Services, Inc. and Good Samaritan EMS, Inc., and should be read in conjunction with the Hospital's financial statements that follow this MD&A.

Financial Highlights

- The Hospital's net position decreased approximately \$7,262,000 or 3.8% in 2023.
- The Hospital reported operating loss of approximately \$11,388,000 for 2023. The Hospital reported an operating loss of approximately \$1,853,000 for 2022.
- The Hospital continued its improvement of facilities and equipment in 2023 by adding approximately \$24,306,000 in gross capital assets. During 2022, the Hospital added approximately \$11,219,000 in gross capital assets.
- During 2023 and 2022, the Hospital recognized approximately \$117,692,000 and \$110,649,000, respectively, of net patient service revenue related to long-term care.
- During 2023, the Hospital adopted Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements* (GASB 96) which requires certain software subscriptions to be recorded in the statement of net position. This statement was applied retrospectively to the 2022 financial statements. The 2021 financial information in the MD&A has been restated in relation to GASB 96.

Using This Annual Report

The Hospital's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the financial activities and the financial position of the Hospital.

The statement of net position includes all of the Hospital's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities).

All of the current year's revenue earned, expenses incurred and changes in net position are accounted for in the statement of revenues, expenses and changes in net position.

Finally, the purpose of the statement of cash flows is to provide information about the Hospital's cash flows from operating activities, financing activities including capital additions, and investing activities. This statement provides information on the sources and uses of cash and the change in the cash balance during the year.

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023 AND 2022

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Hospital's finances is, "What is the financial strength of the Hospital?" The statement of net position and the statement of revenues, expenses and changes in net position 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. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in it. Think of the Hospital's net position, the difference between assets and liabilities, as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. Consider other nonfinancial factors, however, 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.

Table 1: Statements of Net Position

The Hospital's assets and deferred outflows decreased approximately \$5,418,000 in 2023 compared to 2022. This represents a 1.62% decrease from 2022. Total liabilities and deferred inflows increased by \$1,844,000 during 2023. Net position decreased by \$7,262,000 in 2023 compared to 2022. The decrease relates primarily to an increase in operating expenses which exceeded an increase in operating revenues.

	2023	Restated 2022	Change 2023 - 2022	Restated 2021	Change 2022 - 2021
Assets and deferred outflows					
Current assets	\$ 156,357,280	\$ 169,998,668	\$ (13,641,388)	\$ 201,353,035	\$ (31,354,367)
Capital assets, net	164,604,115	161,930,585	2,673,530	169,557,501	(7,626,916)
Other assets and deferred outflows	8,949,575	3,399,872	5,549,703	3,895,333	(495,461)
Total assets and deferred outflows	<u>\$ 329,910,970</u>	<u>\$ 335,329,125</u>	<u>\$ (5,418,155)</u>	<u>\$ 374,805,869</u>	<u>\$ (39,476,744)</u>
Liabilities and deferred inflows					
Current liabilities	\$ 39,119,601	\$ 40,224,833	\$ (1,105,232)	\$ 64,354,395	\$ (24,129,562)
Long-term liabilities and deferred inflows	109,250,652	106,301,476	2,949,176	108,582,473	(2,280,997)
Total liabilities and deferred inflows	148,370,253	146,526,309	1,843,944	172,936,868	(26,410,559)
Net position					
Unrestricted	127,949,950	130,511,871	(2,561,921)	137,252,597	(6,740,726)
Net investment in capital assets	51,680,384	51,783,422	(103,038)	58,921,601	(7,138,179)
Restricted - debt service	1,910,383	6,507,523	(4,597,140)	5,694,803	812,720
Total net position	<u>181,540,717</u>	<u>188,802,816</u>	<u>(7,262,099)</u>	<u>201,869,001</u>	<u>(13,066,185)</u>
Total liabilities, deferred inflows and net position	<u>\$ 329,910,970</u>	<u>\$ 335,329,125</u>	<u>\$ (5,418,155)</u>	<u>\$ 374,805,869</u>	<u>\$ (39,476,744)</u>

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023 AND 2022

Total assets and deferred outflows in 2022 compared to 2021 decreased approximately \$39,477,000. Total liabilities in 2022 decreased \$26,411,000. The net position in 2022 decreased \$13,066,000 primarily to decreases in investment return, net and the absence of COVID-19 funds.

Table 2: Statements of Revenues, Expenses and Changes in Net Position

The Hospital's performance in 2023 showed a negative return in net position of 4.0% compared to a negative 6.9% in 2022. Total operating revenue increased approximately \$10,170,000 as net patient service revenue increased \$13,680,000 in 2023 over 2022. Expenses increased by \$19,705,000 between 2022 and 2023. Professional fees and purchased services increased \$8,440,000 in 2023. Nonoperating revenues and expenses increased by \$15,339,000 due to increases in investment return, net in 2023.

	2023	Restated 2022	Change 2023 - 2022	Restated 2021	Change 2022 - 2021
Operating revenues					
Net patient service revenue	\$ 362,220,896	\$ 348,541,050	\$ 13,679,846	\$ 326,044,635	\$ 22,496,415
Federal, state, and county grant revenue	4,160,099	8,405,265	(4,245,166)	6,443,645	1,961,620
County appropriations	1,132,127	1,986,187	(854,060)	592,745	1,393,442
Other operating revenues	7,349,380	5,759,961	1,589,419	6,347,266	(587,305)
Total operating revenues	374,862,502	364,692,463	10,170,039	339,428,291	25,264,172
Operating expenses					
Salaries, wages and benefits	140,047,889	134,449,100	5,598,789	135,457,641	(1,008,541)
Professional fees and purchased services	109,116,268	100,676,023	8,440,245	92,117,594	8,558,429
Medical supplies and drugs	32,304,852	31,697,063	607,789	28,727,432	2,969,631
Depreciation	21,766,935	18,841,379	2,925,556	18,034,721	806,658
Other operating expenses	83,014,893	80,882,011	2,132,882	70,329,805	10,552,206
Total operating expenses	386,250,837	366,545,576	19,705,261	344,667,193	21,878,383
Operating loss	(11,388,335)	(1,853,113)	(9,535,222)	(5,238,902)	3,385,789
Non-operating revenues and expenses					
Investment return, net	9,856,851	(7,494,503)	17,351,354	5,934,289	(13,428,792)
COVID-19 grant funds	-0-	-0-	-0-	11,259,993	(11,259,993)
Interest expense	(6,496,230)	(6,518,876)	22,646	(5,875,137)	(643,739)
Other nonoperating	765,615	2,800,307	(2,034,692)	1,140,334	1,659,973
Total non-operating revenues (expenses)	4,126,236	(11,213,072)	15,339,308	12,459,479	(23,672,551)
Change in net position	(7,262,099)	(13,066,185)	5,804,086	7,220,577	(20,286,762)
Net position					
Beginning of year	188,802,816	201,869,001	(13,066,185)	194,648,424	7,220,577
End of year	<u>\$ 181,540,717</u>	<u>\$ 188,802,816</u>	<u>\$ (7,262,099)</u>	<u>\$ 201,869,001</u>	<u>\$ (13,066,185)</u>

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023 AND 2022

Total operating revenue increased approximately \$25,264,000 as net patient service revenue increased \$22,496,000 in 2022 over 2021. Expenses increased by \$21,878,000 between 2021 and 2022. Professional fees and purchased services increased by \$8,558,000 in 2022. Nonoperating revenues and expenses decreased by \$23,673,000 due to decreases in investment return, net and COVID-19 grant funds in 2022.

Statements of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "What were the sources of cash?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Total cash and cash equivalents decreased approximately \$13,134,000 in 2023. This was an increase of \$10,297,000 from 2022. Operating activities increased cash by \$3,173,000 during 2023 compared to a decrease of \$9,026,000 in 2022. Capital and related financing decreased cash and cash equivalents by \$28,137,000 during 2023 compared to a decrease of \$16,189,000 in 2022, mainly as the result of expenditures for property and equipment and cash paid for interest. Investing activities increased cash and cash equivalents by \$11,830,000 and \$1,784,000 in 2023 and 2022, respectively.

	2023	Restated 2022	Change 2023 - 2022	Restated 2021	Change 2022 - 2021
Cash flows from activities					
Operating	\$ 3,172,715	\$ (9,025,638)	\$ 12,198,353	\$ 6,061,341	\$ (15,086,979)
Non-capital financing	-0-	60	(60)	11,419,621	(11,419,561)
Capital and related financing	(28,136,641)	(16,189,486)	(11,947,155)	(16,077,787)	(111,699)
Investing	11,829,979	1,784,136	10,045,843	6,383,568	(4,599,432)
	<u>\$ (13,133,947)</u>	<u>\$ (23,430,928)</u>	<u>\$ 10,296,981</u>	<u>\$ 7,786,743</u>	<u>\$ (31,217,671)</u>

Cash flows from operating activities in 2022 were approximately \$15,087,000 less than 2021. Cash flows from non-capital financing activities in 2022 were approximately \$11,420,000 less than 2021. Cash flows used in capital and related financing activities in 2022 were \$112,000 less than 2021. Finally, cash flows from investing activities in 2022 were \$4,599,000 less than 2021. Cash and cash equivalents in total decreased \$31,218,000 in 2022.

