

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

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2024**

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER

Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Notes to Financial Statements	17
Other Information	
Detailed Schedules of Operating Revenues	42
Detailed Schedules of Operating Expenses	45
Supplementary Information	
Schedule of Surety Bonds for Officials and Employees	47
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 <i>Government Auditing Standards</i>	48
Independent Auditors' Report on Compliance with State Laws and Regulations	50



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. Staggers, 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
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA
Dana R. Estes, CPA
April W. Posey, 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, 2024, and 2023, and the related notes to financial statements, which collectively comprise Oktibbeha County Hospital D/B/A OCH Regional Medical Center's basic financial statements as listed in the contents.

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, 2024, and 2023, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2024, and 2023, 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 5 to 11) 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 46), 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, 2024, and 2023 (pages 41 to 45), 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 February 27, 2025 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
February 27, 2025

Watkins Ward and Stafford, P.C.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2024, and 2023

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, 2024, and 2023. Please read it in conjunction with the hospital's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- ◆ The hospital's net position increased in 2024 by \$10,342,311, or 12.69%, and decreased in 2023 by \$2,258,366, or 2.70%.
- ◆ The hospital reported operating income in 2024 of \$7,710,731, and an operating loss of \$3,112,793 in 2023.
- ◆ Nonoperating revenues increased by \$1,876,109, or 83.36%, in 2024 compared to 2023. Nonoperating revenues decreased by \$2,025,924, or 47.37%, in 2023 compared to 2022.
- ◆ Nonoperating expenses increased by \$98,956, or 7.09%, in 2024 compared to 2023. Nonoperating expenses decreased by \$7,364, or 0.52%, in 2023 compared to 2022.

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, 2024, and 2023

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 12 and 13. The hospital's net position increased in 2024 by \$10,342,311, or 12.69%, and decreased in 2023 by \$2,258,366, or 2.70%, as shown in **Table 1**.

CORRECTION OF ERROR

During the current year, an error was identified in the prior year's financial statement, where inventory had been overstated. As a result, supplies and drugs expense was understated. Details of correction displayed in Note 3 of the financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2024, and 2023

THE HOSPITAL'S NET POSITION (Continued)

Table 1: Assets, Liabilities, Deferred Inflows, and Net Position

	2024	2023 (As Restated)
Assets:		
Current assets	\$ 40,308,230	\$ 34,630,286
Noncurrent cash and investments	23,482,705	18,538,358
Capital assets, net	39,354,227	41,805,823
Lease assets, net	113,217	12,099
Subscription-based IT assets, net	295,634	492,564
Other assets	726,948	725,775
Total Assets	\$ 104,280,961	\$ 96,204,905
Liabilities:		
Current liabilities	\$ 9,073,651	\$ 10,236,639
Long-term debt outstanding, net of current maturities	3,143,732	4,459,413
Deferred Inflows of Resources	212,414	-
Total Liabilities and Deferred Inflows	12,429,797	14,696,052
Net Position:		
Invested in capital assets, net of related debt	35,198,126	36,413,625
Restricted:		
Restricted under bond agreement	877,757	880,945
Restricted for liability risk	1,304,041	2,026,134
Restricted for indigent health care	25,235	33,450
Unrestricted	54,446,005	42,154,699
Total Net Position	91,851,164	81,508,853
Total Liabilities, Deferred Inflows, and Net Position	\$ 104,280,961	\$ 96,204,905

The change in the hospital's net position is due to several factors. All cash including restricted cash and noncurrent cash increased by \$12,478,597, or 119.19%, in 2024 compared to 2023. Net patient accounts receivable increased by \$816,296, or 3.48%, in 2024 compared to 2023. Other receivables decreased by \$3,548,026, or 96.42%, in 2024 compared to 2023. Lease receivables increased by \$68,777, or 100.00%, in 2024 compared to 2023. Estimated third-party payor settlements (net of estimated uncollectible) decreased by \$208,215, or 29.94%, in 2024 compared to 2023. Capital assets decreased by \$2,451,596, or 5.86%, in 2024 compared to 2023. Subscription-based IT assets decreased by \$196,930, or 39.98%, in 2024 compared to 2023. Estimated third-party payor settlements liability decreased by \$567,239, or 100.00%, in 2024 compared to 2023. Bonds payable, net of unamortized discount decreased by \$974,093, or 33.15%, in 2024 compared to 2023. Deferred inflows of resources – leases increased by \$212,414, or 100.00%, in 2024 compared to 2023.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2024, and 2023

Table 2: Operating Results

	2024	2023 (As Restated)
Operating Revenues:		
Net patient service revenues	\$ 77,550,115	\$ 66,871,322
Other revenues	2,041,347	2,242,599
Total Operating Revenues	<u>79,591,462</u>	<u>69,113,921</u>
Operating Expenses:		
Salaries and benefits	37,219,079	39,418,553
Supplies and drugs	14,474,474	13,893,512
Other operating expenses	15,719,406	14,529,713
Insurance	295,842	241,396
Depreciation and amortization	4,171,930	4,143,540
Total Operating Expenses	<u>71,880,731</u>	<u>72,226,714</u>
Operating Income (Loss)	<u>7,710,731</u>	<u>(3,112,793)</u>
Nonoperating Revenues (Expenses):		
Ambulance contributions	288,595	224,299
County contributions	1,182,864	1,182,864
Transfers to county	(1,182,864)	(1,182,864)
Sustainability grant	625,000	-
Interest income	930,664	692,002
Investment income	1,099,624	151,473
Interest expense	(185,624)	(213,347)
Trauma non-participation fees	(126,679)	-
Total Nonoperating Revenues (Expenses)	<u>2,631,580</u>	<u>854,427</u>
Excess of Revenues Over (Under) Expenses	10,342,311	(2,258,366)
Net Position Beginning of Year	<u>81,508,853</u>	<u>83,767,219</u>
Net Position End of Year	<u>\$ 91,851,164</u>	<u>\$ 81,508,853</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2024, and 2023

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

Operating Income (Loss)

The first component of the overall change in the hospital's net position is its operating income (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 income (loss) are:

- ◆ An increase in net patient service revenues of \$10,678,793, or 15.97%, in 2024 compared to 2023, and an increase of \$3,634,009, or 5.75%, in 2023 compared to 2022.
- ◆ An increase in the Medicaid MHAP and Medicaid DSH programs of \$8,852,661, or 87.01%, in 2024 compared to 2023, and an increase of \$3,967,237, or 63.92%, in 2023 compared to 2022.
- ◆ A decrease in other operating revenue of \$201,252, or 8.97%, in 2024 compared to 2023, and a decrease of \$66,000, or 22.91% in 2023 compared to 2022.
- ◆ A decrease in employee salary and benefits expenses of \$2,199,474, or 5.58%, in 2024 compared to 2023, and a decrease of \$1,694,640, or 4.12%, in 2023 compared to 2022.
- ◆ An increase in supplies and drugs of \$580,962, or 4.18%, in 2024 compared to 2023, and an increase of \$530,300, or 3.97%, in 2023 compared to 2022.
- ◆ An increase in other operating expense of \$1,189,693, or 8.19%, in 2024 compared to 2023, and an increase of \$1,042,054, or 7.73%, in 2023 compared to 2022.
- ◆ An increase in depreciation and amortization expense of \$28,390, or 0.69%, in 2024 compared to 2023, and an increase of \$25,850, 0.63% in 2023 compared to 2022.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of contributions, Sustainability Grant, interest income, and investment income. The hospital had contributions of \$1,471,459 for the year ended September 30, 2024, and \$1,407,163 for the year ended September 30, 2023. The hospital received a Sustainability grant of \$625,000 for the year ended September 30, 2024, and none for the year ended September 30, 2023. The hospital had interest income of \$930,664 for the year ended September 30, 2024, and \$692,002 for the year ended September 30, 2023. The hospital had investment income of \$1,099,624 for the year ended September 30, 2024 and \$151,473 for the year ended September 30, 2023.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2024, and 2023

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

Nonoperating Revenues and Expenses (Continued)

Nonoperating expenses for the year 2024 consist primarily of transfers to the county, interest expense, and Trauma non-participation fees. The hospital transferred \$1,182,864 to the county during the year ended September 30, 2024, and \$1,182,864 during 2023. The hospital had interest expense of \$185,624 for the year ended September 30, 2024, and \$213,347 for the year ended September 30, 2023. The hospital had Trauma non-participation fees of \$126,679 for the year ended September 30, 2024 and none for the year ended September 30, 2023.

THE HOSPITAL'S CASH FLOWS

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

CAPITAL ASSETS, LEASE ASSETS AND DEBT ADMINISTRATION

Capital Assets

As detailed in Note 9 of the financial statements, the hospital had \$39,354,227 invested in capital assets, net of accumulated depreciation at September 30, 2024, and \$41,805,823 at September 30, 2023. The hospital had capital expenditures of \$1,845,901, and \$3,170,034, in 2024, and 2023, respectively.

Lease Assets

As detailed in Note 10 of the financial statements, the hospital had \$113,217 invested in lease assets, net of accumulated amortization at September 30, 2024, and \$12,099 at September 30, 2023. The hospital issued \$130,714 of new leases in 2024 and no new leases in 2023.

Subscription-based IT Assets

As detailed in Note 11 of the financial statements, the hospital had \$295,634 invested in subscription-based IT assets, net of accumulated amortization at September 30, 2024, and \$492,564 at September 30, 2023. The hospital issued no new subscription-based IT assets in 2024 or 2023.

Lease Liability Obligations

At September 30, 2024, the hospital had \$114,633 in lease liability obligations outstanding. The hospital incurred \$130,714 in new lease liability obligations in 2024 and made \$28,826 in principal payments. In 2023, the hospital had \$12,745 in lease liability obligations outstanding. The hospital incurred no new lease liability obligations in 2023 and made \$31,955 in principal payments. See Note 12 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, 2024, and 2023

Subscription-based IT liabilities

At September 30, 2024, the hospital had \$309,108 in subscription-based IT liabilities outstanding. The hospital incurred no new subscriptions in 2024 and made \$197,337 in principal payments. In 2023, the hospital had \$506,445 in subscription-based IT liabilities outstanding. The hospital incurred no new subscription-based IT liabilities in 2023 and made \$194,991 in principal payments. See Note 13 for a detailed analysis of subscription-based IT liabilities.

Debt

At September 30, 2024, the hospital had \$4,141,211 in notes and bonds payable outstanding. The hospital incurred no new debt in 2024 and made \$1,236,460 in principal payments. In 2023, the hospital had \$5,377,671 in notes and bond payable. The hospital incurred \$1,469,000 in new debt in 2023 and made \$1,266,439 in principal payments. See Note 14 for a detailed analysis of notes and bonds payable.

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, 2024, and 2023

	2024	2023 (As Restated)
Assets		
Current Assets:		
Cash	\$ 12,102,407	\$ 3,457,131
Cash - Restricted under bond agreement for payment of current bond principal and interest	877,757	880,945
Cash - Restricted for indigent health care	25,235	33,450
Patient accounts receivables (Net of estimated uncollectibles and allowances of \$35,297,144 in 2024, and \$32,868,235 in 2023)	24,289,558	23,473,262
Other receivables	131,606	3,679,632
Lease receivables	68,777	-
Estimated third-party payor settlements (Net of estimated uncollectible of \$856,956 in 2024, and \$856,956 in 2023)	487,149	695,364
Current portion of deferred expense	107,559	298,031
Inventories of supplies and drugs	1,428,844	1,411,862
Prepaid expenses	789,338	700,609
Total Current Assets	<u>40,308,230</u>	<u>34,630,286</u>
Noncurrent Cash and Investments:		
Cash - Designated by Board for capital improvements	9,942,454	6,097,730
MHA investment - Designated by Board for capital improvements	10,825,851	9,946,668
MHA investment - Designated by Board for liability risk	1,410,359	467,826
MHA investment - Restricted for liability risk	1,304,041	2,026,134
Total Noncurrent Cash and Investments	<u>23,482,705</u>	<u>18,538,358</u>
Capital Assets:		
Land	1,178,326	1,530,455
Depreciable capital assets (Net of accumulated depreciation and amortization of \$102,061,771 in 2024, and \$98,285,739 in 2023)	37,862,984	40,101,579
Construction in progress	312,917	173,789
Total Capital Assets	<u>39,354,227</u>	<u>41,805,823</u>
Lease Assets:		
Lease assets (Net of accumulated amortization of \$17,496 in 2024 and \$56,859 in 2023)	<u>113,217</u>	<u>12,099</u>
Subscription-Based IT Assets:		
Subscription-based IT assets (Net of accumulated amortization of \$558,420 in 2024 and \$373,907 in 2023)	<u>295,634</u>	<u>492,564</u>
Other Assets:		
Deferred expense	179,216	325,775
Long-term lease receivables	147,732	-
Investment in Mississippi True	400,000	400,000
Total Other Assets	<u>726,948</u>	<u>725,775</u>
Total Assets	<u>\$ 104,280,961</u>	<u>\$ 96,204,905</u>

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, 2024, and 2023

	2024	2023 (As Restated)
Liabilities, Deferred Inflows, and Net Position		
Current Liabilities:		
Accounts payable	\$ 3,092,571	\$ 2,968,120
Patient accounts receivable, credit balances	688,016	932,833
Accrued payroll and annual leave	3,158,766	3,674,801
Estimated third party payor settlements	-	567,239
Accrued expenses	28,913	42,683
Deferred income	684,165	613,515
Current maturities of notes payable	233,655	262,366
Current maturities of bonds payable	995,000	965,000
Current portion of lease liability obligations	31,028	12,745
Current portion of subscription-based IT liabilities	161,537	197,337
Total Current Liabilities	<u>9,073,651</u>	<u>10,236,639</u>
Long-Term Debt:		
Notes payable	887,315	1,120,971
Bonds payable, net of unamortized discount	2,025,241	3,029,334
Long-term lease liability obligations	83,605	-
Suscription-based IT liabilities	147,571	309,108
Total Long-Term Debt, Net of Current Maturities	<u>3,143,732</u>	<u>4,459,413</u>
Deferred Inflows of Resources - Leases	<u>212,414</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>12,429,797</u>	<u>14,696,052</u>
Net Position:		
Invested in capital assets, net of related debt	35,198,126	36,413,625
Restricted:		
Restricted under bond agreement	877,757	880,945
Restricted for liability risk	1,304,041	2,026,134
Restricted for indigent health care	25,235	33,450
Unrestricted	54,446,005	42,154,699
Total Net Position	<u>91,851,164</u>	<u>81,508,853</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 104,280,961</u>	<u>\$ 96,204,905</u>

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, 2024, and 2023

	2024	2023 (As Restated)
Operating Revenue:		
Net patient service revenue (Net of provision for bad debts of \$19,909,766 in 2024, and \$16,343,151 in 2023)	\$ 77,550,115	\$ 66,871,322
Other operating revenue	2,041,347	2,242,599
Total Operating Revenue	<u>79,591,462</u>	<u>69,113,921</u>
Operating Expenses:		
Salaries and benefits	37,219,079	39,418,553
Supplies and drugs	14,474,474	13,893,512
Other operating expenses	15,719,406	14,529,713
Insurance	295,842	241,396
Depreciation and amortization	4,171,930	4,143,540
Total Operating Expenses	<u>71,880,731</u>	<u>72,226,714</u>
Operating Income (Loss)	<u>7,710,731</u>	<u>(3,112,793)</u>
Nonoperating Revenues (Expenses):		
Ambulance contributions	288,595	224,299
County contributions	1,182,864	1,182,864
Transfers to county	(1,182,864)	(1,182,864)
Sustainability grant	625,000	-
Interest income	930,664	692,002
Investment income	1,099,624	151,473
Interest expense	(185,624)	(213,347)
Trauma non-participation fees	(126,679)	-
Total Nonoperating Revenues (Expenses)	<u>2,631,580</u>	<u>854,427</u>
Excess of Revenues Over (Under) Expenses	10,342,311	(2,258,366)
Net Position Beginning of Year	<u>81,508,853</u>	<u>83,767,219</u>
Net Position End of Year	<u>\$ 91,851,164</u>	<u>\$ 81,508,853</u>

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, 2024, and 2023

	2024	2023 (As Restated)
Cash Flows From Operating Activities:		
Receipts from patients and other services	\$ 81,843,707	\$ 63,460,618
Payments for supplies and other expenses	(30,207,938)	(27,956,095)
Payments to and on behalf of employees	(37,863,510)	(39,186,636)
Net Cash Provided (Used) by Operating Activities	<u>13,772,259</u>	<u>(3,682,113)</u>
Cash Flows From Noncapital Financing Activities:		
County contributions	1,253,514	1,241,837
Transfers to the county	(1,182,864)	(1,182,864)
Contributions	288,595	224,299
Trauma Non-Participation Fee	(126,679)	-
Sustainability Grant	625,000	-
Net Cash Provided by Noncapital Financing Activities	<u>857,566</u>	<u>283,272</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of property and equipment	(1,847,252)	(1,850,089)
Principal paid on long-term debt	(1,227,367)	(1,257,345)
Principal paid on lease obligations	(28,825)	(31,955)
Principal paid on subscription-based IT liabilities	(197,337)	(194,991)
Interest paid on long-term debt	(208,487)	(220,578)
Principal payments received on lease receivables	66,709	-
Interest payments received on lease receivables	10,867	-
Proceeds from sale of assets	349,800	-
Net Cash Used by Capital and Related Financing Activities	<u>(3,081,892)</u>	<u>(3,554,958)</u>
Cash Flows From Investing Activities:		
Interest income	930,664	692,001
Net Cash Provided by Investing Activities	<u>930,664</u>	<u>692,001</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	12,478,597	(6,261,798)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>10,469,256</u>	<u>16,731,054</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 22,947,853</u>	<u>\$ 10,469,256</u>

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, 2024, and 2023

	<u>2024</u>	<u>2023</u> (As Restated)
Reconciliation of Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 7,710,731	\$ (3,112,793)
Adjustment to Reconcile Operating Income (Loss) to Net		
Cash Flows Provided (Used) by Operating Activities:		
Depreciation and amortization	4,171,930	4,143,540
Provision for uncollectible accounts	19,909,766	16,343,151
Loss on disposal of asset	3,643	1,816
Changes In:		
Patient accounts receivable	(20,970,879)	(19,000,035)
Supplies and other current assets	3,375,607	(3,158,541)
Deferred expense	337,031	269,498
Deferred inflows of resources - leases	(14,962)	-
Accounts payable, accrued expenses, and other		
current liabilities	(391,584)	463,452
Estimated third party payments	(359,024)	367,799
Net Cash Provided (Used) by Operating Activities	<u>\$ 13,772,259</u>	<u>\$ (3,682,113)</u>

Capital and Financing Activities:

The hospital entered into no financed purchases notes payable in 2024, and entered into a finance purchase notes payable of \$1,469,000 during the year ended September 30, 2023.

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, depreciation expense, lease assets and liabilities, and subscription-based IT assets and liabilities.

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.

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)

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:

	2024	2023
Cash	\$ 12,102,407	\$ 3,457,131
Cash - Restricted under bond agreement for payment of current bond principal and interest	877,757	880,945
Cash - Restricted for indigent health care	25,235	33,450
Noncurrent Cash - Designated by Board for capital improvements	9,942,454	6,097,730
	<u>\$ 22,947,853</u>	<u>\$ 10,469,256</u>

Cash includes cash used for operating purposes. Amounts included in restricted cash represent those required under bond agreements and for indigent health care. See Note 2 for a discussion of cash designated by the Board of Trustees for capital improvements.

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. Patient Accounts Receivable – The hospital reports patient accounts receivable for services rendered at net realizable amounts from their-party payers, patients, and others. The hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historic collection information, and existing economic conditions.

g. 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

h. 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. 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)

i. Lease Receivables – The hospital is lessor for noncancelable leases of buildings and recognized a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the hospital initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as operating revenue over the life of the lease term.

The hospital monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

j. Lease Liability Obligations – The hospital is a lessee for noncancelable leases. The hospital 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 hospital initially measures the lease liability obligation at the present value of payments expected to be made during the lease term. 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 hospital 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.

k. Subscription-based IT Assets – Subscription-based IT assets are initially recorded at the initial measurement period of the subscription-based IT liability, plus subscription payments made at or before the commencement of the subscription term, less any subscription incentive received from the subscriber at or before commencement of the subscription, plus initial direct costs that are ancillary to place the asset into service. Subscriptions 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. Subscription-based IT assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

l. Subscription-based IT Liabilities – The hospital is a subscriber for noncancelable subscriptions. The hospital recognizes a subscription-based IT liability and an intangible right-of-use subscription-based IT asset in the financial statements. At the commencement of a subscription, the hospital initially measures the subscription-based IT liability at the present value of payments expected to be made during the subscription term. Subscriptions 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 subscription liability is reduced by the principal portion of subscription payments made. Subsequently, the subscription-based IT asset is amortized on a straight-line basis over its useful life.

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)

I. Subscription-based IT Liabilities (Continued) – The hospital monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription-based IT asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

m. Deferred Inflows of Resources – Transactions not meeting the definition of a liability that result in the consumption or acquisition of net assets in one period that are applicable to future periods are reported as deferred inflows of resources. At September 30, 2024, and 2023, deferred inflows of resources – leases were comprised of deferred lease income of \$212,414, and \$0, respectively.

n. 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.

o. 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.

p. 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, lease assets net of accumulated amortization, subscription-based IT assets net of accumulated amortization, and is reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is made up of three components: *Restricted under bond agreement* consists of cash restricted under bond agreement for the payment of current bond principal and interest, *Restricted for liability risk* consists of cash restricted for the payment of potential professional and general liability claims, and *Restricted for indigent health care consists of donations whose use is limited to the care of indigent patients*. *Unrestricted net position* is remaining the net position that does not meet the definition of *Invested in capital assets net of related debt* or *Restricted net position*.

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

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

p. Net Position (Continued) – The following schedule details the items include in *Net position invested in capital assets net of related debt* for the years ended September 30, 2024, and 2023:

	2024	2023
Capital assets, net	\$ 39,354,227	\$ 41,805,823
Lease assets, net	113,217	12,099
Subscription-based IT assets, net	295,634	492,564
Less: notes payable	(1,120,970)	(1,383,337)
Less: bonds payable	(3,020,241)	(3,994,334)
Less: lease liability obligations	(114,633)	(12,745)
Less: subscription-based IT liabilities	(309,108)	(506,445)
Invested in capital assets, net of related debt	<u>\$ 35,198,126</u>	<u>\$ 36,413,625</u>

q. 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.

r. 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.

s. 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 revenues 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.

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)

s. Revenue Recognition (Continued) – 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.

t. 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 2024, and 2023, approximated \$331,000, and \$633,000, respectively.

u. 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 \$2,714,400 and \$2,493,960 for the years ended September 30, 2024, and 2023, respectively, which are designated for payment of potential liability resulting from professional and general liability claims. The designated amount is adjusted each year based on actuarial analysis and is approved by the State Tort Claims Board. The hospital purchases coverage of risks of loss related to theft of, damage to, and destruction of assets from various commercial insurance carriers. The hospital purchases coverage of risks of loss related to workers' compensation claims from Healthcare Providers Insurance Company.

Under Governmental Accounting Standards Board Statement Number 10: Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, a liability for claim must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The hospital did not record a liability at September 30, 2024 for any potential loss related to liability risk.

v. 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.

The hospital is currently in the process of requesting an abatement of penalties and interest associated with the transmittal of Employer-Provider Health Insurance Offer and Coverage for Tax Year 2019. As of September 30, 2024, the outcome of this requested abatement remains undetermined.

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

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)

x. Excess of Revenues Over (Under) Expenses – The Statements 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 \$54,446,005, and \$42,154,699, of unrestricted net position reported in 2024, and 2023, respectively, \$20,768,305, and \$16,044,398, respectively, has been designated by the hospital's Board of Trustees for capital acquisitions and, \$1,410,359, and \$467,826, respectively, has been designated by the hospital's Board of Trustees for liability risk. Designated funds remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes. The remaining unrestricted net position reported in 2024, and 2023 of \$32,267,341 and \$25,642,475, respectively, remains undesignated.

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

Note 3: Correction of Error: Overstatement of Inventory in Prior Year

During the current year, an error was identified in the prior year's financial statements, where inventory had been overstated. As a result, supplies and drugs expense was understated. The prior year's financial statements have been restated to reflect the correction of the error.

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, 2023 are as follows:

	2023 (As Previously Reported)	Correction of Error	2023 (As Restated)
Statement of Net Position			
Current Assets:			
Inventories of supplies and drugs	\$ 1,664,141	\$ (252,279)	\$ 1,411,862
Total Assets	<u>\$ 96,457,184</u>	<u>\$ (252,279)</u>	<u>\$ 96,204,905</u>
Net Position:			
Unrestricted	\$ 41,939,152	\$ (252,279)	\$ 41,686,873
Total Net Position	<u>81,761,132</u>	<u>(252,279)</u>	<u>81,508,853</u>
Total Liabilities and Net Position	<u>\$ 96,457,184</u>	<u>\$ (252,279)</u>	<u>\$ 96,204,905</u>
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses:			
Supplies and drugs	\$ 13,641,233	\$ 252,279	\$ 13,893,512
Total Operating Expenses	<u>71,974,435</u>	<u>252,279</u>	<u>72,226,714</u>
Operating Loss	<u>(2,860,514)</u>	<u>(252,279)</u>	<u>(3,112,793)</u>
Excess of Revenues Under Expenses	<u>(2,006,087)</u>	<u>(252,279)</u>	<u>(2,258,366)</u>
Net Position End of the Year	<u>\$ 81,761,132</u>	<u>\$ (252,279)</u>	<u>\$ 81,508,853</u>
Statement of Cash Flows			
Reconciliation of Operating Loss to Net Cash			
Used by Operating Activities:			
Operating Loss	\$ (2,860,514)	\$ (252,279)	\$ (3,112,793)
Supplies and other current assets	<u>(3,410,820)</u>	<u>252,279</u>	<u>(3,158,541)</u>
Net Cash Used by Operating Activities	<u>\$ (3,862,113)</u>	<u>\$ -</u>	<u>\$ (3,862,113)</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, 2024.

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, 2024, 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, 2024, and 2023, are as follows:

<u>September 30, 2024</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ <u>13,540,251</u>	\$ <u>-</u>	\$ <u>13,540,251</u>	\$ <u>-</u>
<u>September 30, 2023</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ <u>12,440,628</u>	\$ <u>-</u>	\$ <u>12,440,628</u>	\$ <u>-</u>

Mississippi Hospital Association Investment Pool

The hospital participates in the Mississippi Hospital Association Investment Pool program. The funds are invested for the benefit of the hospital by a third-party investment company, which is responsible for the management of the pool. A summary of the investments at September 30, 2024, and 2023, follows:

	<u>2024</u>	<u>2023</u>
MHA Investment Pool, at cost basis	\$ 11,154,846	\$ 9,159,080
MHA Liability Risk Pool, at cost basis	2,797,963	4,509,193
Unrealized loss on investments	(412,558)	(1,227,645)
	<u>\$ 13,540,251</u>	<u>\$ 12,440,628</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, 2024, and 2023, is composed of the following:

	2024	2023
Provision for uncollectible accounts	\$ 15,552,525	\$ 12,768,279
Allowance for Medicare adjustment	4,218,976	5,221,439
Allowance for Medicaid adjustment	2,690,034	2,459,193
Allowance for other adjustments	12,835,609	12,419,324
	<u>\$ 35,297,144</u>	<u>\$ 32,868,235</u>

Note 7: Lease Receivables

The hospital leases office buildings to third parties, the terms of which expire in 2027. Revenue recognized under lease contracts during the years ended September 30, 2024, and 2023 were \$81,672, and \$0, respectively, which includes both lease revenue and interest and is included in operating revenues. The hospital's current and noncurrent lease receivables are included on the accompanying statements of net position in lease receivables and other assets, respectively, for the years ended September 30, 2024, and 2023. A schedule of future collections follows:

Years Ending September 30:	Total to be Collected
2025	\$ 68,777
2026	72,115
2027	75,617
	<u>\$ 216,509</u>

Note 8: Bond Indenture Funds

The funds held by the trustee as of September 30, 2024, and 2023, 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:

	2024	2023
2013 Revenue Bond:		
Debt service reserve fund	877,757	880,945
Total Bond Indenture Funds for Revenue and MHEFA Bonds	877,757	880,945
Less: Bond principal and interest funds classified as current	(877,757)	(880,945)
Total Bond Indenture Funds, Excluding Current Portion	<u>\$ -</u>	<u>\$ -</u>

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 9: Capital Assets

Capital asset additions, retirements, and balances for the years ended September 30, 2024, and 2023, were as follows:

	Balance September 30, 2023	Additions	Retirements and Transfers	Balance September 30, 2024
Land	\$ 1,530,455	-	(352,129)	\$ 1,178,326
Land improvements	2,617,546	10,177	-	2,627,723
Buildings and improvements	78,065,982	14,469	54,384	78,134,835
Fixed equipment	15,113,900	6,800	-	15,120,700
Major movable equipment:				
Financed purchases	2,274,711	-	(169,334)	2,105,377
Other	39,287,914	1,620,943	-	40,908,857
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	173,789	193,512	(54,384)	312,917
Total Historical Cost	<u>140,091,560</u>	<u>1,845,901</u>	<u>(521,463)</u>	<u>141,415,998</u>

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

Note 9: Capital Assets (Continued)

	Balance September 30, 2023	Additions	Retirements and Transfers	Balance September 30, 2024
Less Accumulated Depreciation for:				
Land improvements	(2,489,786)	(29,688)	-	(2,519,474)
Buildings and improvements	(47,168,203)	(1,950,869)	-	(49,119,072)
Fixed equipment	(12,353,548)	(374,345)	-	(12,727,893)
Major movable equipment	(35,326,767)	(1,559,460)	169,371	(36,716,856)
EMS equipment	(6,514)	-	-	(6,514)
OCH Orthopedics	(98,128)	(102)	-	(98,230)
OCH Pulmonolgy	(7,360)	-	-	(7,360)
OCH General Surgery	(15,801)	(1,252)	-	(17,053)
OCH Regional Health	(2,940)	-	-	(2,940)
OCH Medical Associates	(11,638)	(334)	-	(11,972)
OCH Breast Health Center	(19,789)	-	-	(19,789)
OCH Family Medicine Clinic	(38,072)	-	-	(38,072)
Automobiles	(747,191)	(29,355)	-	(776,546)
Total Accumulated Depreciation	<u>(98,285,737)</u>	<u>(3,945,405)</u>	<u>169,371</u>	<u>(102,061,771)</u>
Capital Assets, Net	<u>\$ 41,805,823</u>	<u>(2,099,504)</u>	<u>(352,092)</u>	<u>\$ 39,354,227</u>

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

Note 9: Capital Assets (Continued)

	September 30, 2022	Additions	and Transfers	September 30, 2023
Land	\$ 1,530,455	-	-	\$ 1,530,455
Land improvements	2,617,546	-	-	2,617,546
Buildings and improvements	78,035,942	30,040	-	78,065,982
Fixed equipment	14,228,519	43,937	841,444	15,113,900
Major movable equipment:				
Financed Purchase	805,711	1,469,000	-	2,274,711
Other	39,553,696	1,315,081	(1,580,863)	39,287,914
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	832,364	311,976	(970,551)	173,789
Total Historical Cost	<u>138,631,496</u>	<u>3,170,034</u>	<u>(1,709,970)</u>	<u>140,091,560</u>

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

Note 9: Capital Assets (Continued)

	Balance September 30, 2022	Additions	Retirements and Transfers	Balance September 30, 2023
Less Accumulated Depreciation for:				
Land improvements	(2,456,186)	(33,600)	-	(2,489,786)
Buildings and improvements	(45,210,733)	(1,957,470)	-	(47,168,203)
Fixed equipment	(11,996,880)	(356,668)	-	(12,353,548)
Major movable equipment	(35,530,847)	(1,504,075)	1,708,154	(35,326,767)
EMS equipment	(6,514)	-	-	(6,514)
OCH Orthopedics	(97,924)	(204)	-	(98,128)
OCH Pulmonolgy	(7,360)	-	-	(7,360)
OCH General Surgery	(14,549)	(1,252)	-	(15,801)
OCH Regional Health	(2,940)	-	-	(2,940)
OCH Medical Associates	(11,304)	(334)	-	(11,638)
OCH Breast Health Center	(19,709)	(80)	-	(19,789)
OCH Family Medicine Clinic	(38,072)	-	-	(38,072)
Automobiles	(688,481)	(58,709)	-	(747,191)
Total Accumulated Depreciation	<u>(96,081,499)</u>	<u>(3,912,392)</u>	<u>1,708,154</u>	<u>(98,285,737)</u>
Capital Assets, Net	<u>\$ 42,549,997</u>	<u>(742,358)</u>	<u>(1,816)</u>	<u>\$ 41,805,823</u>

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

Note 10: Lease Assets

Lease asset additions, terminations, and balances for the years ended September 30, 2024, and 2023, are as follows:

	Balance September 30, 2023	Additions	Terminations	Balance September 30, 2024
Lease Assets Being Amortized Equipment and building	\$ 68,958	130,714	(68,959)	\$ 130,713
Less: Accumulated Amortization Equipment and building	(56,859)	(29,596)	68,959	(17,496)
Lease Assets, Net	\$ 12,099	101,118	-	\$ 113,217

	Balance September 30, 2022	Additions	Terminations	Balance September 30, 2023
Lease Assets Being Amortized Equipment and building	\$ 120,257	-	(51,299)	\$ 68,958
Less: Accumulated Amortization Equipment and building	(76,939)	(31,219)	51,299	(56,859)
Lease Assets, Net	\$ 43,318	(31,219)	-	\$ 12,099

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

Note 11: Subscription-Based IT Assets

Subscription-based IT asset additions, terminations, and balances for the years ended September 30, 2024, and 2023, are as follows:

	Balance September 30, 2023	Additions	Terminations	Balance September 30, 2024
Subscription-based IT Assets	\$ 866,471	-	(12,417)	\$ 854,054
Less: Accumulated Amortization	(373,907)	(196,930)	12,417	(558,420)
Subscription-based IT Assets, Net	\$ 492,564	(196,930)	-	\$ 295,634

	Balance September 30, 2022	Additions	Terminations	Balance September 30, 2023
Subscription-based IT Assets	\$ 866,471	-	-	\$ 866,471
Less: Accumulated Amortization	(173,979)	(199,928)	-	(373,907)
Subscription-based IT Assets, Net	\$ 692,492	(199,928)	-	\$ 492,564

Note 12: Lease Liability Obligations

The hospital is a lessee for various noncancelable leases of equipment, the terms of which expire in various years through 2028. For leases that have a maximum possible term of 12 months or less at commencement, the hospital recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the hospital recognizes a lease liability obligation 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 hospital 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 hospital and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The hospital 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 12: Lease Liability Obligations (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 hospital's lease liabilities for 2024, and 2023, follows:

	Balance September 30, 2023	Additions	Reductions	Balance September 30, 2024	Amounts Due Within One Year
Lease liability obligation \$	<u>12,745</u>	<u>130,714</u>	<u>(28,826)</u>	<u>\$ 114,633</u>	<u>\$ 31,028</u>

	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Lease liability obligation \$	<u>44,700</u>	<u>-</u>	<u>(31,955)</u>	<u>\$ 12,745</u>	<u>\$ 12,745</u>

The following is a schedule by year of payments for leases as of September 30, 2024:

Years end September 30,	Total to be Paid	Principal	Interest
2025	\$ 35,803	\$ 31,028	\$ 4,775
2026	35,804	32,535	3,269
2027	35,959	34,269	1,690
2028	17,102	16,801	301
2029	-	-	-
Thereafter	-	-	-
	<u>\$ 124,668</u>	<u>\$ 114,633</u>	<u>\$ 10,035</u>

Note 13: Subscription-Based IT Liabilities

The hospital is a subscriber for various noncancelable subscriptions of information technology, the terms of which expire in various years through 2027. For subscriptions that have a maximum possible term of 12 months or less at commencement, the hospital recognizes expense based on the provisions of the subscription terms. For all other subscriptions, other than short term, the hospital recognizes a subscription-based liability and an intangible right-of-use subscription-based IT asset.

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

Note 13: Subscription Based IT Liabilities (Continued)

The subscription term includes the noncancelable period of the subscription plus any additional periods covered by either a hospital or SBITA vendor 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 hospital and the vendor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the subscription term.

A schedule of changes in the hospital's subscription-based IT liabilities for 2024, and 2023, follows:

	Balance September 30, 2023	Additions	Reductions	Balance September 30, 2024	Amounts Due Within One Year
Subscription-based IT liabilities	\$ <u>506,445</u>	<u>-</u>	<u>(197,337)</u>	\$ <u>309,108</u>	\$ <u>161,537</u>

	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Subscription-based IT liabilities	\$ <u>701,436</u>	<u>-</u>	<u>(194,991)</u>	\$ <u>506,445</u>	\$ <u>197,337</u>

The following is a schedule by year of payments for subscription-based IT liabilities as of September 30, 2024:

Years ending September 30,	Total to be		
	Paid	Principal	Interest
2025	\$ 167,812	\$ 161,537	\$ 6,275
2026	120,405	117,897	2,508
2027	29,813	29,674	139
2028	-	-	-
2029	-	-	-
Thereafter	-	-	-
	\$ <u>318,030</u>	\$ <u>309,108</u>	\$ <u>8,922</u>

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

Note 14: Notes and Bonds Payable

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 notes and bonds payable for 2024, and 2023, follows:

	Balance September 30, 2023	Additions	Reductions	Balance September 30, 2024	Amounts Due Within One Year
Bonds and Notes Payable:					
Bonds payable	\$ 3,994,334	-	(974,093)	\$ 3,020,241	\$ 995,000
Notes payable	1,383,337	-	(262,367)	1,120,970	233,655
Total Notes and Bonds Payable	\$ 5,377,671	-	(1,236,460)	\$ 4,141,211	\$ 1,228,655
	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Bonds and Notes Payable:					
Bonds payable	\$ 4,938,428	-	(944,094)	\$ 3,994,334	\$ 965,000
Notes payable	236,682	1,469,000	(322,345)	1,383,337	262,366
Total Notes and Bonds Payable	\$ 5,175,110	1,469,000	(1,266,439)	\$ 5,377,671	\$ 1,227,366

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

Note 14: Notes and Bonds Payable (Continued)

A detail of notes and bonds payable, at September 30, 2024, and 2023, follows:

Bonds Payable	<u>2024</u>	<u>2023</u>
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 \$25,241 at September 30, 2024 and \$34,334 at September 30, 2023.	\$ 3,020,241	\$ 3,994,334
Total Bonds Payable	<u>\$ 3,020,241</u>	<u>\$ 3,994,334</u>

Notes Payable	<u>2024</u>	<u>2023</u>
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.	\$ -	\$ 39,529
Intuitive Surgical Inc, 4.75% due in monthly installments of principal and interest with final installment due in 2029, secured by da Vinci XI System.	<u>1,120,970</u>	<u>1,343,808</u>
Total Notes Payable	<u>\$ 1,120,970</u>	<u>\$ 1,383,337</u>

Scheduled principal and interest repayments on notes and bonds payable are as follows:

<u>Years Ending September 30:</u>	<u>Bonds Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	995,000	101,050	233,655	48,203
2026	1,030,000	68,713	244,999	36,859
2027	995,241	33,950	256,893	24,965
2028	-	-	269,365	12,494
2029	-	-	116,058	1,382
Thereafter	-	-	-	-
Total	<u>\$ 3,020,241</u>	<u>\$ 203,713</u>	<u>\$ 1,120,970</u>	<u>\$ 123,903</u>

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

Note 15: 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, 2018.
- 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 \$36,435 for the year ended September 30, 2024 and \$153,387 for the year ended September 30, 2023.

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

- d. **Medicaid Mississippi Hospital Access Payment** – The hospital received Medicaid Mississippi hospital access payments of \$19,063,005 for the year ended September 30, 2024, and \$10,327,296 for the year ended September 30, 2023. 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 16: 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, 2024, and 2023, amounted to \$626,976, and \$505,378, 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 \$1,183,526 in 2024, and \$959,502 in 2023.

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

Note 17: 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 2024, and 2023 was \$650,071, and \$739,278 respectively. The total employees' elective contributions to the 403(b) account on the plan for 2024, and 2023 were \$0, and \$1,277,392, 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 2024, and 2023 was \$281,776, and \$261,881, respectively.

Note 18: 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, 2024, and 2023, was as follows:

	2024	2023
Medicare	13%	16%
Medicaid	7%	7%
Patients and other third-party payors	80%	77%
	<u>100%</u>	<u>100%</u>

Note 19: 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, 2024, and 2023, has not been estimated. Management does not expect any significant liability to result from these legal proceedings other than that which has already been accrued as of September 30, 2024, and 2023.

c. Mississippi True Provider-Sponsored Health Plan – In relation to Oktibbeha County Hospital d/b/a OCH Regional Medical Center's \$400,000 investment in Mississippi True, the Board of Trustees previously approved a total contribution of \$1,000,000 toward the Mississippi True Provider-Sponsored Health Plan. While Mississippi True was attempting to secure a Medicaid contract, the hospital did not make any contribution in addition to the first installment. On August 10, 2022, MS True was awarded a Medicaid MCO Contract. The effect of the award will not be known until the contract has been implemented.

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

Note 20: 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, 2024, and 2023, 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.

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

Years Ending September 30:

2025	\$	1,182,864
2026	\$	1,182,864
2027	\$	1,182,864

Note 21: Other Assets

Included in Other Assets on the Statements of Net Position is the hospital's investment in Mississippi True d/b/a TrueCare, a not-for-profit health maintenance organization which serves as a provider-sponsored health plan in Mississippi. The amount of the hospital's investment was \$400,000 as of September 30, 2024, and 2023. The hospital has elected to report this investment at cost since there is not a market for the ownership interest in the company.

Note 22: Reclassification

In our financial reporting for the period ending September 30, 2024, we have reclassified certain items to enhance clarity and transparency. The notable reclassification affecting the presentation of the September 30, 2023 Statement of Net Position for comparative purposes includes incorporating MHA Investment Funds – Designated by Board for liability risk as unrestricted net position. Unrestricted net position was increased by \$467,826 and net position restricted for liability risk decreased \$467,826. The reclassification detailed above has no effect on total assets and total liabilities and total net position reported on the Statement of Net Position as of September 30, 2023 and no effect on the excess of revenues over (under) expenses reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2023.

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

Note 23: 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 February 27, 2025, (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 except as noted in the following paragraph.

Subsequent to year-end but prior to the date the financial statements were available to be released, the Oktibbeha County, Mississippi Board of Supervisors issued a Request for Proposals (RFP) related to the sale of the hospital. The Board of Supervisors authorized and directed the publication of this RFP once a week in the local newspaper, commencing with the week beginning January 13, 2025 and continuing each week until the last publication, not more than seven (7) days from March 7, 2025. At this time, no additional information is available related to the possible sale.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2024, and 2023

	<u>2024</u>	<u>2023</u>
Patient Service Revenue:		
Inpatient:		
Nursing Service:		
Routine service	\$ 3,535,455	\$ 3,513,886
Swingbeds	10,365	60,697
Intensive care	2,103,431	2,093,791
Nursery	1,419,145	1,708,975
Other Nursing Service:		
Operating and recovery room	3,913,337	4,035,573
Ambulatory surgery	15,187	21,189
Heart monitor	86,305	98,066
Delivery room	3,470,611	3,911,924
Central service and supply	1,326,507	1,650,887
Intravenous therapy	2,011,335	2,016,135
Emergency service	2,063,397	1,628,362
Pathology	21,032	19,284
Hospitalist	921,867	345,199
Total Nursing Service Revenue	<u>20,897,974</u>	<u>21,103,968</u>
Other Professional Service:		
Laboratory	2,727,000	2,585,911
Blood bank	504,417	525,807
Electrocardiology	149,190	130,029
Radiology	618,579	491,214
Pharmacy	6,737,299	6,090,971
Anesthesiology	251,743	293,084
Respiratory therapy	6,262,332	5,979,327
Physical therapy	126,525	116,508
Nuclear medicine	3,927	895
CT scan	1,748,265	1,463,948
Ambulance	25	165,865
Speech pathology	57,723	63,223
Ultrasound	243,779	210,548
MRI	97,895	112,053
Occupational therapy	29,880	33,615
Total Other Professional Service Revenue	<u>19,558,579</u>	<u>18,262,998</u>
Total Inpatient Revenue	<u>40,456,553</u>	<u>39,366,966</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2024, and 2023

	2024	2023
Outpatient:		
Other Nursing Service:		
Operating and recovery room	25,226,957	26,350,385
Ambulatory surgery	1,660,282	1,722,581
Heart monitor	161,858	178,528
Central service and supply	1,853,513	1,975,530
Intravenous therapy	1,710,111	1,786,433
Emergency service	27,149,721	27,972,478
Pathology	235,002	191,887
Total Nursing Service Revenue	<u>57,997,444</u>	<u>60,177,822</u>
Other Professional Service:		
Laboratory	10,105,738	10,899,193
Blood	387,338	475,639
Electrocardiology	1,152,749	1,256,330
Ambulance	78,444	1,525,178
Radiology	5,558,129	5,969,149
Pharmacy	12,771,058	12,179,569
Anesthesiology	7,602,559	6,900,342
Respiratory therapy	4,826,765	5,500,715
Physical therapy	854,774	875,120
Nuclear medicine	262,550	501,199
CT scan	16,102,559	16,049,420
Cardiac rehabilitation	596,144	548,619
Speech pathology	83,285	104,458
Ultrasound	1,410,607	1,445,416
MRI	3,456,871	3,881,573
Occupational therapy	437,684	555,927
OCH Orthopedics Clinic	2,436,939	3,748,030
Center for Breast Health	1,639,258	1,561,998
OCH Pulmonology	503,532	526,046
OCH Family Medicine Clinic	837,365	840,761
OCH Medical Associates	1,743,177	1,639,376
OCH Center for Pain	7,325,839	6,427,640
OCH Hyperbaric Center	732,141	759,805
OCH Wound Care Center	7,826,671	9,105,288
OCH Cardiology	76,382	124,587
OCH Huxford Pulmonology	-	550
OCH Infusion Center	243,939	52,152
Total Other Professional Service Revenue	<u>89,052,497</u>	<u>93,454,080</u>
Total Outpatient Revenue	<u>147,049,941</u>	<u>153,631,902</u>
Total Patient Service Revenue	<u>187,506,494</u>	<u>192,998,868</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2024, and 2023

	<u>2024</u>	<u>2023</u>
Contractual Adjustments and Allowances:		
Medicare	38,224,753	40,751,859
Medicaid	15,807,680	21,022,725
Blue Cross	2,210,342	1,937,514
Charity care	993,336	2,066,098
Medicaid MHAP payment	(19,063,005)	(10,327,296)
Medicaid DSH payment	36,435	153,387
Administrative and other adjustments	51,837,072	54,180,108
Total Contractual Adjustments and Allowances	<u>90,046,613</u>	<u>109,784,395</u>
Provision for Uncollectable Accounts	<u>19,909,766</u>	<u>16,343,151</u>
Net Patient Service Revenue	<u>77,550,115</u>	<u>66,871,322</u>
Other Operating Revenue:		
Employee pharmacy sales	398,638	421,607
Medical records transcript	8,711	8,686
Employee and guest meals	443,607	439,240
Medical and surgical supplies	1,599	1,676
Purchase discounts	93,712	49,612
Wellness connection fees	594,352	578,496
Physician office buildings - rent	292,303	305,154
Lease revenue	81,672	-
EMCC telehealth program	-	95,565
Shared savings distributions	-	181,072
Miscellaneous revenue	126,753	161,491
Total Other Operating Revenue	<u>2,041,347</u>	<u>2,242,599</u>
Total Operating Revenue	<u>\$ 79,591,462</u>	<u>\$ 69,113,921</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Expenses
Years Ended September 30, 2024, and 2023

	2024			2023 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
Nursing Services:						
Nursing administration	\$ 714,748	\$ 10,061	\$ 102,527	\$ 727,620	\$ 9,038	\$ 3,640
Routine services	2,020,677	76,333	780,311	2,290,403	63,684	205,873
Intensive care	1,070,183	20,155	21,449	1,004,574	21,056	92,018
Nursery	730,317	32,759	116,315	791,020	35,023	37,459
Other Nursing Services:						
Operating and recovery rooms	1,840,213	7,223,112	1,067,675	1,824,955	6,815,862	883,339
Ambulatory surgery	811,827	775,881	52,616	733,491	549,230	39,940
Delivery room	1,113,546	148,979	494,185	1,168,863	129,547	157,575
Central service and supply	314,908	755,201	175,350	303,995	744,476	171,768
Emergency service	5,041,475	85,929	865,881	5,457,279	79,300	936,460
Trauma	99,040	5	18,676	63,464	41	18,000
Hospitalist	373,672	1,211	945,188	566,592	1,509	928,454
Other Professional Services:						
Laboratory	833,984	755,403	546,063	891,748	776,487	820,633
Blood bank	-	-	184,841	-	-	187,253
Electrocardiology	-	1,786	160,923	-	1,044	124,145
Radiology	938,666	74,938	678,051	887,693	72,346	420,378
Pharmacy	704,620	2,417,588	105,661	667,990	2,213,437	105,184
Anesthesiology	3,116,640	83,836	393,169	3,143,805	92,276	355,425
Respiratory therapy	1,248,515	158,224	85,789	1,172,084	155,052	84,565
Ambulance	10,699	41,758	393,152	692,713	93,110	156,292
Physical therapy	632,960	6,307	37,996	661,698	18,290	37,998
Ultrasound	127,348	3,693	189,989	141,417	2,163	167,981
CT scan	106,221	66,618	62,150	97,664	71,016	64,051
Nuclear medicine	28,673	34,496	8,215	104,999	37,088	22,563
Medical records	800,732	5,566	65,359	807,529	9,844	45,875
Social service	71,976	356	-	67,482	444	-
Cardiac rehabilitation	190,148	5,848	11,779	137,413	3,320	15,083
Speech pathology	88,469	214	-	87,154	250	-
Wellness Center	470,510	7,053	164,731	457,831	7,956	152,042
Sports medicine	219,633	2,391	23,787	212,425	2,877	22,238
Physician's office	2,053,975	212,666	282,082	2,233,779	261,406	218,735

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Expenses
Years Ended September 30, 2024, and 2023

	2024			2023 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
Other Professional Services (Continued):						
Occupational therapy	270,081	5,278	3,290	333,447	11,584	4,522
Breast Health Center	1,283,148	32,744	46,179	1,154,867	32,842	68,139
OCH General Surgery	-	-	1,550	-	-	784
OCH Medical Associates	894,794	44,434	62,680	849,113	32,168	62,599
OCH Urology Associates	-	-	173	-	60	26
OCH Pulmonology	454,550	9,751	22,399	526,995	25,899	34,268
OCH Center for Pain	557,356	24,334	432,840	566,602	14,234	429,193
OCH Hyperbaric Center	-	632	103,156	-	450	107,133
OCH Wound Care Center	-	313,528	853,851	-	381,895	871,072
OCH Family Health Clinic	328,608	14,456	34,686	319,694	12,035	31,655
OCH Medical Associates	786,765	68,068	44,481	758,989	131,703	77,996
OCH Cardiology	68,492	971	165,258	132,478	976	162,050
OCH Infusion Center	21,054	971	902	39,805	1,324	1,223
General Services:						
Dietary	1,171,497	636,557	147,288	1,137,124	662,826	149,102
Maintenance	449,261	123,913	1,338,206	423,857	118,592	1,693,103
Housekeeping	592,072	79,330	99,091	603,879	91,258	106,597
Laundry and linen	25,927	-	195,387	24,981	-	201,538
Security	255,098	7,063	2,546	227,577	7,578	2,080
Administration and Fiscal Services:						
Administrative	690,460	29,535	1,436,802	884,603	29,625	1,665,260
Fiscal	3,595,541	74,542	2,694,731	4,036,862	71,291	2,386,406
Total	\$ 37,219,079	\$ 14,474,474	\$ 15,719,406	\$ 39,418,553	\$ 13,893,512	\$ 14,529,713

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Schedule of Surety Bonds for Officials and Employees
September 30, 2024

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount of Bond</u>
Kimberly Brooks	Trustee	Western Surety	\$ 100,000
Earl Walker	Trustee	Western Surety	\$ 100,000
Sophia Nickels	Trustee	Western Surety	\$ 100,000
David McGee	Trustee	Western Surety	\$ 100,000
Linda Breazeale	Trustee	Western Surety	\$ 100,000
Yulanda Haddix	Trustee	Western Surety	\$ 100,000
Zach Rowland	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
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
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA
Dana R. Estes, CPA
April W. Posey, 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, 2024, 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 February 27, 2025.

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
February 27, 2025

Watkins Ward and Stafford, P.C.



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

James L. Stafford, CPA	John N. Russell, CPA
Harry W. Stevens, CPA	Anita L. Goodrum, CPA
S. Keith Winfield, CPA	Ricky D. Allen, CPA
William B. Staggers, CPA	Jason D. Brooks, CPA
Michael W. McCully, CPA	Robert E. