

**OKTIBBEHA COUNTY HOSPITAL  
D/B/A  
OCH REGIONAL MEDICAL CENTER  
STARKVILLE, MISSISSIPPI**

**FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
SEPTEMBER 30, 2020**



OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
September 30, 2020

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## Independent Auditors' Report

Board of Trustees  
Oktibbeha County Hospital  
D/B/A OCH Regional Medical Center  
Starkville, Mississippi

### Report on the Audited Financial Statements

We have audited the accompanying financial statements of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the years ended September 30, 2020, and 2019, and the related notes to financial statements, which collectively comprise Oktibbeha County Hospital D/B/A OCH Regional Medical Center's basic financial statements as listed in the contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of September 30, 2020, and 2019, and the changes in its financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the financial information of Oktibbeha County Hospital D/B/A OCH Regional Medical Center and do not purport to, and do not, present fairly the financial position of Oktibbeha County, Mississippi as of September 30, 2020, and 2019, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4 to 9) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2020, and 2019, and the Schedule of Surety Bonds for Officials and Employees (pages 33 to 38) are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Schedule of Surety Bonds for Officials and Employees is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Surety Bonds for Officials and Employees is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2020, and 2019 have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion on them or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2021, on our consideration of Oktibbeha County Hospital D/B/A OCH Regional Medical Center'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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center'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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center's internal control over financial reporting and compliance.

Eupora, Mississippi  
May 3, 2021

*Watkins Ward and Stafford, P.C.*

**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2020, and 2019**

Our discussion and analysis of Oktibbeha County Hospital D/B/A OCH Regional Medical Center's financial performance provides an overview of the hospital's financial activities for the fiscal years ended September 30, 2020, and 2019. Please read it in conjunction with the hospital's financial statements, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- ◆ The hospital's net position increased in 2020 by \$1,751,049, or 2.17%, and decreased in 2019 by \$894,191, or 1.10%.
- ◆ The hospital reported an operating loss in 2020 of \$4,489,311 and an operating loss of \$2,024,065 in 2019.
- ◆ Nonoperating expenses decreased by \$35,702, or 2.37%, in 2020 compared to 2019. Nonoperating expenses decreased by \$40,764, or 2.63%, in 2019 compared to 2018.
- ◆ Nonoperating revenues increased by \$5,074,784, or 192.35%, in 2020 compared to 2019. Nonoperating revenues increased by \$1,067,530, or 67.96%, in 2019 compared to 2018.

**USING THIS ANNUAL REPORT**

The hospital's financial statements consist of three statements – the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These financial statements and related notes provide information about the activities of the hospital, including resources held by the hospital but restricted for specific purposes by contributors, grantors, or enabling legislation.

**The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position**

Our analysis of the hospital finances begins on page 6. One of the most important questions asked about the hospital's finances is, "Is the hospital as a whole better or worse off as a result of the year's activities?" The Statements of Net Position and Statements 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.

**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2020, and 2019**

**USING THIS ANNUAL REPORT (Continued)**

These two statements report the hospital's net position and changes in them. You can 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. You will need to 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.

**The Statements of Cash Flows**

The final required statement is the Statements 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 "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

**THE HOSPITAL'S NET POSITION**

The hospital's net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 10 and 11. The hospital's net position increased in 2020 by \$1,751,049, or 2.17%, and decreased in 2019 by \$894,191, or 1.10%, as shown in **Table 1**.



**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2020, and 2019**

**THE HOSPITAL'S NET POSITION (Continued)**

**Table 1: Assets, Liabilities and Net Position**

	2020	2019	2018 As Restated
<b>Assets:</b>			
Current assets	\$ 41,433,937	\$ 29,871,168	\$ 30,840,955
Noncurrent cash and investments	18,085,779	17,942,471	16,170,667
Capital assets, net	46,086,029	49,177,071	53,396,241
Other assets	1,223,566	1,102,810	1,208,390
<b>Total Assets</b>	<b>\$ 106,829,311</b>	<b>\$ 98,093,520</b>	<b>\$ 101,616,253</b>
<b>Liabilities:</b>			
Current liabilities	\$ 18,065,077	\$ 9,697,771	\$ 10,352,322
Long-term debt outstanding, net of current maturities	6,376,033	7,758,597	9,699,676
<b>Total Liabilities</b>	<b>24,441,110</b>	<b>17,456,368</b>	<b>20,051,998</b>
<b>Minority Interest in Subsidiary</b>	<b>-</b>	<b>-</b>	<b>32,912</b>
<b>Net Position:</b>			
Invested in capital assets, net of related debt	37,961,122	39,484,964	41,559,073
Restricted:			
Restricted under bond agreement	912,592	1,275,514	1,270,453
Restricted for liability risk	4,539,007	4,313,509	4,021,990
Restricted Provider Relief Funds	14,381,405	-	-
Unrestricted	24,594,075	35,563,165	34,679,827
<b>Total Net Position</b>	<b>82,388,201</b>	<b>80,637,152</b>	<b>81,531,343</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 106,829,311</b>	<b>\$ 98,093,520</b>	<b>\$ 101,616,253</b>

The change in the hospital's net position is due to several factors. Cash increased by \$13,502,190, or 589.62%, in 2020 compared to 2019. Patient accounts receivable, net of estimated uncollectibles and allowances, decreased by \$1,330,449, or 5.68%, in 2020 compared to 2019. Board designated funds decreased by \$82,190 or 0.60%, in 2020 compared to 2019. Deferred income increased by \$8,996,635, or 2,362.81%, in 2020 compared to 2019.

**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2020, and 2019**

**OPERATING RESULTS AND CHANGES IN THE FACILITY'S NET POSITION**

**Table 2: Operating Results**

	2020	2019	2018 As Restated
<b>Operating Revenues:</b>			
Net patient service revenues	\$ 62,242,409	\$ 66,739,197	\$ 64,630,299
Other revenues	1,970,077	2,321,170	2,393,961
Electronic health records incentive	11,788	238	21,599
<b>Total Operating Revenues</b>	<u>64,224,274</u>	<u>69,060,605</u>	<u>67,045,859</u>
<b>Operating Expenses:</b>			
Salaries and benefits	39,222,744	40,858,563	42,162,601
Supplies and drugs	11,517,159	12,559,195	13,134,691
Other operating expenses	13,284,730	12,625,397	12,445,832
Insurance	172,863	165,803	168,279
Depreciation and amortization	4,516,089	4,875,712	5,307,390
<b>Total Operating Expenses</b>	<u>68,713,585</u>	<u>71,084,670</u>	<u>73,218,793</u>
<b>Operating Loss</b>	<u>( 4,489,311)</u>	<u>( 2,024,065)</u>	<u>( 6,172,934)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Contributions	4,760	1,050	30,075
Provider Relief Funds	5,449,899	-	-
Ambulance contributions	254,988	256,052	258,127
County contributions	1,182,864	1,182,864	1,182,864
Transfers to county	( 1,182,864)	( 1,182,864)	( 1,182,864)
Interest income	85,250	243,973	220,567
Investment income (loss)	679,865	899,613	( 139,646)
Interest expense	( 289,931)	( 325,633)	( 366,397)
Gain on disposal of capital assets	55,529	54,819	18,854
<b>Total Nonoperating Revenues (Expenses)</b>	<u>6,240,360</u>	<u>1,129,874</u>	<u>21,580</u>
<b>Excess of Revenues Over (Under) Expenses Before Minority Interest</b>	1,751,049	( 894,191)	( 6,151,354)
<b>Less Minority Interest Share of Net Income</b>	-	-	( 56,217)
<b>Excess of Revenues Over (Under) Expenses After Minority Interest</b>	1,751,049	( 894,191)	( 6,207,571)
<b>Net Position Beginning of Year</b>	<u>80,637,152</u>	<u>81,531,343</u>	<u>87,738,914</u>
<b>Net Position End of Year</b>	<u>\$ 82,388,201</u>	<u>\$ 80,637,152</u>	<u>\$ 81,531,343</u>

**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2020, and 2019**

**OPERATING RESULTS AND CHANGES IN THE HOSPITAL'S NET POSITION (Continued)**

**Operating Loss**

The first component of the overall change in the hospital's net position is its operating loss – generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services.

