

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

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2022**

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
September 30, 2022

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WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Stephen D. Flake, CPA

John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities 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, 2022, and 2021, and the related notes to the financial statements, which collectively comprise Oktibbeha County Hospital D/B/A OCH Regional Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, as of September 30, 2022, and 2021, and the respective changes in financial position, and where applicable, cash flows thereof 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 the financial position of Oktibbeha County, Mississippi as of September 30, 2022, and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center'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.

Auditors' 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 auditors' 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 about Oktibbeha County Hospital D/B/A OCH Regional Medical Center'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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4 to 10) 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 Schedule of Surety Bonds for Officials and Employees (page 44) is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2022, and 2021 (pages 39 to 43), but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2023 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
August 1, 2023

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021

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, 2022, and 2021. Please read it in conjunction with the hospital's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- ◆ The hospital's net position decreased in 2022 by \$3,290,624, or 3.78%, and increased in 2021 by \$4,678,586, or 5.68%.
- ◆ The hospital reported an operating loss in 2022 of \$6,134,585 and an operating loss of \$4,558,837 in 2021.
- ◆ Nonoperating revenues decreased by \$5,215,143, or 48.40%, in 2022 compared to 2021. Nonoperating revenues increased by \$3,797,857, or 54.43%, in 2021 compared to 2020.
- ◆ Nonoperating expenses increased by \$1,178,319, or 76.60%, in 2022 compared to 2021. Nonoperating expenses increased by \$800,794, or 108.60%, in 2021 compared to 2020.

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, 2022, and 2021

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 11 and 12. The hospital's net position decreased in 2022 by \$3,290,624 or 3.78%, and increased in 2021 by \$4,678,586, or 5.68%, as shown in **Table 1**.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021

THE HOSPITAL'S NET POSITION (Continued)

Table 1: Assets, Liabilities and Net Position

	<u>2022</u>	<u>2021</u> (As Restated)
Assets:		
Current assets	\$ 36,626,511	\$ 38,002,499
Noncurrent cash and investments	16,840,847	17,996,518
Capital assets, net	42,549,998	43,829,667
Lease assets, net	43,318	86,982
Other assets	998,806	1,018,305
Total Assets	<u>\$ 97,059,480</u>	<u>\$ 100,933,971</u>
Liabilities:		
Current liabilities	\$ 9,247,334	\$ 8,670,807
Long-term debt outstanding, net of current maturities	4,035,983	5,196,377
Total Liabilities	<u>13,283,317</u>	<u>13,867,184</u>
Net Position:		
Invested in capital assets, net of related debt	37,374,888	37,171,203
Restricted:		
Restricted under bond agreement	865,093	910,683
Restricted for liability risk	2,463,594	4,501,922
Unrestricted	43,072,588	44,482,979
Total Net Position	<u>83,776,163</u>	<u>87,066,787</u>
Total Liabilities and Net Position	<u>\$ 97,059,480</u>	<u>\$ 100,933,971</u>

The change in the hospital's net position is due to several factors. Cash decreased by \$183,380, or 1.59%, in 2022 compared to 2021. Patient accounts receivable decreased by \$1,798,150, or 7.88%, in 2022 compared to 2021. Estimated third-party payor settlements (net of estimated uncollectible) increased by \$382,983, or 339.10%, in 2022 compared to 2021. Inventories of supplies and drugs decreased by \$124,713, or 7.53%, in 2022 compared to 2021. Prepaid expense increased by \$287,579, or 62.90%, in 2022 compared to 2021. Noncurrent cash and investments decreased by \$1,155,671, or 6.42%, in 2022 compared to 2021. Capital assets decreased by \$1,279,669, or 2.92%, in 2022 compared to 2021. Accounts payable increased by \$666,315, or 31.89%, in 2022 compared to 2021. Long-term debt decreased by \$1,160,394, or 22.33%, in 2022 compared to 2021.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021

Table 2: Operating Results

	<u>2022</u>	<u>2021</u> (As Restated)
Operating Revenues:		
Net patient service revenues	\$ 63,214,544	\$ 65,240,708
Other revenues	2,980,793	1,958,658
Electronic health records incentive	-	22,762
Total Operating Revenues	<u>66,195,337</u>	<u>67,222,128</u>
Operating Expenses:		
Salaries and benefits	41,113,193	42,271,910
Supplies and drugs	13,363,212	12,552,115
Other operating expenses	13,672,493	12,512,335
Insurance	237,313	203,101
Depreciation and amortization	3,943,711	4,241,504
Total Operating Expenses	<u>72,329,922</u>	<u>71,780,965</u>
Operating Loss	<u>(6,134,585)</u>	<u>(4,558,837)</u>
Nonoperating Revenues (Expenses):		
Contributions	200	1,325
Ambulance contributions	268,817	235,548
County contributions	1,182,864	1,182,864
Transfers to county	(1,182,864)	(1,182,864)
Provider Relief Funds	3,932,402	8,931,506
Interest income	176,192	37,481
Investment income (loss)	(1,283,911)	(111,810)
Interest expense	(200,914)	(243,521)
Insurance settlements	-	386,894
Gain (Loss) on disposal of capital assets	(48,825)	-
Total Nonoperating Revenues (Expenses)	<u>2,843,961</u>	<u>9,237,423</u>
Excess of Revenues Over (Under) Expenses	<u>(3,290,624)</u>	4,678,586
Net Position Beginning of Year	<u>87,066,787</u>	<u>82,388,201</u>
Net Position End of Year	<u>\$ 83,776,163</u>	<u>\$ 87,066,787</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021

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:

- ◆ A decrease in net patient service revenues of \$2,026,164, or 3.11% in 2022 compared to 2021, and an increase of \$2,998,299, or 4.82% in 2021 compared to 2020.
- ◆ An increase in the Medicaid MHAP and Medicaid DSH programs of \$589,588, or 10.50% in 2022 compared to 2021, and an increase of \$63,935, or 1.15% in 2021 compared to 2020.
- ◆ An decrease in employee salary and benefits expenses of \$1,158,717, or 2.74% in 2022 compared to 2021, and an increase of \$3,049,166, or 7.77% in 2021 compared to 2020.
- ◆ An increase in supplies and drugs of \$811,097, or 6.46%, in 2022 compared to 2021, and an increase of \$1,034,956, or 8.99%, in 2021 compared to 2020.
- ◆ A increase in other operating expense of \$1,160,158, or 9.27%, in 2022 compared to 2021, and a decrease of \$772,395, or 5.81%, in 2021 compared to 2020.
- ◆ A decrease in depreciation and amortization expense of \$297,792, or 7.02%, in 2022 compared to 2021, and a decrease of \$274,585, or 6.08%, in 2021 compared to 2020.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of contributions, Provider Relief Funds, interest income, and insurance settlements. The hospital had contributions of \$1,451,881 for the year ended September 30, 2022, and \$1,419,737 for the year ended September 30, 2021. The hospital had Provider Relief Funds of \$3,932,402 for the year ended September 30, 2022, and \$8,931,506 for the year ended September 30, 2021. The hospital had interest income of \$176,192 for the year ended September 30, 2022, and \$37,481 for the year ended September 30, 2021. The hospital had insurance settlements of \$0 for the year ended September 30, 2022 and \$386,894 for the year ended September 30, 2021.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021

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

Nonoperating Revenues and Expenses (Continued)

Nonoperating expenses for the year 2022 consist primarily of transfers to the county, investment income (loss), interest expense, and loss on disposal of assets. The hospital transferred \$1,182,864 to the county during the year ended September 30, 2022, and \$1,182,864 during 2021. The hospital had a loss on investment of \$1,283,911 for the year ended September 30, 2022, and \$111,810 for the year ended September 30, 2021. The hospital had interest expense of \$200,914 for the year ended September 30, 2022, and \$243,521 for the year ended September 30, 2021. The hospital had a loss on disposal of assets of \$48,825 for the year ended September 30, 2022, and \$0 for the year ended September 30, 2021.

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 ASSETS, LEASE ASSETS AND DEBT ADMINISTRATION

Capital Assets

As detailed in Note 8 of the financial statements, the hospital had \$42,549,998 invested in capital assets, net of accumulated depreciation at September 30, 2022, and \$43,829,667 at September 30, 2021. The hospital had capital expenditures of \$2,668,766, and \$1,934,671, in 2022, and 2021, respectively.

Lease Assets

As detailed in Note 9 of the financial statements, the hospital had \$43,318 invested in lease assets, net of accumulated amortization at September 30, 2022, and \$86,982 at September 30, 2021. The hospital did not issue any new leases in 2022 and issued new leases totaling \$137,452 in 2021.

Debt

At September 30, 2022, the hospital had \$5,175,110 in long-term debt outstanding. The hospital incurred no new debt in 2022 and made \$1,483,354 in principal payments. In 2021, the hospital had \$6,658,464 in long-term debt outstanding. The hospital incurred \$343,055 in new debt in 2021 and made \$1,809,498 in principal payments. See Note 11 for a detailed analysis of long-term debt.

Lease Liability Obligations

At September 30, 2022, the hospital had \$44,700 in lease liability outstanding. The hospital incurred no new lease liability obligations in 2022 and made \$43,580 in principal payments. In 2021, the hospital had \$88,280 in lease liability obligations outstanding. The hospital incurred \$137,452 in new lease liability obligations in 2021 and made \$49,172 in principal payments. See Note 10 for a detailed analysis of lease liability obligations.

**OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021**

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, 2022, and 2021

	2022	2021 (As Restated)
Assets		
Current Assets:		
Cash	\$ 11,314,268	\$ 11,497,648
Cash - Restricted under bond agreement for payment of current bond principal and interest	865,093	910,683
Patient accounts receivables (Net of estimated uncollectibles and allowances of \$30,895,347 in 2022, and \$30,428,943 in 2021)	21,023,166	22,821,316
Other receivables	358,391	260,443
Estimated third-party payor settlements (Net of estimated uncollectible of \$856,956 in 2022, and \$856,956 in 2021)	495,924	112,941
Current portion of deferred expense	294,498	287,165
Inventories of supplies and drugs	1,530,408	1,655,119
Prepaid expenses	744,763	457,184
Total Current Assets	36,626,511	38,002,499
Noncurrent Cash and Investments:		
Cash - Designated by Board for capital improvements	4,551,693	4,423,451
MHA investment - Designated by Board for capital improvements	9,825,560	9,071,145
MHA investment - Restricted for liability risk	2,463,594	4,501,922
Total Noncurrent Cash and Investments	16,840,847	17,996,518
Capital Assets:		
Land	1,530,455	1,178,326
Depreciable capital assets (Net of accumulated depreciation and amortization of \$96,081,500 in 2022, and \$93,541,993 in 2021)	40,187,179	42,009,558
Construction in progress	832,364	641,783
Total Capital Assets	42,549,998	43,829,667
Lease Assets:		
Lease assets (net of accumulated amortization of \$76,939 in 2022 and \$45,593 in 2021)	43,318	86,982
Other Assets:		
Deferred expense	598,806	618,305
MHA investment - Mississippi Provider-Sponsored Health Plan	400,000	400,000
Total Other Assets	998,806	1,018,305
Total Assets	\$ 97,059,480	\$ 100,933,971

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, 2022, and 2021

	2022	2021 (As Restated)
Liabilities and Net Position		
Current Liabilities:		
Accounts payable	\$ 2,755,833	\$ 2,089,518
Patient accounts receivable, credit balances	1,139,621	910,398
Accrued payroll and annual leave	3,572,691	3,574,575
Accrued expenses	40,820	49,450
Deferred income	554,542	496,499
Current maturities of notes payable	216,872	391,787
Current maturities of bonds payable	935,000	1,115,000
Current portion of lease liability obligations	31,955	43,580
Total Current Liabilities	9,247,334	8,670,807
Long-Term Debt:		
Notes payable	19,810	204,156
Bonds payable, net of unamortized discount	4,003,428	4,947,521
Long-term lease liability obligations	12,745	44,700
Total Long-Term Debt, Net of Current Maturities	4,035,983	5,196,377
Total Liabilities	13,283,317	13,867,184
Net Position:		
Invested in capital assets, net of related debt	37,374,888	37,171,203
Restricted:		
Restricted under bond agreement	865,093	910,683
Restricted for liability risk	2,463,594	4,501,922
Unrestricted	43,072,588	44,482,979
Total Net Position	83,776,163	87,066,787
Total Liabilities and Net Position	\$ 97,059,480	\$ 100,933,971

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, 2022, and 2021

	2022	2021 (As Restated)
Operating Revenue:		
Net patient service revenue (Net of provision for bad debts of \$12,047,828 in 2022, and \$17,647,206 in 2021)	\$ 63,214,544	\$ 65,240,708
Other operating revenue	2,980,793	1,958,658
Electronic health records incentive	-	22,762
Total Operating Revenue	66,195,337	67,222,128
Operating Expenses:		
Salaries and benefits	41,113,193	42,271,910
Supplies and drugs	13,363,212	12,552,115
Other operating expenses	13,672,493	12,512,335
Insurance	237,313	203,102
Depreciation and amortization	3,943,711	4,241,503
Total Operating Expenses	72,329,922	71,780,965
Operating Loss	(6,134,585)	(4,558,837)
Nonoperating Revenues (Expenses):		
Contributions	200	1,325
Ambulance contributions	268,817	235,548
County contributions	1,182,864	1,182,864
Transfers to county	(1,182,864)	(1,182,864)
Provider Relief Funds	3,932,402	8,931,506
Interest income	176,192	37,481
Investment loss	(1,283,913)	(111,810)
Interest expense	(200,912)	(243,521)
Insurance settlements	-	386,894
Loss on disposal of assets	(48,825)	-
Total Nonoperating Revenues (Expenses)	2,843,961	9,237,423
Excess of Revenues Over (Under) Expenses	(3,290,624)	4,678,586
Net Position Beginning of Year	87,066,787	82,388,201
Net Position End of Year	\$ 83,776,163	\$ 87,066,787

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, 2022, and 2021

	2022	2021
Cash Flows From Operating Activities:		
Receipts from patients and other services	\$ 67,840,953	\$ 66,519,226
Payments for supplies and other expenses	(26,852,011)	(25,030,108)
Payments to and on behalf of employees	(41,268,700)	(42,777,849)
Net Cash Used by Operating Activities	(279,758)	(1,288,731)
Cash Flows From Noncapital Financing Activities:		
County contributions	1,240,907	1,233,474
Transfers to the county	(1,182,864)	(1,182,864)
Contributions	269,017	236,873
Provider Relief Funds	3,932,402	-
Net Cash Provided by Noncapital Financing Activities	4,259,462	287,483
Cash Flows From Capital and Related Financing Activities:		
Purchase of property and equipment	(2,520,148)	(1,591,616)
Principal paid on long-term debt	(1,474,261)	(1,809,498)
Principal paid on lease obligations	(43,580)	(49,172)
Interest paid on long-term debt	(218,635)	(246,731)
Net Cash Used by Capital and Related Financing Activities	(4,256,624)	(3,697,017)
Cash Flows From Investing Activities:		
Insurance settlements	-	386,894
Interest income	176,192	37,481
Net Cash Provided by Investing Activities	176,192	424,375
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(100,728)	(4,273,890)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	16,831,782	21,105,672
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 16,731,054	\$ 16,831,782

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, 2022, and 2021

	2022	2021
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	\$ (6,134,585)	\$ (4,558,837)
Adjustment to Reconcile Operating Loss to Net Cash Flows Provided by Operating Activities:		
Depreciation and amortization	3,943,711	4,241,503
Provision for uncollectible accounts	12,047,828	17,647,206
Deferred expense	12,166	186,199
Changes In:		
Patient accounts receivable	(10,020,455)	(18,251,371)
Supplies and other current assets	(260,816)	(20,995)
Accounts payable, accrued expenses, and other current liabilities	515,376	(433,740)
Estimated third party payments	<u>(382,983)</u>	<u>(98,696)</u>
Net Cash Used by Operating Activities	<u><u>\$ (279,758)</u></u>	<u><u>\$ (1,288,731)</u></u>

Capital and Financing Activities:

The hospital entered into no financed purchases notes payable in 2022. The hospital entered into financed purchases notes of \$343,055 during the year ended September 30, 2021. These financed purchases notes payable were considered capital leases prior to the implementation of GASB 87.

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 depreciation expense.

c. Basis of Accounting Presentation – The hospital prepares their financial statements as business-type activities in conformity with applicable pronouncements of Governmental Accounting Standards Board (“GASB”) using the economic resources measurement and focus. The financial statements of the hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenue, expenses, gains, losses, assets and liabilities are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county contributions, if any) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as county contributions), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

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, and bond reserve funds. 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:

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)

	2022	2021
Cash	\$ 11,314,268	\$ 11,497,648
Cash - Restricted under bond agreement for payment of current bond principal and interest	865,093	910,683
Cash - Designated by Board for capital improvements	4,551,693	4,423,451
	\$ 16,731,054	\$ 16,831,782

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 5 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. Lease Assets – Lease assets are initially recorded at the initial measurement period of the lease liability obligation, plus lease payments made at or before the commencement of the lease term, less any lease incentive received from the lessor at or before commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Leases that were in effect prior to the implementation date are recognized in the year of transition based on the present value of the remaining payments at the implementation date. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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)

h. Lease Liability Obligations – The facility is a lessee for noncancellable leases. The facility recognizes a lease liability obligation and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the facility initially measures the lease liability obligation at the present value of payments expected to be made during the lease term. Leases that were in effect prior to the implementation date are recognized in the year of transition based on the present value of the remaining payments at the implementation date. Subsequently, the lease liability obligation is reduced by the principal portion of lease payments. The lease asset is initially measured as the initial amount of the lease liability obligation, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The facility monitors changes in circumstances that would require a measurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability obligation.

i. 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.

j. 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.

k. 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 two components: *Restricted under bond agreement* consists of cash restricted under bond agreement for the payment of current bond principal and interest and *Restricted for liability risk* consists of cash restricted for the payment of potential professional and general liability claims. *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*.

l. 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.

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)

m. 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.

n. Revenue Recognition – Patient care revenues for the acute care hospital are reported at the amount that reflects the consideration that the hospital expects to receive in exchange for the services provided. These amounts are due from patients or third-party payors and include variable consideration for retroactive adjustments from estimated reimbursements, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Patient care reviews are recognized as performance obligations are satisfied.

The hospital enters into contracts to provide inpatient, outpatient, emergency, and long-term care services. Each service provided under the contract is capable of being distinct, and thus, the services are considered individual and separate performance obligations. The performance obligations are satisfied as services are provided, and revenue is recognized as services are provided.

The hospital receives payment for services under various third-party payor programs which include Medicare, Medicaid, and other third-party payors. Estimates for settlements with third-party payors for retroactive adjustments from estimated reimbursements due to audits, reviews, or investigations are included in the determination of the estimated transaction price for providing services. The hospital estimated the transaction price based on the terms of the contract with the payor, correspondence with the payor, and historical payment trends. Changes to these estimates for retroactive adjustments are recognized in the period the change or adjustment becomes known or when final settlements are determined.

o. 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 2022, and 2021, approximated \$848,000, and \$609,000, respectively.

p. 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 \$2,463,594 and \$4,501,922 for the years ended September 30, 2022, and 2021, 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.

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)

p. Risk Management (Continued) – 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, 2022 for any potential loss related to liability risk.

q. 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.

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

s. 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).

Note 2: Designated Net Position

Of the \$43,072,588, and \$44,482,979, of unrestricted net position reported in 2022, and 2021, respectively, \$14,377,253, and \$13,494,596, 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.

Note 3: Change in Accounting Principle

On October 1, 2021 (the effective date), the facility adopted GASB Statement No. 87, *Leases*, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the earliest period presented which was September 30, 2021. The statement requires lessees to recognize a lease liability, measured at the present value of payments expected to be made during the lease term, and an intangible asset. The 2021 financial statements and disclosures were restated to reflect the impact of this adoption.

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

Note 3: Change in Accounting Principle (Continued)

During the fiscal year ended September 30, 2022, the facility changed its accounting policy in relation to what is considered a cash and cash equivalent. Under the new policy, funds invested in the MHA Investment Pool program are no longer considered cash and cash equivalents. This change was made retrospective to the beginning of the earliest period presented in the financial statements, October 1, 2020.

The effect of the changes made to the accompanying statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows as of and for the year ended September 30, 2021 are as follows:

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
	<u> </u>	<u> </u>	<u> </u>
Statement of Net Position			
Lease Assets:			
Lease assets, Net	\$ -	\$ 86,982	\$ 86,982
Total Assets	<u>100,846,989</u>	<u>86,982</u>	<u>100,933,971</u>
Current Liabilities:			
Current portion of lease liabilities	-	43,580	43,580
Total Current Liabilities	<u>8,627,227</u>	<u>43,580</u>	<u>8,670,807</u>
Long-Term Liabilities			
Long-term lease liabilities	-	44,700	44,700
Total Long-Term Liabilities	<u>5,151,677</u>	<u>44,700</u>	<u>5,196,377</u>
Total Liabilities	<u>13,778,904</u>	<u>88,280</u>	<u>13,867,184</u>
Net Position:			
Unrestricted	44,484,277	(1,298)	44,482,979
Total Net Position	<u>87,068,085</u>	<u>(1,298)</u>	<u>87,066,787</u>
Total Liabilities and Net Position	<u>\$ 100,846,989</u>	<u>\$ 86,982</u>	<u>\$ 100,933,971</u>

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

Note 3: Change in Accounting Principle (Continued)

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses:			
Other operating expenses	\$ 12,564,607	\$ (52,272)	\$ 12,512,335
Depreciation and amortization	4,191,033	50,471	4,241,504
Total Operating Expenses	<u>71,782,766</u>	<u>(1,801)</u>	<u>71,780,965</u>
Operating Loss	<u>(4,560,638)</u>	<u>1,801</u>	<u>(4,558,837)</u>
Nonoperating Revenues (Expenses)			
Interest expense	(240,422)	(3,099)	(243,521)
Total Nonoperating Revenues (Expenses)	<u>9,240,522</u>	<u>(3,099)</u>	<u>9,237,423</u>
Excess of Revenues Over (Under) Expenses	4,679,884	(1,298)	4,678,586
Net Position End of the Year	<u>\$ 87,068,085</u>	<u>\$ (1,298)</u>	<u>\$ 87,066,787</u>
Statement of Cash Flows			
Cash Flows From Operating Activities:			
Payments to suppliers and contractors	\$ (25,082,379)	\$ 52,271	\$ (25,030,108)
Net Cash Provided (Used) by Operating Activities	<u>(1,341,002)</u>	<u>52,271</u>	<u>(1,288,731)</u>
Cash Flows From Capital and Related Financing Activities:			
Principal payments on lease obligations	-	(49,172)	(49,172)
Interest paid on long-term debt	(243,632)	(3,099)	(246,731)
Net Cash Used by Noncapital Financing Activities	<u>(3,644,746)</u>	<u>(52,271)</u>	<u>(3,697,017)</u>
Cash Flows From Investing Activities:			
Change in MHA Investment Pool	241,684	(241,684)	-
Net Cash Provided by Investing Activities	<u>666,059</u>	<u>(241,684)</u>	<u>424,375</u>
Net Increase (Decrease in Cash, Cash Equivalents, and Restricted Cash	<u>(4,032,206)</u>	<u>(241,684)</u>	<u>(4,273,890)</u>
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>34,296,408</u>	<u>(13,190,736)</u>	<u>21,105,672</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>30,264,202</u>	<u>(13,432,420)</u>	<u>16,831,782</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Operating Loss	(4,560,638)	1,801	(4,558,837)
Depreciation and amortization	4,191,033	50,470	4,241,503
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,341,002)</u>	<u>\$ 52,271</u>	<u>\$ (1,288,731)</u>

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

Note 4: 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, 2022.

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, 2022, 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 5: 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 5: 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, 2022, and 2021, are as follows:

<u>September 30, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ 12,289,154	\$ -	\$ 12,289,154	\$ -
<u>September 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ 13,573,067	\$ -	\$ 13,573,067	\$ -

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, 2022, and 2021, follows:

	<u>2022</u>	<u>2021</u>
MHA Investment Pool	\$ 9,114,870	\$ 8,977,144
MHA Liability Risk Pool	4,498,108	4,455,276
Unrealized gain(loss) on investments	(1,323,824)	140,647
	<u>\$ 12,289,154</u>	<u>\$ 13,573,067</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 6: Patient Receivables – Estimated Uncollectibles and Allowance

The balance in the estimated uncollectibles and allowances account at September 30, 2022, and 2021, is composed of the following:

	2022	2021
Provision for uncollectible accounts	\$ 12,834,366	\$ 12,357,726
Allowance for Medicare adjustment	4,305,531	5,904,675
Allowance for Medicaid adjustment	2,341,521	1,654,976
Allowance for other adjustments	11,413,929	10,511,566
	\$ 30,895,347	\$ 30,428,943

Note 7: Bond Indenture Funds

The funds held by the trustee as of September 30, 2022, and 2021, established in accordance with the requirements of the indentures to the 2011 MHEFA Bond and the 2013 Oktibbeha County Mississippi Revenue Bond are as follows:

	2022	2021
2011 MHEFA Bond:		
General account	\$ -	\$ 50,650
2013 Revenue Bond:		
Debt service reserve fund	865,093	860,033
Total Bond Indenture Funds for Revenue and MHEFA Bonds	865,093	910,683
Less: Bond principal and interest funds classified as current	(865,093)	(910,683)
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 8: Capital Assets

Capital asset additions, retirements, and balances for the years ended September 30, 2022, and 2021, were as follows:

	Balance September 30, 2021	Additions	Retirements and Transfers	Balance September 30, 2022
Land	\$ 1,178,326	352,130	-	\$ 1,530,456
Land improvements	2,617,546	-	-	2,617,546
Buildings and improvements	77,954,391	81,551	-	78,035,942
Fixed equipment	14,221,319	7,200	-	14,228,519
Major movable equipment:				
Financed Purchases	805,711	-	-	805,711
Other	38,925,321	2,037,304	(1,408,929)	39,553,696
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	790,991	-	-	790,991
Construction in progress	641,783	190,581	-	832,364
Total Historical Cost	<u>\$ 137,371,660</u>	<u>2,668,766</u>	<u>(1,408,929)</u>	<u>\$ 138,631,497</u>

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

Note 8: Capital Assets (Continued)

	Balance September 30, 2021	Additions	Retirements and Transfers	Balance September 30, 2022
Less Accumulated Depreciation and Amortization for:				
Land improvements	\$(2,415,725)	(40,461)	-	\$(2,456,186)
Buildings and improvements	(43,212,534)	(1,998,199)	-	(45,210,733)
Fixed equipment	(11,648,410)	(348,470)	-	(11,996,880)
Major movable equipment	(35,445,150)	(1,446,239)	1,360,541	(35,530,848)
EMS equipment	(6,514)	-	-	(6,514)
OCH Orthopedics	(97,720)	(204)	-	(97,924)
OCH Pulmonolgy	(7,360)	-	-	(7,360)
OCH General Surgery	(13,297)	(1,252)	-	(14,549)
OCH Regional Health	(2,940)	-	-	(2,940)
OCH Medical Associates	(10,970)	(334)	-	(11,304)
OCH Breast Health Center	(19,550)	(159)	-	(19,709)
OCH Family Medicine Clinic	(38,072)	-	-	(38,072)
Automobiles	(623,751)	(64,729)	-	(688,481)
Total Accumulated Depreciation and Amortization	(93,541,993)	(3,900,047)	1,360,541	(96,081,500)
Capital Assets, Net	\$ 43,829,667	(1,231,281)	(48,388)	\$ 42,549,998

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

Note 8: Capital Assets (Continued)

	Balance September 30, 2020	Additions	Retirements and Transfers	Balance September 30, 2021
Land	\$ 1,178,326	-	-	\$ 1,178,326
Land improvements	2,607,688	9,858	-	2,617,546
Buildings and improvements	77,905,219	49,172	-	77,954,391
Fixed equipment	14,211,176	10,143	-	14,221,319
Major movable equipment:				
Financed Purchase	462,656	343,055	-	805,711
Other	39,234,513	880,660	(1,189,852)	38,925,321
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	790,991	-	-	790,991
Construction in progress	-	641,783	-	641,783
Total Historical Cost	\$ 136,626,841	1,934,671	(1,189,852)	\$ 137,371,660

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

Note 8: Capital Assets (Continued)

	Balance September 30, 2020	Additions	Retirements and Transfers	Balance September 30, 2021
Less Accumulated Depreciation and Amortization for:				
Land improvements	\$ (2,365,990)	(49,735)	-	\$ (2,415,725)
Buildings and improvements	(41,162,651)	(2,049,883)	-	(43,212,534)
Fixed equipment	(11,138,685)	(509,725)	-	(11,648,410)
Major movable equipment	(35,134,993)	(1,500,009)	1,189,852	(35,445,150)
EMS equipment	(6,514)	-	-	(6,514)
OCH Orthopedics	(91,366)	(6,354)	-	(97,720)
OCH Pulmonolgy	(7,360)	-	-	(7,360)
OCH General Surgery	(12,045)	(1,252)	-	(13,297)
OCH Regional Health	(2,940)	-	-	(2,940)
OCH Medical Associates	(10,636)	(334)	-	(10,970)
OCH Breast Health Center	(19,339)	(211)	-	(19,550)
OCH Family Medicine Clinic	(37,572)	(500)	-	(38,072)
Automobiles	(550,721)	(73,030)	-	(623,751)
Total Accumulated Depreciation and Amortization	(90,540,812)	(4,191,033)	1,189,852	(93,541,993)
Capital Assets, Net	\$ 46,086,029	(2,256,362)	-	\$ 43,829,667

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

Note 9: Lease Assets

Lease asset additions, terminations, and balances for the years ended September 30, 2022, and 2021, are as follows:

	Balance September 30, 2021 <u>(As Restated)</u>	<u>Additions</u>	<u>Terminations</u>	Balance September 30, 2022
Lease Assets Being Amortized Equipment and building	\$ 132,575	-	(12,318)	\$ 120,257
Less: Accumulated Amortization Equipment and Building	<u>(45,593)</u>	<u>(43,664)</u>	<u>12,318</u>	<u>(76,939)</u>
Lease Assets, Net	<u>\$ 86,982</u>	<u>(43,664)</u>	<u>-</u>	<u>\$ 43,318</u>
	Balance September 30, 2020	<u>Additions</u>	<u>Terminations</u>	Balance September 30, 2021 <u>(As Restated)</u>
Lease Assets Being Amortized Equipment and building	\$ -	137,452	(4,877)	\$ 132,575
Less: Accumulated Amortization Equipment and Building	<u>-</u>	<u>(50,470)</u>	<u>4,877</u>	<u>(45,593)</u>
Lease Assets, Net	<u>\$ -</u>	<u>86,982</u>	<u>-</u>	<u>\$ 86,982</u>

Note 10: Lease Liability Obligations

The facility is a lessee for various noncancellable leases of equipment, the terms of which expire in various years through 2024. For leases that have a maximum possible term of 12 months or less at commencement, the facility recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the facility recognizes a lease liability obligations and an intangible right-to-use lease asset.

The lease term includes the noncancelable period of the lease plus any additional periods covered by either a facility or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be extended. Periods in which both the facility and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The facility uses its incremental borrowing rate as the discount rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

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

Note 10: Lease Liabilities (Continued)

Variable payments based upon the use of the underlying assets are not included in the lease liability obligations because they are not fixed in substance. None of the facilities lease agreements contain any material residual value guarantees or material restrictive covenants.

A schedule of changes in the facility's lease liabilities for 2022, and 2021 follows:

	Balance September 30, 2021 (As Restated)	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Lease liability obligations \$	88,280	-	(43,580)	\$ 44,700	\$ 31,955

	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021 (As Restated)	Amounts Due Within One Year
Lease liability obligations \$	-	137,452	(49,172)	\$ 88,280	\$ 43,580

The following is a schedule by year of payments for leases as of September 30, 2022:

Years ending September 30,	Total to be		
	Paid	Principal	Interest
2023	\$ 32,733	\$ 31,955	\$ 778
2024	12,887	12,745	142
2025	-	-	-
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
	\$ 45,620	\$ 44,700	\$ 920

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

Note 11: 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 2022, and 2021, follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2022</u>	<u>Amounts Due Within One Year</u>
Bonds and Notes					
Payable:					
Bonds payable	\$ 6,062,521	-	(1,124,093)	\$ 4,938,428	\$ 935,000
Notes payable	<u>595,943</u>	-	<u>(359,261)</u>	<u>236,682</u>	<u>216,872</u>
Total Long-Term Debt	<u>\$ 6,658,464</u>	<u>-</u>	<u>(1,483,354)</u>	<u>\$ 5,175,110</u>	<u>\$ 1,151,872</u>
	<u>Balance 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2021</u>	<u>Amounts Due Within One Year</u>
Bonds and Notes					
Payable:					
Bonds payable	\$ 7,551,614	-	(1,489,093)	\$ 6,062,521	\$ 1,115,000
Notes payable	<u>573,293</u>	<u>343,055</u>	<u>(320,405)</u>	<u>595,943</u>	<u>391,787</u>
Total Long-Term Debt	<u>\$ 8,124,907</u>	<u>343,055</u>	<u>(1,809,498)</u>	<u>\$ 6,658,464</u>	<u>\$ 1,506,787</u>

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

Note 11: Long-Term Debt (Continued)

A detail of long-term debt, including capital lease obligations, at September 30, 2022, and 2021, follows:

Bonds Payable

	2022	2021
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.	\$ -	\$ 205,000
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 \$43,428 at September 30, 2022 and \$52,521 at September 30, 2021.	4,938,428	5,857,521
Total Bonds Payable	\$ 4,938,428	\$ 6,062,521

Notes Payable

	2022	2021
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.	\$ -	\$ 89,277
Olympus Financial Services, 2.75% due in monthly installments of principal and interest with final installment due in the year 2024, secured by Urology equipment.	155,966	269,247
IBM Credit LLC, 3.97% due in monthly installments of principal and interest with final installment due in 2023, secured by Radiology Equipment	80,716	237,419
Total Notes Payable	\$ 236,682	\$ 595,943

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

Note 11: Long-Term Debt (Continued)

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

Year Ended September 30:	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2023	935,000	159,256	216,872	3,928
2024	965,000	131,206	19,810	68
2025	995,000	101,050	-	-
2026	1,030,000	68,713	-	-
2027	1,013,428	33,950	-	-
Total	\$ 4,938,428	\$ 494,175	\$ 236,682	\$ 3,996

Note 12: 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.
- c. **Medicaid Disproportionate Share Payment** – The hospital paid the Medicaid disproportionate share program \$175,793 for the year ended September 30, 2022 and received Medicaid disproportionate share payments of \$199,844 for the year ended September 30, 2021.

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.

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

Note 12: Net Patient Service Revenue (Continued)

- d. **Medicaid Mississippi Hospital Access Payment** – The hospital received Medicaid Mississippi hospital access payments of \$6,382,465 for the year ended September 30, 2022, and \$5,816,928 for the year ended September 30, 2021. 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 13: 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, 2022, and 2021, amounted to \$811,840, and \$580,348, 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 \$1,434,707 in 2022, and \$1,419,667 in 2021.

Note 14: 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. 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 2022, and 2021 was \$728,349, and \$25,846 respectively. The total employees' elective contributions to the 403(b) account on the plan for 2022, and 2021 were \$1,371,017, and \$1,424,919, 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 2022, and 2021 was \$275,472, and \$282,406, respectively.

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

Note 15: 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, 2022, and 2021, was as follows:

	2022	2021
Medicare	14%	19%
Medicaid	7%	5%
Patients and other third-party payors	79%	76%
	100%	100%

Note 16: Commitments and Contingencies

a. 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, 2022, and 2021, has not been estimated. Management does not expect any significant liability to result from these legal proceedings.

b. 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.

Note 17: 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 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, 2022, and 2021, respectively. The 2002 Revenue Bonds were refunded by the hospital’s issuance of the 2013 Revenue Bonds on May 30, 2013. The maturity of the 2013 bonds remained the same as the 2002 debt with a maturity of 2027.

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

Note 17: Agreement with County (Continued)

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

Year Ended September 30: _____		
2023	\$	1,182,864
2024	\$	1,182,864
2025	\$	1,182,864
2026	\$	1,182,864
2027	\$	1,182,864

Note 18: 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, 2022, and 2021 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 19: Provider Relief Funds

The hospital received Provider Relief Funds of \$3,932,402 during the year ended September 30, 2022. 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.

The hospital completed their Provider Relief Funds portal reporting for reporting periods two and three as of the end of September 30, 2022. The hospital reported healthcare related expenses attributable to COVID-19 not reimbursed by other sources of less than the \$750,000 threshold that would require the hospital to be subject to audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

Note 20: 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 August 1, 2023, (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, 2022, and 2021

	<u>2022</u>	<u>2021</u>
Patient Service Revenue:		
Inpatient:		
Nursing Service:		
Routine service	\$ 4,308,167	\$ 4,476,594
Swingbeds	34,826	88,315
Intensive care	2,674,163	2,949,646
Nursery	1,916,388	1,882,582
Other Nursing Service:		
Operating and recovery room	4,178,834	4,040,383
Ambulatory surgery	25,421	32,828
Heart monitor	103,248	100,994
Delivery room	4,278,004	3,930,530
Central service and supply	1,904,646	1,948,782
Intravenous therapy	2,443,320	2,953,809
Emergency service	1,804,350	1,782,887
Pathology	26,181	17,889
Hospitalist	849,545	828,893
Total Nursing Service Revenue	<u>24,547,093</u>	<u>25,034,132</u>
Other Professional Service:		
Laboratory	3,381,413	4,383,373
Blood bank	577,048	776,551
Electrocardiology	152,488	185,127
Radiology	655,231	817,968
Pharmacy	8,453,070	11,572,526
Anesthesiology	281,534	257,616
Respiratory therapy	8,825,477	12,781,457
Physical therapy	124,548	148,977
Nuclear medicine	8,241	8,508
CT scan	1,631,200	1,583,235
Ambulance	290,374	389,690
Speech pathology	80,772	94,904
Ultrasound	331,235	400,801
MRI	166,703	125,951
Occupational therapy	36,305	64,519
Total Other Professional Service Revenue	<u>24,995,639</u>	<u>33,591,203</u>
Total Inpatient Revenue	<u>49,542,732</u>	<u>58,625,335</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2022, and 2021

	2022	2021
Outpatient:		
Other Nursing Service:		
Operating and recovery room	28,558,567	26,685,556
Ambulatory surgery	1,533,146	1,334,475
Heart monitor	198,997	191,745
Central service and supply	1,986,577	1,913,850
Intravenous therapy	1,833,460	1,843,608
Emergency service	25,732,427	25,341,000
Pathology	239,524	196,399
Total Nursing Service Revenue	60,082,698	57,506,633
Other Professional Service:		
Laboratory	10,673,085	10,876,576
Blood	568,845	547,097
Electrocardiology	1,177,513	1,148,739
Ambulance	1,998,837	2,508,718
Radiology	5,819,300	5,599,441
Pharmacy	9,849,547	8,619,126
Anesthesiology	7,282,757	7,216,327
Respiratory therapy	5,177,528	4,758,791
Physical therapy	897,109	727,309
Nuclear medicine	581,803	700,805
CT scan	14,971,625	14,263,842
Cardiac rehabilitation	621,766	629,299
Speech pathology	91,215	81,537
Ultrasound	1,522,495	1,681,885
MRI	3,647,285	3,470,710
Occupational therapy	448,672	423,916
OCH Orthopedics Clinic	3,009,163	2,872,256
Center for Breast Health	1,727,357	1,455,689
OCH Pulmonology	470,691	458,142
OCH Family Medicine Clinic	849,409	820,814
OCH Medical Associates	1,693,241	1,875,731
OCH Center for Pain	5,799,161	5,271,306
OCH Hyperbaric Center	490,747	397,967
OCH Wound Care Center	9,324,088	7,927,944
OCH Cardiology	85,727	112,168
OCH Huxford Pulmonology	459,253	688,250
OCH Infusion Center	277,492	256,494
Total Other Professional Service Revenue	89,515,711	85,390,879
Total Outpatient Revenue	149,598,409	142,897,512
Total Patient Service Revenue	199,141,141	201,522,847

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2022, and 2021

	2022	2021
Contractual Adjustments and Allowances:		
Medicare	44,272,797	42,349,286
Medicaid	24,021,026	21,314,133
Blue Cross	2,257,374	3,243,244
Charity care	2,846,621	2,081,495
Medicaid MHAP payment	(6,382,465)	(5,816,928)
Medicaid DSH payment	175,793	199,844
Administrative and other adjustments	56,687,623	55,263,859
Total Contractual Adjustments and Allowances	123,878,769	118,634,933
Provision for Uncollectable Accounts	12,047,828	17,647,206
Net Patient Service Revenue	63,214,544	65,240,708
Other Operating Revenue:		
Employee pharmacy sales	426,600	462,402
Medical records transcript	9,878	16,370
Employee and guest meals	404,872	335,454
Medical and surgical supplies	8,953	4,289
Purchase discounts	89,089	55,926
Wellness Connection fees	563,144	501,391
Physician office buildings - rent	297,741	324,691
EMCC Telehealth Program	94,530	-
Shared sowings distributions	510,759	-
Miscellaneous revenue	575,227	258,135
Total Other Operating Revenue	2,980,793	1,958,658
Electronic Health Records Incentive	-	22,762
Total Operating Revenue	\$ 66,195,337	\$ 67,222,128

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Expenses
Years Ended September 30, 2022, and 2021

	2022			2021 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
Nursing Services:						
Nursing administration	\$ 715,657	\$ 15,813	\$ 4,400	\$ 868,275	\$ 14,929	\$ 7,616
Routine services	2,530,631	100,250	177,027	2,746,681	111,402	92,284
Intensive care	990,070	30,654	59,797	1,084,970	35,569	10,507
Nursery	773,015	34,982	12,737	787,652	28,733	18,856
Other Nursing Services:						
Operating and recovery rooms	1,847,214	6,148,861	899,937	1,784,919	5,183,260	711,793
Ambulatory surgery	745,170	366,981	45,826	750,175	273,140	50,198
Delivery room	1,383,775	126,647	60,576	1,149,426	114,753	19,476
Central service and supply	298,037	816,185	140,241	288,377	747,683	150,530
Emergency service	5,483,137	86,627	839,835	5,546,652	91,359	687,219
Trauma	55,226	256	16,978	55,044	-	9,148
Hospitalist	556,519	1,956	946,924	773,004	1,623	794,476
Other Professional Services:						
Laboratory	939,824	744,956	962,028	1,072,848	793,126	1,041,535
Blood bank	-	-	247,904	-	-	250,058
Electrocardiology	-	1,645	153,718	-	1,759	108,526
Radiology	818,484	86,684	386,799	845,994	67,441	386,195
Pharmacy	662,164	2,349,319	110,685	623,638	2,563,036	99,297
Anesthesiology	3,419,257	96,284	45,552	3,376,332	82,138	41,851
Respiratory therapy	1,453,242	139,590	111,246	1,267,856	194,939	186,071
Ambulance	997,173	124,377	90,174	1,101,693	111,893	99,137
Physical therapy	732,044	10,894	39,462	735,547	8,598	36,133
Ultrasound	138,117	3,974	105,096	197,309	4,114	34,911
CT scan	101,205	68,074	66,527	93,297	67,161	21,061
Nuclear medicine	56,992	44,326	28,143	100,157	36,974	20,926
Medical records	789,677	8,081	171,040	874,885	5,747	122,375
Social service	72,412	1,322	-	84,766	169	-
Cardiac rehabilitation	151,767	4,426	14,101	109,719	4,232	11,550
Speech pathology	84,096	1,446	43	84,309	406	144
Wellness Center	454,879	11,018	136,606	447,381	9,740	117,971
Sports medicine	247,513	3,208	30,748	270,322	4,086	23,095
Physician's office	1,925,205	135,650	139,198	1,973,382	209,780	179,649

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Expenses
Years Ended September 30, 2022, and 2021

	2022			2021 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
Other Professional Services (Continued):						
Occupational therapy	358,223	8,367	2,353	314,594	8,352	3,775
Breast Health Center	1,136,148	130,763	75,582	1,102,086	116,309	56,353
OCH General Surgery	-	-	206	-	-	3,318
OCH Rural Health Clinic	-	-	-	102	137	-
OCH Medical Associates	1,138,127	59,266	75,187	1,106,387	97,626	81,055
OCH Urology Associates	-	113	1,343	-	46	57
OCH Pulmonology	505,236	20,141	29,390	456,340	14,643	25,932
OCH Center for Pain	542,267	13,204	430,746	523,938	10,652	381,917
OCH Hyperbaric Center	-	-	81,593	-	-	67,079
OCH Wound Care Center	-	496,024	845,625	-	514,975	732,409
OCH Family Health Clinic	319,295	13,095	25,442	332,038	10,951	25,457
OCH Medical Associates	637,845	96,587	102,454	692,505	42,410	86,670
OCH Cardiology	100,602	2,572	141,673	153,324	2,628	151,387
OCH Huxford Pulmonology	47,833	-	-	64,310	-	-
OCH Infusion Center	45,388	7,638	175	63,956	13,940	302
General Services:						
Dietary	1,227,028	623,428	172,204	1,228,212	594,860	138,843
Maintenance	413,691	94,099	1,789,047	460,897	90,964	1,510,222
Housekeeping	584,087	93,155	105,063	739,353	88,843	102,288
Laundry and linen	24,577	-	187,897	30,178	-	182,441
Security	242,783	11,380	3,262	269,199	10,951	4,129
Administration and Fiscal Services:						
Administrative	983,312	46,075	1,259,011	899,852	35,324	1,211,229
Fiscal	4,384,249	82,819	2,300,892	4,740,029	130,714	2,414,884
Total	\$ 41,113,193	\$ 13,363,212	\$ 13,672,493	\$ 42,271,910	\$ 12,552,115	\$ 12,512,335

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
 Schedule of Surety Bonds for Officials and Employees
 September 30, 2022

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount of Bond</u>
Linda Breazeale	Trustee	Western Surety	\$ 100,000
Kimberly Brooks	Trustee	Western Surety	\$ 100,000
Michael Haddix	Trustee	Western Surety	\$ 100,000
Earl Walker	Trustee	Western Surety	\$ 100,000
Sophia Nickels	Trustee	Western Surety	\$ 100,000
Zach Rowland	Trustee	Western Surety	\$ 100,000
David McGee	Trustee	Western Surety	\$ 100,000
James Jackson	Administrator	Travelers	\$ 100,000



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
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Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA

**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 the business-type activities of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the year ended September 30, 2022, 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 table of contents, and have issued our report thereon dated August 1, 2023.

Report on 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) 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 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.

Report on 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eupora, Mississippi
August 1, 2023

Watkins Ward and Stafford, P.C.



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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, 2022, and 2021, and have issued our report thereon dated August 1, 2023.

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
August 1, 2023

Watkins Ward and Stafford, P.C.