Sources of Revenue

During 2023, the Hospital derived substantially all of its revenue from patient service and other related activities. A significant portion of the patient service revenue is from patients that are insured by government health programs, principally Medicare and Medicaid, which are highly regulated and subject to frequent and substantial changes. Revenues from the Medicare and Medicaid programs represented 70% of gross revenues of operations in 2023.

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023 AND 2022

The following is a table of major sources of gross patient revenues for 2023:

Payor	2023	2022	2021
Medicare	54%	52%	52%
Medicaid	16%	17%	17%
Other commercial	28%	29%	29%
Self pay	2%	2%	2%
	100%	100%	100%

Inpatient services represented approximately 23% of gross patient revenue for 2023 while outpatient services represented 63%. Long-term care represented 14% in 2023. The composition of the 2023 sources are comparable to 2022 and 2021.

Capital Assets

During 2023, the Hospital invested approximately \$10,971,000 in capital assets net of asset disposals compared to \$9,500,000 in 2022. The change in capital assets is outlined in the following table:

	2023	Restated 2022	Change 2023 - 2022	Restated 2021	Change 2022 - 2021
Non-depreciable capital assets	\$ 15,050,456	\$ 8,726,109	\$ 6,324,347	\$ 7,739,068	\$ 987,041
Depreciable capital assets	422,190,513	421,169,842	1,020,671	413,066,528	8,103,314
Total depreciable capital assets	437,240,969	429,895,951	7,345,018	420,805,596	9,090,355
Accumulated depreciation	(281,672,489)	(272,035,608)	(9,636,881)	(255,607,765)	(16,427,843)
Total depreciable capital assets, net	155,568,480	157,860,343	(2,291,863)	165,197,831	(7,337,488)
Intangible right-to-use assets	12,584,343	8,958,157	3,626,186	8,548,821	409,336
Accumulated amortization	(3,548,708)	(4,887,915)	1,339,207	(4,189,151)	(698,764)
Total intangible right-to-use asset, net	9,035,635	4,070,242	4,965,393	4,359,670	(289,428)
Capital assets, net	\$ 164,604,115	\$ 161,930,585	\$ 2,673,530	\$ 169,557,501	\$ (7,626,916)

The Hospital continues to invest in its facilities to meet the needs of the community, and strives to replace, as well as upgrade, equipment as needed. More detailed information about the Hospital's capital assets is presented in the notes to the financial statements.

Debt

Total long-term debt (including current portion) decreased from approximately \$105,958,000 to \$102,820,000 in 2023. In 2022 total long-term debt (including current portion) decreased \$243,000 compared to 2021. The primary reason for the decrease in long term debt was principal payments made during the years. More detailed information about the Hospital's long-term debt is presented in the notes to the financial statements.

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023 AND 2022

ECONOMIC OUTLOOK

Management believes that the health care industry and the Hospital's operating margins will continue to be under pressure due to a variety of factors including, but not limited to, uncertainty regarding health care reform, changes in payor and services mix, and growth in operating expenses that are in excess of the increases in contractually arranged and legally established payments received for services rendered. In addition, the adoption of high-deductible health plans by employers continues to occur and patients are increasingly being held responsible for more of the cost of health care. Consequently, the health care market place has been increasingly more competitive. The ongoing challenge facing the Hospital is to continue to provide quality patient care in this competitive environment, and to attain reasonable rates for the services that are provided while managing costs. The most significant factor affecting the Hospital is finding the balance in maintaining and controlling labor costs in the face of pressures on volume and pricing for its services in this increasingly competitive, retail-like environment.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide fiscal reporting to patients, county residents, suppliers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Accounting at Good Samaritan Hospital, 520 South 7th Street, Vincennes, Indiana 47591.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF NET POSITION DECEMBER 31, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS

	2023	Restated 2022
Current assets		
Cash and cash equivalents	\$ 12,008,860	\$ 15,447,176
Investments	86,333,893	95,648,431
Restricted cash	1,910,383	6,507,523
Patient accounts receivable, net of estimated allowance for uncollectible accounts of approximately \$3,599,000 in 2023 and \$2,333,000 in 2022	40,930,688	34,423,871
Other receivables	4,839,643	8,363,544
Supplies	3,036,242	2,963,904
Prepaid expenses	6,886,085	6,232,733
Estimated third-party settlements	411,486	411,486
Total current assets	156,357,280	169,998,668
Capital assets, net	164,604,115	161,930,585
Lease receivables, net of current portion	2,564,655	-0-
Other assets	6,071,274	3,054,858
Total assets	329,597,324	334,984,111
Deferred outflows	313,646	345,014
Total assets and deferred outflows	\$ 329,910,970	\$ 335,329,125

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current liabilities		
Current portion of long-term debt	\$ 2,895,000	\$ 2,750,000
Current portion of lease and SBITA liabilities	3,277,025	1,095,687
Accounts payable and accrued expenses	6,335,614	7,257,628
Accrued wages and related liabilities	11,940,591	12,771,526
Other current liabilities	13,197,090	11,260,279
Estimated third-party settlements	1,474,281	5,089,713
Total current liabilities	39,119,601	40,224,833
Long-term liabilities		
Long-term debt, net of current portion	99,924,630	103,207,617
Long-term lease and SBITA liabilities, net of current portion	6,827,076	3,093,859
Total long-term liabilities	106,751,706	106,301,476
Deferred inflows	2,498,946	-0-
Total liabilities and deferred inflows	148,370,253	146,526,309
Net position		
Unrestricted	127,949,950	130,511,871
Net investment in capital assets	51,680,384	51,783,422
Restricted - debt service	1,910,383	6,507,523
Total net position	181,540,717	188,802,816
Total liabilities, deferred inflows and net position	\$ 329,910,970	\$ 335,329,125

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	Restated 2022
Operating revenue		
Net patient service revenue	\$ 362,220,896	\$ 348,541,050
Federal, state, and county grant revenue	4,160,099	8,405,265
County appropriations	1,132,127	1,986,187
Other revenue	7,349,380	5,759,961
Total operating revenue	374,862,502	364,692,463
Operating expenses		
Salaries and wages	112,148,619	108,015,050
Employee benefits	27,899,270	26,434,050
Physician fees	14,286,066	12,886,764
Professional fees and purchased services	109,116,268	100,676,023
Medical supplies and drugs	32,304,852	31,697,063
Other supplies	16,982,556	15,873,245
Utilities	6,550,714	6,376,339
Rent and leases	13,923,024	16,044,419
Depreciation and amortization	21,766,935	18,841,379
HAF and HIP program fees	12,796,585	11,309,901
Other	18,475,948	18,391,343
Total operating expenses	386,250,837	366,545,576
Operating loss	(11,388,335)	(1,853,113)
Nonoperating revenues (expenses)		
Investment return, net	9,856,851	(7,494,503)
Interest expense	(6,496,230)	(6,518,876)
Other nonoperating	765,615	2,800,307
Total nonoperating revenues (expenses)	4,126,236	(11,213,072)
Change in net position	(7,262,099)	(13,066,185)
Net position		
Beginning of year	188,802,816	201,869,001
End of year	\$ 181,540,717	\$ 188,802,816

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	Restated 2022
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 344,594,288	\$ 328,776,818
Cash paid to employees for wages and benefits	(140,878,824)	(136,566,029)
Cash paid to vendors for goods and services	(207,826,420)	(206,996,388)
Other operating receipts, net	7,283,671	5,759,961
Net cash flows from (used in) operating activities	3,172,715	(9,025,638)
Cash flows from non-capital financing activities		
COVID-19 grant funds	-0-	60
Net cash flows from non-capital financing activities	-0-	60
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(16,473,017)	(9,631,872)
(Gain) loss on disposal of property and equipment	(277,658)	4,464
Proceeds from disposal of property and equipment	142,919	-0-
Cash paid for interest on long-term debt, lease and SBITA liabilities	(6,860,731)	(6,908,700)
Proceeds from issuance of long-term debt	-0-	49,785,000
Proceeds from bond premium	-0-	6,529,880
Principal payments on long-term debt	(2,750,000)	(54,135,000)
Principal payments on lease and SBITA liabilities	(1,918,154)	(1,833,258)
Net cash flows used in capital and related financing activities	(28,136,641)	(16,189,486)
Cash flows from investing activities		
Investment return, net and other non-operating	10,622,466	(4,694,196)
Change in other assets, net	(3,008,534)	(1,537,129)
Purchases of investments	(13,494,219)	2,809,761
Proceeds from sale of investments	17,710,266	5,205,700
Net cash flows from investing activities	11,829,979	1,784,136
Net change in cash and cash equivalents	(13,133,947)	(23,430,928)
Cash and cash equivalents		
Beginning of year	37,417,910	60,848,838
End of year	\$ 24,283,963	\$ 37,417,910
Reconciliation to the statements of net position		
Cash and cash equivalents	\$ 12,008,860	\$ 15,447,176
Investments	10,364,720	15,463,211
Restricted cash	1,910,383	6,507,523
Total cash and cash equivalents	\$ 24,283,963	\$ 37,417,910

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	Restated 2022
Reconciliation of operating loss		
to net cash flows from operating activities		
Operating loss	\$ (11,388,335)	\$ (1,853,113)
Adjustment to reconcile operating loss		
to net cash flows from operating activities		
Depreciation and amortization	21,766,935	18,841,379
Provision for bad debts	11,209,138	13,566,947
Changes in operating assets and liabilities		
Patient accounts receivable	(17,715,955)	(13,760,617)
Other receivables	3,523,901	3,183,203
Supplies	(72,338)	419,634
Prepaid expenses	(653,352)	1,001,461
Lease receivables	(2,564,655)	-0-
Accounts payable and accrued expenses	(922,014)	785,418
Accrued wages and related liabilities	(830,935)	(2,116,929)
Other current liabilities	1,936,811	(10,440,908)
Medicare accelerated and advanced payments	-0-	(17,544,461)
Estimated third-party settlements	(3,615,432)	(1,107,652)
Deferred inflows	2,498,946	-0-
Net cash flows from (used in) operating activities	\$ 3,172,715	\$ (9,025,638)
Noncash investing/financing activities		
Capital assets acquired through right-of-use liabilities	\$ 7,832,709	\$ 1,587,055

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

Knox County Hospital d/b/a Good Samaritan Hospital (the Hospital) is a county owned facility and operates under the Indiana County Hospital Law, Indiana Code 16-22. The Hospital provides short-term inpatient, outpatient, and emergency healthcare as well as long-term care. The Board of County Commissioners of Knox County appoints the Board of Governors of the Hospital and a financial benefit/burden relationship exists between Knox County (the County) and the Hospital. For these reasons, the Hospital is considered a component unit of the County.

The financial statements of the Hospital are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the County that is attributable to the transactions of the Hospital and its component units. They do not purport to, and do not, present the financial position of the County as of December 31, 2023 and 2022, the changes in its net position or its cash flows for the years then ended.

Accounting principles generally accepted in the United States of America require the financial statements present the Hospital and its blended component units, collectively referred to as "primary government". The component units discussed in these financial statements are included in the Hospital's reporting entity because of the significance of their operational or financial relationship with the Hospital. A blended component unit, although a legally separate entity, is in substance part of the primary government unit of operations and exists solely to provide services to the Hospital.

Long-Term Care Operations

The Hospital leases the operations of multiple long-term care facilities by way of arrangements with the managers of the facilities. These facilities provide inpatient and therapy services. Generally, gross revenues from the operation of the facilities are the property of the Hospital, who is responsible for the associated operating expenses and working capital requirements. While the management and related lease agreements are in effect, the performance of all activities of the managers shall be on behalf of the Hospital, who retains the authority and legal responsibility for the operation of the facilities.

The Hospital has lease agreements for the long-term care facilities, collectively referred to as the lessors, to lease the facilities managed by the managers. Concurrently, the Hospital entered into agreements with the managers to manage the leased facilities. As part of the agreements, the Hospital pays the managers a management fee to continue managing the facilities on behalf of the Hospital in accordance with the terms of the agreements. These management fees consist of base management fees, subordinated management fees, and quarterly incentive payments. The agreements expire at various times through 2025. The terms of these agreements may be renewed at the end of each term for an additional period of two years. All parties involved can terminate the agreement without cause with 90 days written notice.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Component Units

The component units discussed below are included in the Hospital's reporting entity because of the significance of their operational or financial relationships with the Hospital.

Good Samaritan Hospital Foundation, Inc. (the Foundation) is a significant blended component unit of the Hospital. The Hospital appoints a voting majority of the Foundation's Board of Directors and a financial benefit/burden relationship exists between the Hospital and the Foundation. Although it is legally separate from the Hospital, the Foundation is reported as if it were a part of the Hospital because it provides services entirely or almost entirely to the Hospital.

The activities of the Foundation may include capital improvements, educational programs, medical related research and initial capital for experimental health services related to the principal purpose of the Hospital. The Foundation also manages investments, provides equipment, grants scholarships for health careers, conducts physician recruitment and other medical programs as directed under the terms of a contract with the Hospital. Separate audited financial statements are not issued for the Foundation.

Good Samaritan Hospital Physician Services, Inc. (PSI) is a significant blended component unit of the Hospital. The Hospital is the sole corporate member and appoints PSI's Board of Directors and is able to impose its will. Although it is legally separate from the Hospital, PSI is reported as if it were a part of the Hospital because the two governing bodies are substantially the same. PSI provides pharmacy services to the surrounding communities. Separate audited financial statements are not issued for PSI.

Good Samaritan EMS, Inc. (EMS) is a significant blended component unit of the Hospital which was formed in 2022. The Hospital is the sole corporate member and appoints EMS's Board of Directors and is able to impose its will. Although it is legally separate from the Hospital, EMS is reported as if it were a part of the Hospital because the two governing bodies are substantially the same. EMS provide emergency and non-emergency patient care to the residents of Knox County.

All intercompany accounts and transactions have been eliminated.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash held in checking, savings and money market deposit accounts available for operating purposes with original maturity dates of 90 days or less. The Hospital maintains its cash in accounts, which at times may exceed federally insured limits. The Hospital has not experienced any losses in such accounts. The Hospital believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments consist of mutual funds (including money market mutual funds), exchange traded funds, money market deposit funds and cash. Investments are reported at fair value. Investments are classified as current assets as the Hospital has access to the investments if needed.

Restricted Cash

Restricted cash is comprised of funds held by a trustee for the Hospital's debt service.

Patient Accounts Receivable and Net Patient Service Revenue

Patient revenues and the related accounts receivable are recorded at the time services to patients are performed. The Hospital is a provider of services to patients entitled to coverage under Titles XVIII and XIX of the Health Insurance Act (Medicare and Medicaid). Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At year-end, a cost report for hospital-based services is filed with the Medicare program computing reimbursement amounts related to Medicare patients. The difference between computed reimbursement and interim reimbursement is reflected as a receivable from or payable to the third-party programs. These programs have audited the year-end cost report filed with the Medicare program through December 31, 2019 with differences reflected as deductions from revenue in the year the cost report is settled. Amounts for unresolved cost reports for 2020 through 2023 are reflected in estimated third-party settlements on the statements of net position. During 2023 and 2022, the change in net position recognized by the Hospital in the statements of revenues, expenses and changes in net position due to the differences between original estimates and subsequent revisions for the final settlement of cost reports was not significant. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Although these audits may result in some changes in these amounts, they are not expected to have a material effect on the accompanying financial statements.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Hospital has entered into agreements with certain commercial carriers. Reimbursement for services under these agreements includes discounts from established charges and other payment methodologies. Patient charges under these programs, on which no interim payments have been received, are included in patient accounts receivable at the estimated net realizable value of such charges.

Other Receivables

Other receivables consist of other reimbursement receivables and various other current items. These assets are classified as current as they are expected to be utilized within the next fiscal year.

Supplies

Supplies consist primarily of pharmaceutical and medical supplies. Supplies are valued at the lower of cost or net realizable value with cost being determined on the first-in, first-out method. Supplies consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Medical supplies and other	\$ 874,203	\$ 1,057,331
Pharmaceutical	2,162,039	1,906,573
	<u>\$ 3,036,242</u>	<u>\$ 2,963,904</u>

Capital Assets and Depreciation

Capital assets such as property and equipment are stated at cost and include expenditures for new additions and other costs added to existing facilities, which exceed capitalization thresholds and meet certain useful life requirements. Contributed capital assets are reported at their estimated fair market value at the time of their donation. Maintenance, repairs and minor renewals are expensed as incurred.

The Hospital provides for depreciation of property and equipment using annual rates, which are sufficient to depreciate the cost of depreciable assets over their estimated useful lives using the straight-line method.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The range of useful lives used in computing depreciation is as follows:

<u>Description</u>	<u>Range of Useful Lives</u>
Land improvements	5 - 25 years
Buildings and improvements	5 - 40 years
Equipment	3 - 20 years

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the Hospital that is applicable to a future reporting period. Deferred outflows of resources are reported in the statements of net position but are not recognized in the financial statements as expenses until the periods to which they relate. Deferred outflows of resources consist of losses on debt refunding. The Hospital expects to recognize approximately \$18,000 in amortization in 2024 and approximately \$17,000 from 2025 through 2041 related to the losses on refunding.

Compensated Absences

Hospital policies permit eligible 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. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. 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. Accumulated vacation benefits are reported as a current liability of approximately \$391,000 and \$409,000 for 2023 and 2022, respectively, and are included within accrued wages and related liabilities in the statements of net position.

Net Position

Net position of the Hospital is classified in various components. Net position - net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position consists of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the Hospital, including amounts deposited with trustees as required by debt agreements. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets, or restricted net position.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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.

Statements of Revenues, Expenses and Changes in Net Position

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services which is the principal activity of the Hospital. Contributions and investment return, net are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, excluding interest costs.

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Hospital does not collect amounts deemed to be charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of services and supplies furnished under its charity care policy. The charity care charges provided during 2023 and 2022 were approximately \$2,827,000 and \$3,471,000, respectively.

Of the Hospital's total expenses reported, an estimated \$1,320,000 and \$1,646,000 arose from providing services to charity patients during 2023 and 2022, respectively. The estimated costs of providing charity services are based on a calculation, which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of costs to charges is calculated based on the Hospital's total expenses (including interest expense) to gross patient service revenue.

Grants and Contributions

From time to time, the Hospital receives grants as well as 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 either 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.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Federal, State, and County Grant Revenue

The Hospital has a contract with the State of Indiana Division of Mental Health and Addiction (the State) to provide community mental health services. The State has a performance based reimbursement system. Under this contract, the Hospital is paid a fixed quarterly amount for outcome measures and a performance based quarterly amount for process measures with a possible bonus at year-end.

Indiana state law stipulates that the counties served by community mental health centers provide the Hospital a designated amount based upon a stipulated formula. Tax receipts are designated to be remitted to the Hospital by June and December each year. The Hospital recognizes the county tax receipts as income in the period the funds are due from the counties. Accordingly, amounts are recorded as receivables or refundable advances based upon the timing of the actual receipts.

The Hospital receives federal, state and other grants for providing services in specific program areas. Receipt of these funds is subject to the fulfillment of certain obligations by the Hospital as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. These amounts are also recorded as public support. Any amounts due to the Hospital for these funds and programs are included in other receivables in the statements of net position.

The Hospital derives a significant portion of its revenue from third-party payors and federal and state funding programs. The receipt of future revenues by the Hospital is subject to among other factors, federal and state policies affecting the health care industry, economic conditions that may include an inability to control expenses in periods of inflation, increased competition, market pressures on premium rates and other conditions, which are impossible to predict.

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; employee health, dental, and accident benefits. Except for health and dental benefits, commercial insurance coverage is purchased for claims arising from such matters and settled claims have not exceeded this commercial coverage in any of the three preceding years. The Hospital is self-insured for health and dental claims. Amounts are expensed as incurred and estimated accruals are made for incurred but not yet reported claims as of each statement of net position date.

Federal or State Income Taxes

The Hospital is a governmental instrumentality organized under Title 16, Article 12, of the Indiana statutes. The Hospital is generally exempt from federal income tax under Section 115 of the Internal Revenue Code of 1986 as a not-for-profit organization under Section 501(c)(3). As a governmental entity, the Hospital is not required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Foundation and PSI are organized as not-for-profit corporations under Section 501(c)(3) and 509(a)(3), respectively, of the United States Internal Revenue Code. As such, the Foundation and PSI are generally exempt from income taxes. However, the Foundation, PSI, and EMS are required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only. The Foundation and PSI have filed their federal and state income tax returns for periods through December 31, 2022. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). EMS is currently completing Federal Form 1023 – Application for Recognition of Exemption Under 501(c)(3) of the Internal Revenue Code and is expected to become a 501(c)(3) not-for-profit corporation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital, Foundation, PSI, and EMS and recognize a tax liability if these organizations have taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by these organizations, and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Foundation, PSI, and EMS are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Advertising

The Hospital expenses advertising costs as they are incurred. Advertising expenses for 2023 and 2022 were approximately \$407,000 and \$377,000, respectively, and are included in other expenses within the statements of revenues, expenses and changes in net position within the financial statements.

Litigation

The Hospital is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position, results of operations and cash flows.

Reclassifications

Certain amounts from 2022 have been reclassified in order to conform to the 2023 presentation. The reclassifications had no impact on total net position or change in net position for 2022 as previously reported.

Subsequent Events

The Hospital evaluates events or transactions occurring subsequent to the statement of net position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which was September 26, 2024.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

2. CHANGE IN ACCOUNTING PRINCIPLE

In 2023, the Hospital implemented Governmental Accounting Standards Board (GASB) Statement No. 96 – *Subscription-Based Information Technology Arrangements* (GASB 96), which requires all subscription-based information technology arrangements (SBITAs) that have a maximum possible term greater than 12 months to be recorded on the statements of net position. Previously, SBITAs classified as operating leases and operating expenses were not recorded in the statements of net position. The following table outlines the retrospective adjustments necessary to adopt GASB 96.

Statement of Net Position	As previously stated, December 31, 2021	Adjustment	As restated, December 31, 2021
Net position	\$ (201,935,147)	\$ 66,146	\$ (201,869,001)

Statement of Net Position	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Net position	\$ (188,919,793)	\$ 50,831	\$ (188,802,816)
Capital assets, net	159,648,082	2,282,503	161,930,585
Prepaid expenses	6,300,923	(68,190)	6,232,733
Current portion of lease and SBITA liabilities	658,928	436,759	1,095,687
Noncurrent portion of lease and SBITA liabilities	\$ 1,199,328	\$ 1,894,531	\$ 3,093,859

Statement of Revenues, Expenses, and Changes in Net Position	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Professional fees and purchased services	\$ 102,361,782	\$ (1,685,759)	\$ 100,676,023
Depreciation and amortization	18,141,793	699,586	18,841,379
Interest expense	\$ 5,481,872	1,037,004	\$ 6,518,876
Net decrease in 2022 change in net position		<u>\$ 50,831</u>	

Statement of Cash Flows	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Operating activities (direct method)			
Cash paid to vendors for goods and services	\$ (208,750,337)	\$ 1,753,949	\$ (206,996,388)
Interest on lease and SBITA liabilities	(5,871,696)	(1,037,004)	(6,908,700)
Principal payments on lease and SBITA liabilities	(1,116,312)	(716,946)	(1,833,258)
Operating activities (indirect method)			
Operating loss	(2,839,286)	986,173	(1,853,113)
Depreciation and amortization	18,141,793	699,586	18,841,379
Prepaid expenses	\$ 933,271	\$ 68,190	\$ 1,001,461

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

3. DEPOSITS AND INVESTMENTS

Deposits with financial institutions in the State of Indiana at year-end were entirely insured by the Federal Depository Insurance Corporation or by the Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution. Net realized gains and losses on security transactions are determined on the specific identification cost basis. Investments consist of cash equivalents, money market mutual funds, mutual funds, and exchange traded funds.

The Hospital's investments generally are reported at fair value, as discussed in Note 1. As of December 31, 2023 and 2022, the Hospital had the following investments and maturities, all of which were held in the Hospital's name by custodial banks that are agents of the Hospital.

December 31, 2023					
Investment Maturities (in years)					
Carrying Amount	Less than 1	1-5	6-10	More than 10	
Money market mutual funds	\$ 1,596,622	\$ 1,596,622	\$ -0-	\$ -0-	\$ -0-
Mutual funds	64,770,891	64,770,891	-0-	-0-	-0-
Exchange traded funds	9,601,660	9,601,660	-0-	-0-	-0-
	\$ 75,969,173	\$ 75,969,173	\$ -0-	\$ -0-	\$ -0-

December 31, 2022					
Investment Maturities (in years)					
Carrying Amount	Less than 1	1-5	6-10	More than 10	
Money market mutual funds	\$ 1,596,144	\$ 1,596,144	\$ -0-	\$ -0-	\$ -0-
Mutual funds	72,566,823	72,566,823	-0-	-0-	-0-
Exchange traded funds	6,022,253	6,022,253	-0-	-0-	-0-
	\$ 80,185,220	\$ 80,185,220	\$ -0-	\$ -0-	\$ -0-

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital's investment policy provides guidance to invest approximately 65% of its investment portfolio in fixed income securities. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit risk – The Hospital's policy provides guidance to invest in fixed income investments in U.S. Government bonds, bank certificates of deposits, and U.S. Treasury bonds among other government agencies. Such investments are to be insured by the U.S. Government or covered by applicable Federal and State Insurance programs.

Concentration of credit risk – The Hospital places no limit on the amount it may invest in any one issuer. The Hospital maintains its investments, which at times may exceed federally insured limits. The Hospital has not experienced any losses in such accounts. The Hospital believes that it is not exposed to any significant credit risk on investments.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Deposits and investments consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Carrying value		
Deposits	\$ 24,283,963	\$ 37,417,910
Investments	75,969,173	80,185,220
	<u>\$ 100,253,136</u>	<u>\$ 117,603,130</u>
Included in the statement of net position		
Cash and cash equivalents	\$ 12,008,860	\$ 15,447,176
Investments	86,333,893	95,648,431
Restricted cash	1,910,383	6,507,523
	<u>\$ 100,253,136</u>	<u>\$ 117,603,130</u>

Investment return, net for 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Unrealized gains (losses)	\$ 5,788,366	\$ (10,385,592)
Realized gains	238,783	545,735
Interest and dividends	3,829,702	2,345,354
	<u>\$ 9,856,851</u>	<u>\$ (7,494,503)</u>

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.
 - Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
 - Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.
-

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2023 and 2022:

- *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV) however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Mutual funds and exchange traded funds:* Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds held by the Hospital are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds and exchange traded funds held by the Hospital are deemed to be actively traded.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022 are as follows:

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 1,596,622	\$ -0-	\$ 1,596,622	\$ -0-
Mutual funds				
Large blend	16,608,416	16,608,416	-0-	-0-
Large growth	138,803	138,803	-0-	-0-
Large value	5,761,189	5,761,189	-0-	-0-
Mid-cap blend	977,867	977,867	-0-	-0-
Medium growth	2,000,564	2,000,564	-0-	-0-
Small value	2,047,043	2,047,043	-0-	-0-
Intermediate-term bond	31,491,665	31,491,665	-0-	-0-
Intermediate core bond	1,144,326	1,144,326	-0-	-0-
Inflation-protected bond	4,601,018	4,601,018	-0-	-0-
Total mutual funds	64,770,891	64,770,891	-0-	-0-
Exchange traded funds				
Small value	2,191,479	2,191,479	-0-	-0-
Large value	7,410,181	7,410,181	-0-	-0-
Total exchange traded funds	9,601,660	9,601,660	-0-	-0-
	75,969,173	\$ 74,372,551	\$ 1,596,622	\$ -0-
Money market deposit accounts	6,564,720			
Cash	3,800,000			
	\$ 86,333,893			

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 1,596,144	\$ -0-	\$ 1,596,144	\$ -0-
Mutual funds				
Large blend	15,473,397	15,473,397	-0-	-0-
Large growth	116,382	116,382	-0-	-0-
Diversified emerging markets	5,359,392	5,359,392	-0-	-0-
Mid-cap blend	841,507	841,507	-0-	-0-
Small blend	1,618,198	1,618,198	-0-	-0-
Small value	1,716,375	1,716,375	-0-	-0-
Intermediate-term bond	43,186,130	43,186,130	-0-	-0-
Intermediate core bond	267,507	267,507	-0-	-0-
Inflation-protected bond	3,987,935	3,987,935	-0-	-0-
Total mutual funds	72,566,823	72,566,823	-0-	-0-
Exchange traded funds				
Large blend	2,026,384	2,026,384	-0-	-0-
Large value	3,995,869	3,995,869	-0-	-0-
Total exchange traded funds	6,022,253	6,022,253	-0-	-0-
	80,185,220	\$ 78,589,076	\$ 1,596,144	\$ -0-
Money market deposit accounts	11,663,211			
Cash	3,800,000			
	\$ 95,648,431			

The Hospital's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no significant transfers between levels during 2023 and 2022.

5. ACCOUNTS RECEIVABLE AND PAYABLE

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Hospital as of December 31 are as follows:

	2023	2022
Patient accounts receivable		
From patients and insurance carriers	\$ 44,399,463	\$ 32,333,184
From Medicare	38,879,710	36,670,812
From Medicaid	12,430,356	10,916,810
	95,709,529	79,920,806
Less contractual allowances	(51,180,150)	(43,164,200)
Less allowances for uncollectible accounts	(3,598,691)	(2,332,735)
Patient accounts receivable, net	\$ 40,930,688	\$ 34,423,871
Accounts payable and accrued wages		
To employees (including payroll taxes)	\$ 9,940,223	\$ 10,382,198
To suppliers	6,335,614	7,257,628
For accrued employee health benefit claims	2,000,368	2,389,328
Total accounts payable and accrued wages	\$ 18,276,205	\$ 20,029,154

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

6. CAPITAL ASSETS

A summary of capital assets as of December 31, 2023 and 2022, follows:

	Restated				December 31, 2023
	December 31, 2022	Additions	Retirements	Transfers	
Non-depreciable capital assets					
Land	\$ 6,581,448	\$ -0-	\$ -0-	\$ -0-	\$ 6,581,448
Construction in progress	2,144,661	12,445,245	(458,386)	(5,662,512)	8,469,008
Total non-depreciable capital assets	8,726,109	12,445,245	(458,386)	(5,662,512)	15,050,456
Depreciable capital assets					
Land improvements	10,726,598	198,460	(70,338)	-0-	10,854,720
Buildings and improvements	173,847,444	495,910	(155,386)	4,275,300	178,463,268
Equipment	236,595,800	3,333,402	(8,443,889)	1,387,212	232,872,525
Total depreciable capital assets	421,169,842	4,027,772	(8,669,613)	5,662,512	422,190,513
Accumulated depreciation					
Land improvements	(7,697,881)	(376,128)	65,169	-0-	(8,008,840)
Buildings and improvements	(90,454,286)	(6,737,174)	113,097	-0-	(97,078,363)
Equipment	(173,883,441)	(11,824,559)	9,122,714	-0-	(176,585,286)
Total accumulated depreciation	(272,035,608)	(18,937,861)	9,300,980	-0-	(281,672,489)
Total depreciable capital assets, net	157,860,343	(2,464,844)	172,981	-0-	155,568,480
Intangible right-to-use assets					
Leased buildings	2,512,528	313,266	(1,808,998)	-0-	1,016,796
Leased equipment	3,397,394	1,833,168	(2,032,623)	-0-	3,197,939
SBITA	3,048,235	5,686,275	(364,902)	-0-	8,369,608
Total intangible right-to-use asset	8,958,157	7,832,709	(4,206,523)	-0-	12,584,343
Accumulated amortization					
Leased buildings	(1,798,869)	(345,006)	1,770,756	-0-	(373,119)
Leased equipment	(2,323,314)	(438,308)	2,032,623	-0-	(728,999)
SBITA	(765,732)	(2,045,760)	364,902	-0-	(2,446,590)
Total accumulated amortization	(4,887,915)	(2,829,074)	4,168,281	-0-	(3,548,708)
Total intangible right-to-use asset, net	4,070,242	5,003,635	(38,242)	-0-	9,035,635
Capital assets, net	<u>\$ 161,930,585</u>	<u>\$ 2,538,791</u>	<u>\$ 134,739</u>	<u>\$ -0-</u>	<u>\$ 164,604,115</u>

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

	Restated December 31, 2021	Additions	Retirements	Transfers	Restated December 31, 2022
Non-depreciable capital assets					
Land	\$ 6,581,448	\$ -0-	\$ -0-	\$ -0-	\$ 6,581,448
Construction in progress	1,157,620	8,594,408	-0-	(7,607,367)	2,144,661
Total non-depreciable capital assets	7,739,068	8,594,408	-0-	(7,607,367)	8,726,109
Depreciable capital assets					
Land improvements	10,726,598	-0-	-0-	-0-	10,726,598
Buildings and improvements	172,219,409	128,035	-0-	1,500,000	173,847,444
Equipment	230,120,521	909,429	(541,517)	6,107,367	236,595,800
Total depreciable capital assets	413,066,528	1,037,464	(541,517)	7,607,367	421,169,842
Accumulated depreciation					
Land improvements	(7,274,356)	(423,525)	-0-	-0-	(7,697,881)
Buildings and improvements	(84,357,908)	(6,096,378)	-0-	-0-	(90,454,286)
Equipment	(163,975,501)	(10,444,993)	537,053	-0-	(173,883,441)
Total accumulated depreciation	(255,607,765)	(16,964,896)	537,053	-0-	(272,035,608)
Total depreciable capital assets, net	165,197,831	(7,333,024)	(4,464)	-0-	157,860,343
Intangible right-to-use assets					
Leased buildings	2,217,596	294,932	-0-	-0-	2,512,528
Leased equipment	3,282,990	1,292,123	(1,177,719)	-0-	3,397,394
SBITA	3,048,235	-0-	-0-	-0-	3,048,235
Total intangible right-to-use asset	8,548,821	1,587,055	(1,177,719)	-0-	8,958,157
Accumulated amortization					
Leased buildings	(1,559,093)	(239,776)	-0-	-0-	(1,798,869)
Leased equipment	(2,563,913)	(937,120)	1,177,719	-0-	(2,323,314)
SBITA	(66,145)	(699,587)	-0-	-0-	(765,732)
Total accumulated amortization	(4,189,151)	(1,876,483)	1,177,719	-0-	(4,887,915)
Total intangible right-to-use asset, net	4,359,670	(289,428)	-0-	-0-	4,070,242
Capital assets, net	\$ 169,557,501	\$ (7,622,452)	\$ (4,464)	\$ -0-	\$ 161,930,585

The Hospital had approximately \$818,000 of outstanding property and equipment commitments as of December 31, 2023, related to an Enterprise Resource Planning system conversion and a HVAC project.

Intangible right-to-use assets

Leased buildings and equipment

In 2022, the Hospital implemented the guidance in GASB 87, *Leases* and recognized the value of buildings and equipment under long-term contracts. As of December 31, 2023 and 2022, the Hospital had twelve and eight building leases in place, respectively. The value of the leased buildings is amortized over the lease terms including renewable periods the Hospital are reasonably certain to exercise. The amortization periods run through 2027. Terms of these leases are described in Note 8.

As of December 31, 2023 and 2022, the Hospital had nine and five equipment leases in place, respectively. The value of the leased equipment is amortized over the lease terms including renewable periods the Hospital are reasonably certain to exercise. The amortization periods run through 2028. Terms of these leases are described in Note 8.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

SBITA assets

In 2023, the Hospital implemented the guidance in GASB 96 and recognized the value of various SBITAs under long-term contracts. As of December 31, 2023 and 2022, the Hospital had ten SBITAs in place for information technology software with no tangible asset component. The value of the SBITA intangible right-to-use asset is amortized over the SBITA term, including renewable periods the Hospital is reasonably certain to exercise. The amortization period runs through 2028. The terms of the SBITA are addressed in Note 8.

7. LONG-TERM LIABILITIES

Long-term debt

In 2012, the Hospital issued Indiana Economic Development Revenue and Refunding Bonds, Series 2012A in the amount of \$67,185,000. The Series 2012A Bonds mature serially on a semi-annual basis on (April 1 and October 1) through April 2042 at fixed interest rates ranging from 2.5% to 5.0%.

In 2012, the Hospital issued Indiana Taxable Economic Development Revenue Bonds, Series 2012B in the amount of \$16,210,000. The Series 2012B Bonds bear interest at a fixed rate of 5.9% through April 2034 with the first principal payment due in February 2029. The Series 2012B Bonds were issued as Qualified Energy Conservation Bonds, which are eligible for interest subsidy payments from the United States Treasury.

Subsidy payments to be received on the Series 2012B Bonds are as follows:

Year Ending December 31,		
2024	\$	492,805
2025		492,805
2026		492,805
2027		492,805
2028		492,805
2029 - 2033		1,639,874
2034 - 2034		106,366
	\$	<u>4,210,265</u>

In 2016, the Hospital borrowed from the Indiana Finance Authority, the Health Facility Revenue Bonds, Series 2016A Bonds for \$38,510,000. The Series 2016A Bonds mature on an annual basis through 2046 at fixed interest rates ranging from 4.0% to 5.5%. The Hospital is required to make annual deposits to the debt service fund held by the trustee, which are included as restricted cash in the statements of net position.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

In 2022, the Hospital borrowed from the Indiana Finance Authority, the Health Facility Revenue Bonds, Series 2022A Bonds for approximately \$49,785,000 to refinance the existing Series 2012A Bonds. The Series 2022A Bonds have fixed interest rates ranging from 4.00% to 5.00%. The Series 2022A Bonds mature at various times through 2042.

A summary of long-term debt activity for 2023 and 2022 is as follows:

	Restated 2022	Additions	Payments / Amortization	2023	Current Portion
Direct placements					
Indiana Economic Development					
Revenue Bonds Series 2012B	\$ 15,675,000	\$ -0-	\$ -0-	\$ 15,675,000	\$ -0-
Indiana Finance Authority					
Health Facilities Revenue Bonds Series 2016A	33,420,000	-0-	710,000	32,710,000	750,000
Health Facilities Revenue Bonds Series 2022A	49,785,000	-0-	2,040,000	47,745,000	2,145,000
Unamortized bond premiums and discounts	7,077,617	-0-	387,987	6,689,630	-0-
	<u>\$ 105,957,617</u>	<u>\$ -0-</u>	<u>\$ 3,137,987</u>	<u>\$ 102,819,630</u>	<u>\$ 2,895,000</u>
	Restated 2021	Additions	Payments / Amortization	Restated 2022	Current Portion
Direct placements					
Indiana Taxable Economic Development					
Revenue and Refunding Bonds Series 2012A	\$ 53,460,000	\$ -0-	\$ 53,460,000	\$ -0-	\$ -0-
Revenue Bonds Series 2012B	15,675,000	-0-	-0-	15,675,000	-0-
Indiana Finance Authority					
Health Facilities Revenue Bonds Series 2016A	34,095,000	-0-	675,000	33,420,000	710,000
Health Facilities Revenue Bonds Series 2022A	-0-	49,785,000	-0-	49,785,000	2,040,000
Unamortized bond premiums and discounts	2,970,151	6,529,880	2,422,414	7,077,617	-0-
	<u>\$ 106,200,151</u>	<u>\$ 56,314,880</u>	<u>\$ 56,557,414</u>	<u>\$ 105,957,617</u>	<u>\$ 2,750,000</u>

The Series 2012A, 2012B, 2016A, and 2022A Bonds are covered under a Master Trust Indenture and are secured by an interest in the net revenues, accounts receivable, and assets restricted under the bond indenture agreement of the Hospital. The Hospital is also required to meet certain financial covenants. The Hospital believes it is in compliance with all covenants as of December 31, 2023 and 2022.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Aggregate maturities of long-term debt are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 2,895,000	\$ 4,431,682	\$ 7,326,682
2025	3,045,000	4,279,332	7,324,332
2026	3,195,000	4,119,282	7,314,282
2027	3,370,000	3,950,882	7,320,882
2028	3,615,000	3,771,557	7,386,557
2029 - 2033	20,430,000	16,087,481	36,517,481
2034 - 2038	25,490,000	10,926,618	36,416,618
2039 - 2043	27,280,000	4,674,038	31,954,038
2044 - 2048	6,810,000	575,025	7,385,025
	<u>\$ 96,130,000</u>	<u>\$ 52,815,897</u>	<u>\$ 148,945,897</u>

8. SBITA AND LEASE LIABILITY

In 2022, the Hospital implemented the guidance of GASB 87 for accounting and reporting leases that had previously been reported as operating leases. In 2023, the Hospital implemented the guidance of GASB 96 for accounting and reporting SBITAs that had previously not been reported on the statement of net position. Under these GASB statements, the Hospital recognized intangible right-to-use assets and corresponding lease and SBITA liabilities in the statements of net position.

GASB 87

Building Space Leases

The Hospital leases building space under lease agreements that run through 2027. Monthly payments range from approximately \$300 to \$9,000. The present value of each lease was determined using a discount rate based on the Hospital's incremental borrowing rates ranging from 2.28% to 5.00%. The leased building space and accumulated amortization of the right-to-use assets are outlined in Note 6.

Equipment Leases

The Hospital leases medical equipment under lease agreements that run through 2028. Monthly payments range from approximately \$200 to \$43,000. The present value of each lease was determined using a discount rate based on the Hospital's incremental borrowing rates ranging from 3.25% to 5.00%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 6.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

GASB 96

In 2023, the Hospital adopted the guidance in GASB 96 for accounting and reporting SBITAs that had previously been reported as expenses. Under this GASB statement, the Hospital recognized SBITA liabilities and SBITA assets in the financial statements. At implementation of GASB 96 and the commencement of SBITAs beginning after January 1, 2022, the Hospital initially measured the lease SBITA liability at the present value of payments expected to be made during the remaining SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of payments made. The SBITA asset was initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the Hospital determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term and (3) SBITA payments. The Hospital uses the interest rate charged by the lessor or software subscription provider as the discount rate. When the interest rate charged by the lessor or software subscription provider is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The SBITA term includes the noncancellable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments. The Hospital monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA agreements under GASB 96 for the Hospital include its electronic health records, general ledger package, and information technology security services, among other key subscription-based software agreements that run through 2028. The SBITA agreements have monthly minimum required payments that range from approximately \$2,000 to \$87,000. The present value of the SBITAs was determined using a discount rate based on the Hospital's incremental borrowing rate of 5.00%. The SBITA and accumulated amortization of the right-to-use asset is outlined in Note 6. The prior period adjustment is discussed in Note 2.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The progression of long-term lease and SBITA liability progression activity for 2023 and 2022 is as follows:

	December 31,				December 31,		Total
	2022	Additions	Remeasurements	Reductions	2023	Current Portion	Long-term ROU Liability
Lease and SBITA liabilities							
Right-of-use lease liabilities	\$ 1,858,256	\$ 2,146,434	\$ 638,777	\$ (783,314)	\$ 3,860,153	\$ 1,333,416	\$ 2,526,737
SBITA	2,331,290	5,686,275	-0-	(1,773,617)	\$ 6,243,948	1,943,609	4,300,339
Total lease and SBITA liabilities	<u>\$ 4,189,546</u>	<u>\$ 7,832,709</u>	<u>\$ 638,777</u>	<u>\$ (2,556,931)</u>	<u>\$ 10,104,101</u>	<u>\$ 3,277,025</u>	<u>\$ 6,827,076</u>

	January 1,				December 31,		Total
	2022	Additions	Remeasurements	Reductions	2022	Current Portion	Long-term ROU Liability
Lease and SBITA liabilities							
Right-of-use lease liabilities	\$ 1,387,513	\$ 1,587,055	\$ -0-	\$ (1,116,312)	\$ 1,858,256	\$ 658,928	\$ 1,199,328
SBITA	3,048,236	-0-	-0-	(716,946)	2,331,290	436,759	1,894,531
Total lease and SBITA liabilities	<u>\$ 4,435,749</u>	<u>\$ 1,587,055</u>	<u>\$ -0-</u>	<u>\$ (1,833,258)</u>	<u>\$ 4,189,546</u>	<u>\$ 1,095,687</u>	<u>\$ 3,093,859</u>

Remeasurements totaled approximately \$639,000 during 2023. There were no remeasurements during 2022. Scheduled principal and interest payments on lease and SBITA liabilities for the years succeeding December 31, 2023 are as follows:

Year Ending December 31,	Equipment Leases			Building Leases			SBITA			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 998,803	\$ 112,817	\$ 444,980	\$ 334,613	\$ 22,082	\$ 356,695	\$ 1,943,609	\$ 246,008	\$ 2,189,617	\$ 3,277,025	\$ 380,907	\$ 3,657,932
2025	649,034	86,201	735,235	210,338	10,841	221,179	2,059,624	146,031	2,205,655	2,918,996	243,073	3,162,069
2026	505,937	59,515	565,452	106,184	2,686	108,870	1,103,939	66,043	1,169,982	1,716,060	128,244	1,844,304
2027	500,143	34,455	534,598	15,840	66	15,906	852,734	22,105	874,839	1,368,717	56,626	1,425,343
2028	539,261	9,720	474,372	-0-	-0-	-0-	284,042	5,963	290,005	823,303	15,683	838,986
	<u>\$ 3,193,178</u>	<u>\$ 302,708</u>	<u>\$ 2,754,637</u>	<u>\$ 666,975</u>	<u>\$ 35,675</u>	<u>\$ 702,650</u>	<u>\$ 6,243,948</u>	<u>\$ 486,150</u>	<u>\$ 6,730,098</u>	<u>\$ 10,104,101</u>	<u>\$ 824,533</u>	<u>\$ 10,928,634</u>

Lessor

As lessor, under GASB 87, the Hospital has agreements with tenants that expire at various times from 2024 through 2028. The agreements require monthly payments ranging from \$700 to \$21,000 discounted at a rate of 5%. The Hospital recorded lease receivables of approximately \$3,696,000 and \$-0- and deferred inflows of \$3,630,000 and \$-0- as of December 31, 2023 and 2022, respectively. The current portion of lease receivables and deferred inflows of approximately \$1,131,000 and \$-0- as of December 31, 2023 and 2022, respectively, are included in other current receivables and other current liabilities on the statements of net position. The total inflows of resources for lease revenue and interest income related to the lessor agreements were \$910,000 and \$-0- for 2023 and 2022, respectively.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The following is the maturity schedule for lease receivables.

Year Ending December 31,	
2024	\$ 1,131,433
2025	1,135,805
2026	1,027,106
2027	383,069
2028	18,675
	<u>\$ 3,696,088</u>

9. NET PATIENT SERVICE REVENUE

Patient service revenue for 2023 and 2022 consists of the following:

	2023	2022
Inpatient services	\$ 191,940,700	\$ 191,562,049
Outpatient services	531,434,864	483,677,894
Long-term care	117,884,906	111,203,361
Gross patient service revenue	<u>841,260,470</u>	<u>786,443,304</u>
Contractual allowances	465,003,233	420,864,033
Provision for bad debts	11,209,138	13,566,947
Charity care	2,827,203	3,471,274
Deductions from revenue	<u>479,039,574</u>	<u>437,902,254</u>
Net patient service revenue	<u>\$ 362,220,896</u>	<u>\$ 348,541,050</u>

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Estimated contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at standard rates and amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. A summary of the reimbursement arrangements with major third-party payors is as follows:

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Medicare

Payments for inpatient acute care services are made based upon the patient's diagnosis, irrespective of cost. The diagnosis upon which payment is based is subject to review by Medicare representatives. Outpatient claims are reimbursed under Ambulatory Payment Classifications, which are based on the procedures performed and are subject to review by the program. Medicare reimbursements are subject to audit by Medicare. Provisions have been made for the estimated effect of review and audits by the program.

Medicaid and Hospital Assessment Fee and Healthy Indiana Plan Programs

The Hospital is reimbursed for Medicaid inpatient services under a prospectively determined rate-per-discharge and for Medicaid outpatient services on a predetermined fee schedule. The differences between standard charges and reimbursement from these programs are recorded as contractual adjustments.

The Hospital participates in the State of Indiana's Hospital Assessment Fee (HAF) Program. The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share (DSH) payments for Indiana hospitals as reflected in the HAF and HIP program fees reported in the statements of revenues, expenses and changes in net position. Previously, the State share was funded by governmental entities through intergovernmental transfers. The Medicaid enhanced payments relate to both fee for service and managed care claims. The Medicaid enhanced payments are designed to follow the patients and result in increased Medicaid rates. Beginning July 1, 2017, hospitals also started funding the Healthy Indiana Plan (HIP) Program, the State's Medicaid expansion program. The payments related to the HIP Program mirror the Medicaid payments under the HAF Program but the funding includes physician, state administration, and certain non-hospital expenditures. During 2023 and 2022, the Hospital recognized HAF and HIP program fees of approximately \$12,797,000 and \$11,310,000, respectively, which resulted in increased Medicaid reimbursement. The HAF and HIP program fees are included in the statements of revenues, expenses and changes in net position as operating expenses. The Medicaid rate increases under the HAF and HIP Programs are included in patient service revenue in the statements revenues, expenses and changes in net position.

As a governmental entity, the Hospital is also eligible for the Indiana Medicaid Supplemental programs including Medicaid DSH and Municipal Upper Payment Limit programs. The Hospital recognized reimbursement from these programs within net patient service revenue of approximately \$3,500,000 and during 2023 and 2022. These programs are administered by the State of Indiana, but rely on federal funding.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Other

Payment agreements with certain commercial insurance carriers and other payors provide for payment using prospectively determined daily rates and discounts from established charges.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigation involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretations, as well as significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term.

10. PENSION PLANS

The Hospital has three defined contribution pension plans, two 401(a) plans and a 403(b), as authorized by Indiana Code (IC) 16-22-3-11. These plans provide retirement, disability and death benefits to plan members and beneficiaries. The plans were established by a written agreement by the Board of Governors. Empower Retirement, a subsidiary of Great West Life & Annuity Insurance Company, is the third party administrator as well as the custodian of these plans' assets.

The Good Samaritan Hospital Employees' Pension Plan (the Pension Plan) covers substantially all employees that were eligible prior to the date the Pension Plan was frozen. Effective January 1, 2017, the Pension Plan was frozen to new participants and effective January 1, 2018, no additional contributions were required to be made to the Pension Plan. Pension expense was recorded for the amount of the Hospital's required contributions, determined in accordance with the terms of the Pension Plan. The Pension Plan is administered by a committee appointed by the Board of Governors. Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's Board of Governors.

The Good Samaritan Hospital Physician and Key Employee Retirement Plan (the Retirement Plan) covers licensed physicians and certain executives of the Hospital. The retirement plan allows for contributions from the Hospital. The Good Samaritan Hospital Employee Retirement Savings Plan (the Savings Plan) covers substantially all employees. Effective January 1, 2018, the Savings Plan was amended to provide discretionary matching contributions from the Hospital for all employees hired after January 1, 2017. The Hospital's expense related to the Retirement Plan and the Savings Plan in 2023 and 2022 was approximately \$3,913,000 and \$3,876,000, respectively.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

11. EMPLOYEE HEALTH PLAN

The Hospital participates in a self-funded health plan covering substantially all employees. Covered services include medical benefits. The plan has annual reinsurance coverage starting at a specific level of \$235,000 per individual with an unlimited specific lifetime maximum reimbursement per covered person and no aggregate limit. The financial statements include an estimated provision for claims that have been incurred but not reported. Total health claims expense was approximately \$13,636,000 and \$13,380,000 for 2023 and 2022, respectively.

12. MALPRACTICE INSURANCE

Malpractice insurance coverage is provided under a claims-made policy. Should the claims-made policy be terminated, the Hospital has the option to purchase insurance for claims having occurred during its term but reported subsequently. The Indiana Medical Malpractice Act, IC 34-18 (the Act) provides a maximum recovery of \$1,800,000 for an occurrence of malpractice. The Act requires the Hospital to maintain medical malpractice liability insurance in the amount of at least \$500,000 per occurrence and \$15,000,000 in the annual aggregate. The Act also requires the Hospital to pay a surcharge to the State Patient's Compensation Fund (the Fund). The Fund is used to pay medical malpractice claims in excess of per occurrence and the annual aggregate amounts as noted above, under certain terms and conditions. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified has been made because the amount, if any, is not reasonably estimable. The Fund is on a claims-made basis and as long as this coverage is continuous or replaced with equivalent insurance, claims based on occurrences during its term but reported subsequently will be insured.

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 claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

13. COMMITMENTS AND CONTINGENCIES

In March 2015, the Hospital entered into an agreement with Deaconess Hospital, Inc. to implement a new Hospital-wide information system. Terms of this agreement provide for annual maintenance costs to approximate \$1,461,000 to \$1,693,000 annually for the seven-year term ending in 2023. During 2023, the agreement was extended for an additional seven-year term ending in 2030 with annual maintenance costs to approximate \$2,106,000 to \$2,212,000 annually.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

14. CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor agreements. The mix of receivables and gross patient service revenues from patients and third-party payors for 2023 and 2022 was as follows:

	Receivables		Revenues	
	2023	2022	2023	2022
Medicare	47%	51%	54%	52%
Medicaid	12%	12%	16%	17%
Other commercial	37%	34%	28%	29%
Self pay	4%	3%	2%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

15. BLENDED COMPONENT UNITS

The Hospital's financial statements include the accounts of its blended component units, the Foundation, PSI, and EMS. Separate financial statements related to the individual component units may be obtained by contacting Hospital management. The following is a summary of the financial activity of the Foundation, PSI, and EMS as of and for the years ended December 31, 2023 and 2022.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

	2023			2022		
	Foundation	PSI	EMS	Foundation	PSI	EMS
Assets						
Cash	\$ 216,848	\$ 1	\$ 751,051	\$ 381,535	\$ (1)	\$ -0-
Investments	4,366,262	-0-	-0-	3,808,698	-0-	-0-
Patient accounts receivable, net	-0-	3,050,094	12,762	-0-	2,102,187	169,504
Other receivables	-0-	-0-	22,816	-0-	-0-	1,010,000
Estimated third-party settlements	-0-	411,486	-0-	-0-	411,486	-0-
Capital assets, net	21,002	-0-	911,383	314	-0-	790,322
Total assets	\$ 4,604,112	\$ 3,461,581	\$ 1,698,012	\$ 4,190,547	\$ 2,513,672	\$ 1,969,826
Liabilities						
Accounts payable and accrued expenses	\$ 40	\$ 625,037	\$ -0-	\$ 154	\$ 881,096	\$ (293)
Accrued wages and related liabilities	75	2,006	-0-	75	53,684	-0-
Total liabilities	115	627,043	-0-	229	934,780	(293)
Net position	4,603,997	2,834,538	1,698,012	4,190,318	1,578,892	1,970,119
Total liabilities and net position	\$ 4,604,112	\$ 3,461,581	\$ 1,698,012	\$ 4,190,547	\$ 2,513,672	\$ 1,969,826
Operating revenues						
Net patient service revenue	\$ -0-	\$ 30,882,554	\$ 851,591	\$ -0-	\$ 30,677,482	\$ 313,102
Federal, state, and county grant revenue	-0-	3,540	-0-	-0-	-0-	-0-
County appropriations	-0-	-0-	810,000	-0-	-0-	1,370,000
Other revenue	-0-	3,032,049	1,500,441	-0-	2,830,290	525,247
Total operating revenues	-0-	33,918,143	3,162,032	-0-	33,507,772	2,208,349
Operating expenses						
Salaries and wages	-0-	33,690,644	2,179,973	-0-	32,740,785	1,041,409
Employee benefits	-0-	7,324,625	433,047	-0-	7,018,791	178,987
Physician fees	-0-	11,369,698	5,729	-0-	9,990,075	3,646
Professional fees and purchased services	-0-	4,231,885	199,227	-0-	4,014,316	42,106
Medical supplies and drugs	-0-	1,762,622	11,729	-0-	1,567,332	8,606
Other supplies	-0-	781,931	87,346	-0-	704,787	101,623
Utilities	-0-	186,180	-0-	-0-	227,568	-0-
Rent and leases	-0-	267,547	-0-	-0-	475,042	-0-
Depreciation and amortization	1,480	23,937	229,037	125	-0-	110,091
Other	-0-	1,279,423	126,415	-0-	774,098	211,958
Total operating expenses	1,480	60,918,492	3,272,503	125	57,512,794	1,698,426
Operating loss	(1,480)	(27,000,349)	(110,471)	(125)	(24,005,022)	509,923
Non-operating revenues (expenses)						
Investment return, net	566,967	24,666	-0-	(568,043)	23,259	-0-
COVID-19 grant funds	-0-	-0-	-0-	-0-	-0-	-0-
Other nonoperating	(478,621)	3,425	(15,346)	(249,846)	(15,745)	(16,546)
Intercompany transfers	326,813	28,227,904	(146,290)	190,970	23,618,258	1,476,742
Total nonoperating revenues (expenses)	415,159	28,255,995	(161,636)	(626,919)	23,625,772	1,460,196
Change in net position	413,679	1,255,646	(272,107)	(627,044)	(379,250)	1,970,119
Net position, beginning of year	4,190,318	1,578,892	1,970,119	4,817,362	1,958,142	-0-
Net position, end of year	\$ 4,603,997	\$ 2,834,538	\$ 1,698,012	\$ 4,190,318	\$ 1,578,892	\$ 1,970,119
Cash flows from activities						
Operating	\$ 326,699	\$ (4,152)	\$ 1,116,495	\$ 397,904	\$ (7,515)	\$ 916,959
Capital and related financing	(22,168)	(23,937)	(350,098)	-0-	-0-	(900,413)
Investing	(469,218)	28,091	(15,346)	(230,286)	7,514	(16,546)
Net change in cash	(164,687)	2	751,051	167,618	(1)	-0-
Cash, beginning of year	381,535	(1)	-0-	213,917	-0-	-0-
Cash, end of year	\$ 216,848	\$ 1	\$ 751,051	\$ 381,535	\$ (1)	\$ -0-

SUPPLEMENTARY INFORMATION

GOOD SAMARITAN HOSPITAL

DETAILED STATEMENT OF REVENUES AND EXPENSES – OBLIGATED GROUP YEAR ENDED DECEMBER 31, 2023

	Total	Non-Obligated Group Activity		Total
		LTC - Non UPL	Foundation	Obligated Group
Operating revenue				
Net patient service revenue	\$ 362,220,896	\$ 116,382,765	\$ -0-	\$ 245,838,131
Federal, state, and county grant revenue	4,160,099	-0-	-0-	4,160,099
County appropriations	1,132,127	-0-	-0-	1,132,127
Other revenue	7,349,380	646,256	-0-	6,703,124
Total operating revenue	374,862,502	117,029,021	-0-	257,833,481
Operating expenses				
Salaries and wages	112,148,619	-0-	-0-	112,148,619
Employee benefits	27,899,270	-0-	-0-	27,899,270
Physician fees	14,286,066	-0-	-0-	14,286,066
Professional fees and purchased services	109,116,268	81,703,437	-0-	27,412,831
Medical supplies and drugs	32,304,852	-0-	-0-	32,304,852
Other supplies	16,982,556	8,928,910	-0-	8,053,646
Utilities	6,550,714	2,676,018	-0-	3,874,696
Rent and leases	13,923,024	15,550,570	-0-	(1,627,546)
Depreciation and amortization	21,766,935	900,096	1,480	20,865,359
HAF and HIP program fees	12,796,585	-0-	-0-	12,796,585
Other	18,475,948	7,196,210	-0-	11,279,738
Total operating expenses	386,250,837	116,955,241	1,480	269,294,116
Operating income (loss)	(11,388,335)	73,780	(1,480)	(11,460,635)
Nonoperating revenues (expenses)				
Investment return, net	9,856,851	-0-	566,967	9,289,884
Interest expense	(6,496,230)	(14,400)	-0-	(6,481,830)
Other nonoperating	765,615	(59,380)	(478,621)	1,303,616
Non capital contributions	-0-	-0-	326,813	(326,813)
Total nonoperating revenues (expenses)	4,126,236	(73,780)	415,159	3,784,857
Change in net position	\$ (7,262,099)	\$ -0-	\$ 413,679	\$ (7,675,778)



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Knox County Hospital d/b/a Good Samaritan Hospital (the Hospital), a component unit of Knox County, which comprise the statement of net position as of December 31, 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report there on dated September 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
September 26, 2024