The primary components responsible for the fluctuations in operating loss are:

- ◆ An increase in the Medicaid MHAP, Medicaid UPL, and Medicaid DSH programs of \$1,277,173, or 29.87% in 2020 compared to 2019, and an increase of \$371,813, or 9.52% in 2019 compared to 2018.
- ◆ A decrease in net patient service revenues of \$4,496,788, or 6.74% in 2020 compared to 2019, and an increase of \$2,108,898, or 3.26% in 2019 compared to 2018.
- ◆ A decrease in employee salary and benefits expenses of \$1,635,819, or 4.00% in 2020 compared to 2019, and a decrease of \$1,304,038, or 3.09% in 2019 compared to 2018.
- ◆ A decrease in supplies and drugs of \$1,042,036, or 8.30%, in 2020 compared to 2019, and a decrease of \$575,496, or 4.38%, in 2019 compared to 2018.
- ◆ An increase in other operating expense of \$659,333, or 5.22%, in 2020 compared to 2019, and an increase of \$179,565, or 1.44%, in 2019 compared to 2018.
- ◆ A decrease in depreciation and amortization expense of \$359,623, or 7.38%, in 2020 compared to 2019, and a decrease of \$431,678, or 8.13%, in 2019 compared to 2018.
- ◆ Electronic health records incentive funds received of \$11,788, and \$238, in 2020, and 2019, respectively.

**Nonoperating Revenues and Expenses**

Nonoperating revenues consist primarily of contributions, Provider Relief Funds, interest income, investment income, and gain on disposal of assets. The hospital had interest income of \$85,250 for the year ended September 30, 2020, and \$243,973 for the year ended September 30, 2019. The hospital had Provider Relief Funds of \$5,449,899 for the year ended September 30, 2020, and \$0 for the year ended September 30, 2019. The hospital had contributions of \$1,442,612 for the year ended September 30, 2020, and \$1,439,966 for the year ended September 30, 2019. The hospital had investment income of \$679,865 for the year ended September 30, 2020, and investment income of \$899,613 for the year ended September 30, 2019. The hospital had a gain on disposal of assets of \$55,529 in 2020, and \$54,819 in 2019.

**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER**  
**Management's Discussion and Analysis**  
**Years Ended September 30, 2020, and 2019**

**OPERATING RESULTS AND CHANGES IN THE HOSPITAL'S NET POSITION (Continued)**

**Nonoperating Revenues and Expenses (Continued)**

Nonoperating expenses for the year 2020 consist of interest expense and transfers to the county. The hospital had interest expense of \$289,931 for the year ended September 30, 2020, and \$325,633 for the year ended September 30, 2019. The hospital transferred \$1,182,864 to the county during the year ended September 30, 2020, and \$1,182,864 during 2019.

**THE HOSPITAL'S CASH FLOWS**

Changes in the hospital's cash flows are consistent with changes in operating loss and nonoperating revenues and expenses.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As detailed in Note 7 of the financial statements, the hospital had \$46,086,029 invested in capital assets, net of accumulated depreciation at September 30, 2020, and \$49,177,071 at September 30, 2019. The hospital had capital expenditures of \$1,435,000, and \$691,976, in 2020 and 2019, respectively.

**Debt**

At September 30, 2020, the hospital had \$8,124,907 in long-term debt outstanding. The hospital incurred \$462,655 in new debt in 2020 and made \$2,029,855 in principal payments. In 2019, the hospital had \$9,692,107 in long-term debt outstanding. The hospital did not incur new debt in 2019 and made \$2,145,061 in principal payments. See Note 8 for a detailed analysis of long-term debt.

**CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our patients, suppliers, taxpayers, 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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center's administrative offices at (662) 615-2550.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
 Statements of Net Position  
 September 30, 2020, and 2019

	2020	2019
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 15,792,178	\$ 2,289,988
Cash - Restricted under bond agreement for payment of current bond principal and interest	912,592	1,275,514
Patient accounts receivables (Net of estimated uncollectibles and allowances of \$28,138,380 in 2020, and \$26,467,582 in 2019)	22,095,068	23,425,517
Other receivables	28,758	90,611
Estimated third-party payor settlements (Net of estimated uncollectible of \$856,956 in 2020, and \$856,956 in 2019)	14,245	121,292
Current portion of deferred expense	268,103	259,687
Inventories of supplies and drugs	1,874,317	1,752,500
Prepaid expenses	448,676	656,059
Total Current Assets	41,433,937	29,871,168
<b>Noncurrent Cash and Investments:</b>		
Cash - Designated by Board for capital improvements	4,400,902	4,937,459
MHA investment - Designated by Board for capital improvements	9,145,870	8,691,503
MHA investment - Restricted for liability risk	4,539,007	4,313,509
Total Noncurrent Cash and Investments	18,085,779	17,942,471
<b>Capital Assets:</b>		
Land	1,178,326	1,178,326
Depreciable capital assets (Net of accumulated depreciation and amortization of \$90,540,812 in 2020, and \$86,184,268 in 2019)	44,907,703	47,998,745
Total Capital Assets	46,086,029	49,177,071
<b>Other Assets:</b>		
Deferred expense	823,566	702,810
MHA investment - Mississippi Provider-Sponsored Health Plan	400,000	400,000
Total Other Assets	1,223,566	1,102,810
<b>Total Assets</b>	\$ 106,829,311	\$ 98,093,520

The accompanying notes to financial statements are an integral part of these financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
 Statements of Net Position  
 September 30, 2020, and 2019

	2020	2019
<b>Liabilities and Net Position</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,146,218	\$ 2,628,718
Patient accounts receivable, credit balances	788,315	926,912
Accrued payroll and annual leave	3,951,615	3,768,868
Accrued expenses	52,660	59,003
Deferred income	9,377,395	380,760
Current maturities of capital lease obligations	151,110	96,388
Current maturities of notes payable	117,764	382,122
Current maturities of bonds payable	1,480,000	1,455,000
Total Current Liabilities	18,065,077	9,697,771
<b>Long-Term Debt:</b>		
Capital lease obligations	224,597	-
Notes payable	79,822	197,890
Bonds payable, net of unamortized discount	6,071,614	7,560,707
Total Long-Term Debt, Net of Current Maturities	6,376,033	7,758,597
<b>Total Liabilities</b>	24,441,110	17,456,368
<b>Net Position:</b>		
Invested in capital assets, net of related debt	37,961,122	39,484,964
Restricted:		
Restricted under bond agreement	912,592	1,275,514
Restricted for liability risk	4,539,007	4,313,509
Restricted Provider Relief Funds	14,381,405	-
Unrestricted	24,594,075	35,563,165
Total Net Position	82,388,201	80,637,152
<b>Total Liabilities and Net Position</b>	\$ 106,829,311	\$ 98,093,520

The accompanying notes to financial statements are an integral part of these financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
 Statements of Revenues, Expenses, and Changes in Net Position  
 Years Ended September 30, 2020, and 2019

	2020	2019
<b>Operating Revenue:</b>		
Net patient service revenue (Net of provision for bad debts of \$11,049,596 in 2020, and \$14,711,315 in 2019)	\$ 62,242,409	\$ 66,739,197
Other operating revenue	1,970,077	2,321,170
Electronic health records incentive	11,788	238
Total Operating Revenue	64,224,274	69,060,605
<b>Operating Expenses:</b>		
Salaries and benefits	39,222,744	40,858,563
Supplies and drugs	11,517,159	12,559,195
Other operating expenses	13,284,730	12,625,397
Insurance	172,863	165,803
Depreciation and amortization	4,516,089	4,875,712
Total Operating Expenses	68,713,585	71,084,670
<b>Operating Loss</b>	( 4,489,311)	( 2,024,065)
<b>Nonoperating Revenues (Expenses):</b>		
Contributions	4,760	1,050
Provider Relief Funds	5,449,899	-
Ambulance contributions	254,988	256,052
County contributions	1,182,864	1,182,864
Transfers to county	( 1,182,864)	( 1,182,864)
Interest income	85,250	243,973
Investment income	679,865	899,613
Interest expense	( 289,931)	( 325,633)
Gain on disposal of assets	55,529	54,819
Total Nonoperating Revenues (Expenses)	6,240,360	1,129,874
<b>Excess of Revenues Over (Under) Expenses</b>	1,751,049	( 894,191)
<b>Net Position Beginning of Year</b>	80,637,152	81,531,343
<b>Net Position End of Year</b>	\$ 82,388,201	\$ 80,637,152

The accompanying notes to financial statements are an integral part of these financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
 Statements of Cash Flows  
 Years Ended September 30, 2020, and 2019

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Receipts from patients and other services	\$ 65,526,417	\$ 68,644,325
Payments for supplies and other expenses	( 25,314,034)	( 25,123,405)
Payments to and on behalf of employees	( 39,168,212)	( 40,806,763)
	1,044,171	2,714,157
<b>Cash Flows From Noncapital Financing Activities:</b>		
County contributions	1,247,993	1,255,806
Transfers to the county	( 1,182,864)	( 1,182,864)
Contributions	259,748	257,102
Provider Relief Funds	14,381,405	-
	14,706,282	330,044
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase of property and equipment	( 972,345)	( 691,976)
Proceeds from disposal of assets	65,482	90,253
Principal paid on long-term debt	( 2,029,855)	( 2,145,061)
Interest paid on long-term debt	( 296,274)	( 331,044)
	( 3,232,992)	( 3,077,828)
<b>Cash Flows From Investing Activities:</b>		
Change in MHA Investment Pool	288,800	268,396
Interest income	85,250	243,973
	374,050	512,369
<b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>	12,891,511	478,742
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Year</b>	21,404,897	20,926,155
<b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>	\$ 34,296,408	\$ 21,404,897

The accompanying notes to financial statements are an integral part of these financial statements.



OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
 Statements of Cash Flows  
 Years Ended September 30, 2020, and 2019

	2020	2019
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>		
Operating loss	\$ ( 4,489,311)	\$ ( 2,024,065)
Adjustment to Reconcile Operating Loss to Net Cash Flows Provided by Operating Activities:		
Minority interest	-	( 12,216)
Depreciation and amortization	4,516,089	4,875,712
Provision for uncollectible accounts	11,049,596	14,711,315
Deferred expense	( 129,172)	136,628
Changes In:		
Patient accounts receivable	( 9,857,744)	( 15,126,971)
Supplies and other current assets	147,419	547,581
Accounts payable, accrued expenses, and other current liabilities	( 299,753)	( 401,937)
Estimated third party payments	107,047	8,110
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,044,171</b>	<b>\$ 2,714,157</b>

**Capital and Financing Activities:**

The hospital entered into one capital lease obligation for new equipment totaling \$462,655 during the year ended September 30, 2020. The hospital did not enter into any capital lease obligations during the year ended September 30, 2019.

The accompanying notes to financial statements are an integral part of these financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 1: Description of Reporting Entity and Summary of Significant Accounting Policies**

**a. Reporting Entity** – The hospital consists of a 96-bed acute short-term care hospital owned by Oktibbeha County, Mississippi. The hospital provides inpatient, outpatient, and emergency services for residents of Oktibbeha County, Mississippi, and surrounding areas. The hospital is governed by a Board of Trustees appointed by the Board of Supervisors of Oktibbeha County.

Under *Governmental Accounting Standards Board Statement Number 14: The Financial Reporting Entity*, the hospital is defined as a component unit of Oktibbeha County, Mississippi. These financial statements present only the financial position and results of operations and cash flows of Oktibbeha County Hospital D/B/A OCH Regional Medical Center.

**b. Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowance for uncollectibles and third-party settlements.

**c. Proprietary Fund Accounting** – The hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual. Based on *Governmental Accounting Standards Board (GASB) Statement No. 20: Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the hospital has elected to apply the provisions and all pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict or contradict GASB pronouncements.

**d. Cash, Cash Equivalents, and Restricted Cash** – For purposes of the statements of cash flows, cash, cash equivalents, and restricted cash include all cash on hand, checking accounts, bond reserve funds, and funds invested in the MHA Investment Pool program. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of net position that sum to the total of the same such amounts shown in the statements of cash flows:

	2020	2019
Cash	\$ 15,792,178	\$ 2,289,988
Cash - Restricted under bond agreement for payment of current bond principal and interest	912,592	1,275,514
Cash - Designated by Board for capital improvements	4,400,902	4,937,459
MHA investment - Designated by Board for capital improvements	9,145,870	8,691,503
Less: Noncash/Unrealized gain on investment	( 330,249)	( 68,891)
MHA investment - Restricted for liability risk	4,539,007	4,313,509
Less: Noncash/Unrealized gain on investment	( 163,892)	( 34,185)
	\$ 34,296,408	\$ 21,404,897

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 1: Description of Reporting Entity and Summary of Significant Accounting Policies**  
**(Continued)**

**d. Cash, Cash Equivalents, and Restricted Cash (Continued)** – Cash includes cash used for operating purposes. Amounts included in restricted cash represent those required under bond agreements and for liability risk. See Note 2 for a discussion of cash designated by the Board of Trustees for capital improvements. See Note 4 for a discussion of the MHA investments.

**e. Investments in Equity Securities** – Investments in equity securities are carried at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in equity securities are included in nonoperating revenues.

**f. Capital Assets** – The hospital’s policy is to capitalize acquisition and construction cost greater than \$1,500 which will provide benefit to future periods. Capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land improvements	5 to 20 years
Buildings and building improvements	5 to 40 years
Equipment, computers and furniture	3 to 20 years

**g. Grants and Contributions** – From time to time, the hospital receives grants from Oktibbeha County, Mississippi and other governmental entities, 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.

**h. 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.

**i. Net Position** – Net position of the hospital is classified in three components. *Net position invested in capital assets net of related debt* consists of capital assets net of accumulated depreciation and is reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is made up of three components: *Restricted under bond agreement* consists of cash restricted under bond agreement for the payment of current bond principal and interest, *Restricted for liability risk* consists of cash restricted for the payment of potential professional and general liability claims, and *Restricted Provider Relief Funds* consists of funds restricted by the CARES Act of 2020. *Unrestricted net position* is remaining net position that does not meet the definition of *Invested in capital assets net of related debt* or *Restricted net position*.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 1: Description of Reporting Entity and Summary of Significant Accounting Policies**  
**(Continued)**

**j. Net Patient Service Revenue** – The hospital has agreements with third-party payors that provide for payments to the hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**k. Operating Revenues and Expenses** – The hospital's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

**l. Charity Care** – The hospital provides care to patients who meet certain criteria under its charity care policy. Because the hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The cost of charity care provided in 2020, and 2019, approximated \$656,000, and \$612,000, respectively.

**m. Risk Management** – The hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The hospital has set aside \$4,539,007 and \$4,313,509 for the years ended September 30, 2020, and 2019, respectively, which are designated for payment of potential liability resulting from professional and general liability claims. The designated amount is adjusted each year based on actuarial analysis and is approved by the State Tort Claims Board. The hospital purchases coverage of risks of loss related to theft of, damage to, and destruction of assets from various commercial insurance carriers. The hospital purchases coverage of risks of loss related to workers' compensation claims from Healthcare Providers Insurance Company.

Under *Governmental Accounting Standards Board Statement Number 10: Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, a liability for claim must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The hospital did not record a liability at September 30, 2020 for any potential loss related to liability risk.

**n. Income Taxes** – As a political subdivision of the State of Mississippi, the hospital qualifies as a tax-exempt organization under existing provisions of the Internal Revenue Code, and its income is not subject to federal or state income taxes.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 1: Description of Reporting Entity and Summary of Significant Accounting Policies**  
**(Continued)**

**o. Inventories of Supplies and Drugs** – Inventories of supplies and drugs are stated at the lower of cost (first-in, first-out) or market.

**p. Excess of Revenues Over (Under) Expenses** – The statement of revenues, expenses, and changes in net position includes excess of revenues over (under) expenses. Changes in net position which are excluded from excess of revenues over (under) expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

**q. Electronic Health Record Incentive Program** – The Centers for Medicare and Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments for the meaningful use of certified electronic health record (EHR) technology. CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS. The Medicare EHR incentive program provides annual incentive payments to eligible professionals, eligible hospitals, and critical access hospitals, as defined, that are meaningful users of certified EHR technology. The Medicaid EHR incentive program provides annual incentive payments to eligible professionals and hospitals for efforts to adopt, implement, and meaningfully use certified EHR technology. The EHR reporting period for hospitals is based on the federal fiscal year, which runs from October 1 through September 30. In 2020, and 2019, the Hospital received EHR incentive revenue of \$11,788, and \$238, respectively. EHR incentive revenues are included in operating revenues in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

**r. Financial Statement Presentation** – On November 18, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) *Restricted Cash*. The standard became effective for governmental entities for fiscal years beginning after December 15, 2018. The hospital has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period as of and for the year ended September 30, 2019. The new standard requires changes in the hospital's restricted cash to be classified as either operating activities, investing activities, or financing activities in the Statements of Cash Flows, depending on the nature of the activities that gave rise to the restriction.

The changes resulted in an increase in cash, cash equivalents, and restricted cash of \$1,166,344 as presented on the Statements of Cash Flows for the year ended September 30, 2019.

**Note 2: Designated Net Position**

Of the \$24,594,075, and \$35,563,165, of unrestricted net position reported in 2020, and 2019, respectively, \$13,546,772, and \$13,628,962, respectively, has been designated by the hospital's Board of Trustees for capital acquisitions. Designated funds remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 3: Cash and Other Deposits**

The hospital deposits funds in financial institutions selected by the Board of Trustees and invests excess funds in investment instruments that are allowed by statutes. Various restrictions on deposits and investments are imposed by statutes.

The collateral for public entities deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under the program, an entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All hospital funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2020.

**Custodial Credit Risk – Deposits** – Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the hospital will not be able to recover deposits or collateral securities that are in the possession of an outside party. The hospital does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the hospital. As of September 30, 2020, none of the hospital's bank balance was exposed to custodial credit risk.

**Interest Rate Risk** – The hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The hospital does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**Note 4: Fair Value Measurements**

Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. In the absence of actively quoted prices and observable inputs, the hospital estimates prices based on available historical data and near term future pricing information that reflects its market assumptions.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 4: Fair Value Measurements (Continued)**

The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities.
- Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data.

Fair values of assets measured on a recurring basis at September 30, 2020, and 2019, are as follows:

<u>September 30, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ <u>13,684,877</u>	\$ <u>-</u>	\$ <u>13,684,877</u>	\$ <u>-</u>
<u>September 30, 2019</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ <u>13,005,012</u>	\$ <u>-</u>	\$ <u>13,005,012</u>	\$ <u>-</u>

**Mississippi Hospital Association Investment Pool**

The hospital participates in the Mississippi Hospital Association Investment Pool program. The funds are invested for the benefit of the hospital by a third-party investment company, which is responsible for the management of the pool. A summary of the investments at September 30, 2020, and 2019, follows:

	<u>2020</u>	<u>2019</u>
MHA Investment Pool	\$ 8,815,621	\$ 8,622,612
MHA Liability Risk Pool	4,375,115	4,279,324
Unrealized gain on investments	<u>494,141</u>	<u>103,076</u>
	<u>\$ 13,684,877</u>	<u>\$ 13,005,012</u>

The hospital has funds invested in the Mississippi Hospital Association Investment Pool program, which are not required to be collateralized. However, the funds are invested in accordance with Section 27-105-365 Miss. Code Ann. (1972).

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 5: Patient Receivables – Estimated Uncollectibles and Allowance**

The balance in the estimated uncollectibles and allowances account at September 30, 2020, and 2019, is composed of the following:

	2020	2019
Provision for uncollectible accounts	\$ 10,783,696	\$ 11,606,893
Allowance for Medicare adjustment	5,787,936	5,497,580
Allowance for Medicaid adjustment	2,887,611	2,969,234
Allowance for other adjustments	8,679,137	6,393,875
	\$ 28,138,380	\$ 26,467,582

**Note 6: Bond Indenture Funds**

The funds held by the trustee as of September 30, 2020, and 2019, established in accordance with the requirements of the indentures to the 2002 Oktibbeha County Mississippi Revenue Bond, 2011 MHEFA Bond and the 2013 Oktibbeha County Mississippi Revenue Bond are as follows:

	2020	2019
<b>2011 MHEFA Bond:</b>		
General account	\$ 52,550	\$ 54,450
<b>2013 Revenue Bond:</b>		
Debt service reserve fund	860,042	1,221,064
Total Bond Indenture Funds for Revenue and MHEFA Bonds	912,592	1,275,514
Less: Bond principal and interest funds classified as current	( 912,592)	( 1,275,514)
Total Bond Indenture Funds, Excluding Current Portion	\$ -	\$ -

The above funds are and have been maintained in accordance with the bond indenture agreements.



OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 7: Capital Assets**

Capital asset additions, retirements, and balances for the years ended September 30, 2020, and 2019, were as follows:

	Balance September 30, 2019	Additions	Retirements and Transfers	Balance September 30, 2020
Land	\$ 1,178,326	-	-	\$ 1,178,326
Land improvements	2,605,968	1,720	-	2,607,688
Buildings and improvements	77,756,797	148,422	-	77,905,219
Fixed equipment	14,201,576	9,600	-	14,211,176
Major movable equipment:				
Under capital lease	778,313	462,655	( 778,312)	462,656
Other	37,928,560	577,767	728,186	39,234,513
Minor equipment	24,811	-	-	24,811
EMS equipment	6,514	-	-	6,514
OCH Orthopedics	98,229	-	-	98,229
OCH Pulmonology	7,361	-	-	7,361
OCH General Surgery	24,412	-	-	24,412
OCH Regional Health	2,939	-	-	2,939
OCH Medical Associates	14,144	-	-	14,144
OCH Breast Health Center	19,788	-	-	19,788
OCH Family Medicine Clinic	38,074	-	-	38,074
Automobiles	675,527	234,836	( 119,372)	790,991
<b>Total Historical Cost</b>	<b>135,361,339</b>	<b>1,435,000</b>	<b>( 169,498)</b>	<b>136,626,841</b>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 7: Capital Assets (Continued)**

	Balance September 30, 2019	Additions	Retirements and Transfers	Balance September 30, 2020
Less Accumulated Depreciation and Amortization for:				
Land improvements	( 2,304,452)	( 59,138)	( 2,400)	( 2,365,990)
Buildings and improvements	( 39,091,350)	( 2,068,218)	( 3,083)	( 41,162,651)
Fixed equipment	( 10,450,838)	( 687,847)	-	( 11,138,685)
Major movable equipment	( 33,553,268)	( 1,627,381)	45,656	( 35,134,993)
EMS equipment	( 6,514)	-	-	( 6,514)
OCH Orthopedics	( 78,861)	( 12,505)	-	( 91,366)
OCH Pulmonolgy	( 7,360)	-	-	( 7,360)
OCH General Surgery	( 10,793)	( 1,252)	-	( 12,045)
OCH Regional Health	( 2,940)	-	-	( 2,940)
OCH Medical Associates	( 10,302)	( 334)	-	( 10,636)
OCH Breast Health Center	( 19,077)	( 262)	-	( 19,339)
OCH Family Medicine Clinic	( 36,572)	( 1,000)	-	( 37,572)
Automobiles	( 611,941)	( 58,152)	119,372	( 550,721)
Total Accumulated Depreciation and Amortization	<u>( 86,184,268)</u>	<u>( 4,516,089)</u>	<u>159,545</u>	<u>( 90,540,812)</u>
Capital Assets, Net	<u>\$ 49,177,071</u>	<u>( 3,081,089)</u>	<u>( 9,953)</u>	<u>\$ 46,086,029</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 7: Capital Assets (Continued)**

	Balance September 30, 2018	Additions	Retirements and Transfers	Balance September 30, 2019
Land	\$ 1,178,326	-	-	\$ 1,178,326
Land improvements	2,600,664	5,304	-	2,605,968
Buildings and improvements	77,664,317	92,480	-	77,756,797
Fixed equipment	14,152,735	48,841	-	14,201,576
Major movable equipment:				
Under capital lease	1,110,970	-	( 332,657)	778,313
Other	37,107,261	545,351	275,948	37,928,560
Minor equipment	24,811	-	-	24,811
EMS equipment	6,514	-	-	6,514
OCH Orthopedics	98,229	-	-	98,229
OCH Pulmonology	7,361	-	-	7,361
OCH General Surgery	24,412	-	-	24,412
OCH Regional Health	2,939	-	-	2,939
OCH Medical Associates	14,144	-	-	14,144
OCH Breast Health Center	19,788	-	-	19,788
OCH Family Medicine Clinic	38,074	-	-	38,074
Automobiles	833,769	-	( 158,242)	675,527
	<u>134,884,314</u>	<u>691,976</u>	<u>( 214,951)</u>	<u>135,361,339</u>
Total Historical Cost				

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 7: Capital Assets (Continued)**

	Balance September 30, 2018	Additions	Retirements and Transfers	Balance September 30, 2019
Less Accumulated Depreciation and Amortization for:				
Land improvements	( 2,236,973)	( 67,479)	-	( 2,304,452)
Buildings and improvements	( 36,847,399)	( 2,243,951)	-	( 39,091,350)
Fixed equipment	( 9,706,837)	( 744,001)	-	( 10,450,838)
Major movable equipment	( 31,870,949)	( 1,743,154)	60,835	( 33,553,268)
EMS equipment	( 6,514)	-	-	( 6,514)
OCH Orthopedics	( 65,539)	( 13,322)	-	( 78,861)
OCH Pulmonolgy	( 7,173)	( 187)	-	( 7,360)
OCH General Surgery	( 9,541)	( 1,252)	-	( 10,793)
OCH Regional Health	( 2,940)	-	-	( 2,940)
OCH Medical Associates	( 9,968)	( 334)	-	( 10,302)
OCH Breast Health Center	( 18,815)	( 262)	-	( 19,077)
OCH Family Medicine Clinic	( 35,572)	( 1,000)	-	( 36,572)
Automobiles	( 669,853)	( 60,770)	118,682	( 611,941)
Total Accumulated Depreciation and Amortization	( 81,488,073)	( 4,875,712)	179,517	( 86,184,268)
Capital Assets, Net	\$ 53,396,241	( 4,183,736)	( 35,434)	\$ 49,177,071

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 8: Long-Term Debt**

Under the terms of the bond indenture agreements, the hospital is required to maintain certain deposits with the trustee. Such deposits are included with current assets in the financial statements.

A schedule of changes in the hospital's long-term debt for 2020, and 2019, follows:

	Balance 2019	Additions	Reductions	Balance 2020	Amounts Due Within One Year
<b>Bonds and Notes</b>					
<b>Payable:</b>					
Bonds payable	\$ 9,015,707	-	( 1,464,093)	\$ 7,551,614	\$ 1,480,000
Notes payable	580,012	-	( 382,426)	197,586	117,764
<b>Total Bonds and Notes Payable</b>	9,595,719	-	( 1,846,519)	7,749,200	1,597,764
<b>Capital lease obligations</b>	96,388	462,655	( 183,336)	375,707	151,110
<b>Total Long-Term Debt</b>	<u>\$ 9,692,107</u>	<u>462,655</u>	<u>( 2,029,855)</u>	<u>\$ 8,124,907</u>	<u>\$ 1,748,874</u>
	Balance 2018	Additions	Reductions	Balance 2019	Amounts Due Within One Year
<b>Bonds and Notes</b>					
<b>Payable:</b>					
Bonds payable	\$ 10,386,825	-	( 1,371,118)	\$ 9,015,707	\$ 1,455,000
Notes payable	986,676	-	( 406,664)	580,012	382,122
<b>Total Bonds and Notes Payable</b>	11,373,501	-	( 1,777,782)	9,595,719	1,837,122
<b>Capital lease obligations</b>	463,667	-	( 367,279)	96,388	96,388
<b>Total Long-Term Debt</b>	<u>\$ 11,837,168</u>	<u>-</u>	<u>( 2,145,061)</u>	<u>\$ 9,692,107</u>	<u>\$ 1,933,510</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 8: Long-Term Debt (Continued)**

A detail of long-term debt, including capital lease obligations, at September 30, 2020, and 2019, follows:

**Bonds Payable**

	2020	2019
Series 2011 MHEFA Bonds, 3.80% due in monthly installments with varying principal and interest amounts with final installment due in the year 2021, secured by building.	\$ 805,000	\$ 1,405,000
Series 2013 Revenue Bonds with varying interest rates, interest due semiannually and principal due in varying annual installments with final installment due in the year 2027, secured by hospital revenue. Balance net of unamortized premium of \$61,614 at September 30, 2020 and \$70,707 at September 30, 2019.	6,746,614	7,610,707
Total Bonds Payable	\$ 7,551,614	\$ 9,015,707

**Notes Payable**

	2020	2019
The Citizens Bank of Philadelphia, 0.91% due in monthly installments with varying principal and interest amounts with final installment due in the year 2020, secured by Stryker 2016 1588 Video Platform.	\$ -	\$ 152,107
Morrison Management Specialists, Inc. 2.65 % due in monthly installments with varying principal and interest amounts with final installment due in the year 2020, secured by title to the improvements.	-	114,233
The Citizens Bank of Philadelphia, 1.66% due in monthly installments with varying principal and interest amounts with final installment due in the year 2022, secured by Ultrasound equipment.	197,586	313,672
Total Notes Payable	\$ 197,586	\$ 580,012

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 8: Long-Term Debt (Continued)**

	2020	2019
<b>Capital Lease Obligations</b> , at varying rates of imputed interest from 2.69% to 7.49% collateralized by leased assets with a cost of \$462,655 at September 30, 2020 and \$778,313 at September 30, 2019.	\$ 375,707	\$ 96,388

Scheduled principal and interest repayments on long-term debt and payments on capital lease obligations are as follows:

<u>Year Ended September 30:</u>	Long-Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2021	\$ 1,597,764	\$ 235,822	\$ 151,110	\$ 12,199
2022	1,194,822	188,707	157,223	6,086
2023	935,000	159,256	67,374	671
2024	965,000	131,206	-	-
2025	995,000	101,050	-	-
Thereafter	2,061,614	102,663	-	-
Total	\$ 7,749,200	\$ 918,704	\$ 375,707	\$ 18,956

**Note 9: Net Patient Service Revenue**

The hospital has agreements with third-party payors that provide for payments to the hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- a. **Medicare** – Inpatient acute care services, outpatient services, and nonacute inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospital and audits thereof by the Medicare fiscal intermediary. The hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2017.
- b. **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the hospital and audits thereof by the Medicaid fiscal intermediary. The hospital is reimbursed for outpatient services under a cost based reimbursement methodology that is updated annually.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 9: Net Patient Service Revenue (Continued)**

- c. **Medicaid Disproportionate Share Payment** – The hospital received Medicaid disproportionate share payments of \$732,853, and \$1,173,192, for the years ended September 30, 2020, and 2019, respectively.

The Medicaid disproportionate share program is a program whereby the hospital qualifies for disproportionate share funds in addition to regular funds as a result of providing care to a disproportionate share of low-income patients as well as providing certain required services. The Mississippi Division of Medicaid controls the disproportionate share program and the continuation of the program rests with the agency.

- d. **Medicaid Mississippi Hospital Access Payment** – The hospital received Medicaid Mississippi hospital access payments of \$4,820,296 for the year ended September 30, 2020, and \$3,102,784 for the year ended September 30, 2019. The Medicaid Mississippi hospital access program is a program whereby the hospital qualifies for Mississippi hospital access program funds in addition to regular funds. The Mississippi Division of Medicaid administers the program through the Mississippi CAN coordinated care organizations, and the continuation of the program rests with the federal government.

**Note 10: Medical Benefit Plan**

The hospital adopted a self-funded medical benefit plan on May 1, 1980, covering substantially all of its employees and certain dependents of the employees. The total medical benefit expense for the years ended September 30, 2020, and 2019, amounted to \$549,009, and \$926,548, respectively. The hospital's policy is to fund the estimated medical benefit claims that will be filed against the plan less the contributions made by employees covered by the plan. In addition, an allowance, representing the write-off of charges applicable to in-house claims of the employees and their dependents, was provided in the amounts of \$1,445,436 in 2020, and \$1,620,288 in 2019.

**Note 11: Employee Retirement Plan**

The hospital has a retirement plan with discretionary employer contributions by the hospital for IRS approved section 401(a) and 403(b) accounts and non-employer contributions to 457(b) accounts. The 401(a) has employer discretionary percentage contribution of current and/or accumulated net profits each year, with a base of 7.5% of the qualifying employee' total effective earnings for that year. The 403(b) has employer discretionary contributions with a 50% match of employees' elective contributions up to 5%. A qualifying employee is fully vested after five years of credited services. The hospital's total discretionary contributions to the 401(a) and 403(b) accounts on the plans for 2020, and 2019 was \$1,032,555, and \$2,171,615 respectively. The total employees' elective contributions to the 403(b) account on the plan for 2020, and 2019 were \$1,376,002, and \$1,444,374, respectively. The 457(b) is a deferred compensation plan with employees' elective contributions. The total employees' elective contributions to the 457(b) account on the plan for 2020, and 2019 was \$247,531, and \$252,991, respectively.



OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 12: Concentrations of Credit Risk**

The hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2020, and 2019, was as follows:

	2020	2019
Medicare	19%	18%
Medicaid	9%	10%
Patients and other third-party payors	72%	72%
	100%	100%

**Note 13: Commitments and Contingencies**

**a. Noncancellable Operating Leases** – The hospital leases equipment under operating leases expiring at various dates. Future minimum pending noncancellable lease payments are as follows:

Year Ended <u>September 30:</u>		
2021	\$	17,400
2022	\$	17,400
2023	\$	7,250

The hospital's rental expense under all operating leases for the years ended September 30, 2020, and 2019 was \$121,046, and \$71,598, respectively.

**b. Litigation** – The hospital is party to various legal proceedings, which normally occur in the operation of a hospital. The range of potential loss at September 30, 2020, and 2019, has not been estimated. Management does not expect any significant liability to result from these legal proceedings.

**c. Impact of COVID-19 Pandemic** – Since the onset of the COVID-19 pandemic in March 2020, the hospital has maintained relative operating normalcy. The extent of the impact of the pandemic on the hospital's operational and financial performance depends on the duration and spread of the outbreak and the related impact on its patients, employees, suppliers, and costs related to testing for the virus. At this point, the extent to which the pandemic may impact the hospital's financial condition or results of operations remains uncertain.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 14: Agreement with County**

The hospital receives funds from Oktibbeha County, Mississippi. These funds are deposited into the hospital's general account established under the bond indenture agreement for the 2002 Revenue Bonds. The hospital pledged the payment of \$98,572 per month to the County for the payment of the principal and interest on the 2009 General Obligation Bonds until the final maturity of the 2002 Revenue Bonds. The hospital made payments to the County of \$1,182,864, and \$1,182,864, for the years ended September 30, 2020, and 2019, respectively, for the payment of the principal and interest on the 2009 General Obligations Bond. The 2002 Revenue Bonds were refunded by the hospital's issuance of the 2013 Revenue Bonds on May 30, 2013 and the 2014 Revenue Bonds on January 22, 2014. The maturity of the 2013 bonds remained the same as the 2002 debt with a maturity of 2027. The 2014 bonds matured in 2019.

Future payments to county per the agreement for the following five years are as follows:

<u>Year Ended</u> <u>September 30:</u>		
2021	\$	1,182,864
2022	\$	1,182,864
2023	\$	1,182,864
2024	\$	1,182,864
2025	\$	1,182,864

**Note 15: Other Assets**

Included in Other Assets on the Statements of Net Position is an investment in Mississippi TRUE. The hospital is a subscriber in the nonprofit corporation, which seeks to establish a Mississippi provider-sponsored health plan intended to provide provider-sponsored coordinated care and improved access and quality, as compared with for-profit plans. The amount of the hospital's investment as of September 30, 2020, and 2019 was \$400,000 and \$400,000 respectively. The hospital has elected to report this investment at cost since there is not a market for the ownership interest in the company.

**Note 16: Provider Relief Funds**

The hospital received Provider Relief Funds of \$14,381,405 during the year ended September 30, 2020. These funds were disbursed by the Health Resources and Services Administration (HRSA) in accordance with the CARES Act of 2020. The CARES Act appropriated the Provider Relief Funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The hospital's acceptance of these funds requires compliance with reporting requirements as specified by the Secretary of Health and Human Services. The reporting requirements include submitting healthcare related expenses attributable to COVID-19 and lost revenue calculations to HRSA for review and eligibility approval.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Notes to Financial Statements

**Note 16: Provider Relief Funds (Continued)**

The hospital has identified healthcare related expenses attributable to COVID-19 not reimbursed by other sources of \$1,045,061 and calculated lost revenues of \$4,404,838 for a total \$5,449,899 recognized as nonoperating revenue for the year ended September 30, 2020. The remaining \$8,931,506 is recognized as deferred income for the year ended September 30, 2020. Per the current HRSA guidelines, the hospital has until June 30, 2021 to expend the remaining Provider Relief Funds; however, the HRSA continues to revise and clarify current guidelines.

The *Addendum to the 2020 Compliance Supplement* released by the Office of Management and Budget provides guidance on the reporting of Provider Relief Funds subject to the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Provider Relief Funds expended as of September 30, 2020 will not be reported on a Schedule of Expenditures of Federal Awards in the current year, nor will the compliance testing required under the *Addendum to the 2020 Compliance Supplement* be performed. However, the hospital will be subject to audit requirements of the Uniform Guidance in the subsequent year. The compliance testing and the reporting of the Provider Relief Funds expended for the years ended September 30, 2021 and 2020 will be reported on a Schedule of Expenditures of Federal Awards for the year ended September 30, 2021.

**Note 17: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Oktibbeha County Hospital D/B/A OCH Regional Medical Center evaluated the activity of the hospital through May 3, 2021, (the date the financial statements were available to be issued), and determined that there were no subsequent events requiring disclosures in the notes to the financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Detailed Schedules of Operating Revenues  
Years Ended September 30, 2020, and 2019

	2020	2019
<b>Patient Service Revenue:</b>		
<b>Inpatient:</b>		
Nursing Service:		
Routine service	\$ 5,122,343	\$ 5,239,742
Swingbeds	228,285	437,355
Intensive care	2,548,686	1,626,425
Nursery	2,080,906	2,144,832
Other Nursing Service:		
Operating and recovery room	5,366,313	6,448,671
Ambulatory surgery	26,743	54,092
Heart monitor	109,662	106,619
Delivery room	3,984,259	3,970,755
Central service and supply	2,211,098	2,287,022
Intravenous therapy	2,629,813	2,482,998
Emergency service	1,769,302	1,327,553
Pathology	36,467	21,460
Hospitalist	1,043,070	832,720
Total Nursing Service Revenue	27,156,947	26,980,244
Other Professional Service:		
Laboratory	3,708,361	2,933,042
Blood bank	699,377	623,685
Electrocardiology	177,859	177,380
Radiology	687,468	569,502
Pharmacy	8,060,536	6,579,558
Anesthesiology	302,915	346,174
Respiratory therapy	10,219,909	6,774,030
Physical therapy	171,727	242,929
Nuclear medicine	10,065	15,669
CT scan	1,499,104	1,234,555
Ambulance	375,470	275,668
Speech pathology	87,366	94,253
Ultrasound	317,086	248,454
MRI	112,402	128,769
Occupational therapy	73,009	104,206
Total Other Professional Service Revenue	26,502,654	20,347,874
Total Inpatient Revenue	53,659,601	47,328,118

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Detailed Schedules of Operating Revenues  
Years Ended September 30, 2020, and 2019

	<u>2020</u>	<u>2019</u>
<b>Outpatient:</b>		
Other Nursing Service:		
Operating and recovery room	30,017,598	36,645,478
Ambulatory surgery	1,187,625	3,007,855
Heart monitor	199,084	242,689
Central service and supply	1,819,367	2,326,050
Intravenous therapy	1,816,874	2,268,231
Emergency service	25,081,712	24,754,569
Pathology	213,990	290,675
Total Nursing Service Revenue	<u>60,336,250</u>	<u>69,535,547</u>
Other Professional Service:		
Laboratory	9,793,126	10,423,186
Blood	504,901	480,112
Electrocardiology	1,058,185	1,263,775
Ambulance	2,155,245	1,827,600
Radiology	5,223,231	5,484,112
Pharmacy	8,676,084	10,699,969
Anesthesiology	7,326,959	9,094,773
Respiratory therapy	5,232,675	6,743,830
Physical therapy	811,236	1,024,657
Nuclear medicine	927,994	1,325,923
CT scan	14,377,343	15,711,043
Cardiac rehabilitation	522,293	543,720
Speech pathology	103,460	117,892
Ultrasound	1,273,547	1,380,937
MRI	3,201,654	3,451,847
Occupational therapy	345,857	366,461
OCH Orthopedics Clinic	3,139,319	2,381,751
Center for Breast Health	1,312,000	1,711,871
OCH Pulmonology	460,998	516,355
OCH Family Medicine Clinic	800,776	935,904
OCH Medical Associates	943,994	341,069
OCH Center for Pain	5,521,904	8,060,757
OCH Hyperbaric Center	159,188	423,408
OCH Wound Care Center	4,746,398	3,439,361
OCH Cardiology	12,332	-
OCH Huxford Pulmonology	157,576	-
Total Other Professional Service Revenue	<u>78,788,275</u>	<u>87,750,313</u>
Total Outpatient Revenue	<u>139,124,525</u>	<u>157,285,860</u>
<b>Total Patient Service Revenue</b>	<u>192,784,126</u>	<u>204,613,978</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Detailed Schedules of Operating Revenues  
Years Ended September 30, 2020, and 2019

	2020	2019
<b>Contractual Adjustments and Allowances:</b>		
Medicare	45,000,118	49,792,663
Medicaid	21,734,947	21,664,709
Blue Cross	2,053,106	2,324,689
Charity care	2,198,712	2,057,956
Medicaid MHAP payment	( 4,820,296)	( 3,102,784)
Medicaid DSH payment	( 732,853)	( 1,173,192)
Administrative and other adjustments	54,058,387	51,599,425
Total Contractual Adjustments and Allowances	119,492,121	123,163,466
<b>Provision for Uncollectable Accounts</b>	11,049,596	14,711,315
<b>Net Patient Service Revenue</b>	62,242,409	66,739,197
<b>Other Operating Revenue:</b>		
Employee pharmacy sales	371,313	418,625
Medical records transcript	15,750	13,854
Employee and guest meals	367,384	445,443
Commissions - Vending machines	16,994	38,790
Medical and surgical supplies	26	( 38)
Purchase discounts	77,029	52,028
Wellness Connection fees	474,952	682,399
Physician office buildings - rent	461,330	497,651
Miscellaneous revenue	185,299	172,418
Total Other Operating Revenue	1,970,077	2,321,170
<b>Electronic Health Records Incentive</b>	11,788	238
<b>Total Operating Revenue</b>	\$ 64,224,274	\$ 69,060,605

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Detailed Schedules of Operating Expenses  
Years Ended September 30, 2020, and 2019

	2020			2019		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
<b>Nursing Services:</b>						
Nursing administration	\$ 807,240	\$ 10,197	\$ 6,785	\$ 771,707	\$ 6,263	\$ 5,260
Routine services	2,385,595	118,233	480,224	2,473,655	103,158	228,052
Intensive care	801,224	31,117	10,008	690,109	16,854	21,897
Nursery	747,416	28,125	9,311	699,288	30,729	14,278
<b>Other Nursing Services:</b>						
Operating and recovery rooms	1,816,384	5,153,616	1,206,562	2,102,804	6,208,469	1,251,378
Ambulatory surgery	780,098	280,474	55,200	1,081,268	531,472	60,407
Delivery room	1,079,439	99,478	28,351	1,133,812	94,930	43,797
Central service and supply	253,151	714,069	106,993	281,410	692,010	83,968
Emergency service	5,228,161	79,338	956,135	5,374,654	69,198	831,625
Trauma	63,194	553	3,068	77,970	219	851
Hospitalist	706,342	2,530	835,573	902,871	1,295	674,893
<b>Other Professional Services:</b>						
Laboratory	973,947	778,789	1,073,961	956,781	697,759	951,955
Blood bank	-	-	253,889	-	-	209,976
Electrocardiology	-	2,435	140,525	-	3,025	168,595
Radiology	820,892	68,712	390,216	837,747	71,191	290,482
Pharmacy	661,018	1,863,851	100,907	737,031	1,880,746	96,972
Anesthesiology	3,353,271	85,583	61,124	3,442,009	103,401	139,275
Respiratory therapy	1,125,098	171,943	81,842	1,210,271	143,953	87,564
Ambulance	988,753	99,304	121,725	1,113,394	95,521	213,061
Physical therapy	741,472	11,129	34,904	852,246	13,167	42,796
Ultrasound	184,020	3,818	17,780	144,416	2,910	4,164
CT scan	86,869	70,060	5,067	89,696	63,952	2,187
Nuclear medicine	83,454	97,125	29,144	85,437	178,283	37,339
Medical records	772,224	6,297	134,108	884,774	6,717	142,423
Social service	73,845	366	9	72,431	215	-
Cardiac rehabilitation	118,622	5,090	10,219	134,343	3,891	12,134
Speech pathology	81,222	718	206	84,712	1,340	130
Wellness Center	389,106	13,469	117,139	527,034	9,913	132,406
Sports medicine	289,803	6,043	24,896	289,785	5,906	30,027
Physician's office	1,934,641	148,425	130,914	1,206,384	201,822	130,541

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Detailed Schedules of Operating Expenses  
Years Ended September 30, 2020, and 2019

	2020			2019		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
<b>Other Professional Services (Continued):</b>						
Occupational therapy	283,785	2,807	3,482	297,773	3,317	3,824
Breast Health Center	1,083,446	57,049	64,973	1,148,478	41,915	89,526
OCH General Surgery	20	237	2,693	391	40	1,179
OCH Rural Health Clinic	7	-	-	-	-	320
OCH Medical Associates	388,498	124,872	36,391	-	-	1,808
OCH Urology Associates	-	1,701	844	-	447	4,498
OCH Pulmonology	450,103	7,281	25,933	475,781	7,771	31,756
OCH Center for Pain	672,212	9,394	193,377	1,111,718	20,250	61,116
OCH Hyperbaric Center	-	-	54,622	-	313	88,258
OCH Wound Care Center	-	257,608	582,072	-	239,177	570,215
OCH Family Health Clinic	353,757	13,952	23,166	321,704	11,055	34,893
OCH Medical Associates	709,588	41,629	95,309	636,091	28,187	66,262
OCH Cardiology	43,676	15,150	51,279	-	-	-
OCH Huxford Pulmonology	23,293	-	-	-	-	-
<b>General Services:</b>						
Dietary	1,227,454	651,479	130,784	1,252,364	699,684	136,772
Maintenance	481,141	97,702	1,467,126	477,848	39,308	1,559,042
Housekeeping	634,432	85,442	103,860	722,165	81,010	100,816
Laundry and linen	22,308	-	278,311	20,313	-	333,930
Security	266,369	9,414	6,303	275,746	9,754	4,443
<b>Administration and Fiscal Services:</b>						
Administrative	881,611	40,824	1,286,804	945,021	57,700	1,327,785
Fiscal	4,354,543	149,731	2,450,616	4,915,131	80,958	2,300,521
<b>Total</b>	<b>\$ 39,222,744</b>	<b>\$ 11,517,159</b>	<b>\$ 13,284,730</b>	<b>\$ 40,858,563</b>	<b>\$ 12,559,195</b>	<b>\$ 12,625,397</b>



OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER  
Schedule of Surety Bonds for Officials and Employees  
September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount of Bond</u>
Neil Amos	Trustee	Western Surety	\$ 100,000
Linda Breazeale	Trustee	Western Surety	\$ 100,000
Kimberly Brooks	Trustee	Western Surety	\$ 100,000
Earl Walker	Trustee	Western Surety	\$ 100,000
Robert Daniels	Trustee	Western Surety	\$ 100,000
Michael Haddix	Trustee	Western Surety	\$ 100,000
Peggy Rogers	Trustee	Western Surety	\$ 100,000
James Jackson	Administrator	Travelers	\$ 100,000



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**Independent Auditors’ Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Board of Trustees  
Oktibbeha County Hospital  
D/B/A OCH Regional Medical Center  
Starkville, Mississippi

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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the years ended September 30, 2020, and 2019, and the related notes to financial statements, which collectively comprise Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s basic financial statements as listed in the contents, and have issued our report thereon dated May 3, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s internal control. Accordingly, we do not express an opinion of the effectiveness of Oktibbeha County Hospital D/B/A OCH Regional Medical Center’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 entity’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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oktibbeha County Hospital D/B/A OCH Regional Medical Center'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 determination of financial statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eupora, Mississippi  
May 3, 2021

*Watkins Ward and Stafford, PLLC*



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Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

**Independent Auditors' Report on Compliance with State Laws and Regulations**

Board of Trustees  
Oktibbeha County Hospital  
D/B/A OCH Regional Medical Center  
Starkville, Mississippi

We have audited the financial statements of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the years ended September 30, 2020, and 2019, and have issued our report thereon dated May 3, 2021.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with state laws applicable to Oktibbeha County Hospital D/B/A OCH Regional Medical Center is the responsibility of the hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Oktibbeha County Hospital D/B/A OCH Regional Medical Center's compliance with certain provisions of state laws. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Oktibbeha County Hospital D/B/A OCH Regional Medical Center complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Oktibbeha County Hospital D/B/A OCH Regional Medical Center had not complied with those provisions.

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization, and the Board of Supervisors of Oktibbeha County, Mississippi, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Eupora, Mississippi  
May 3, 2021

*Watkins Ward and Stafford, P.C.*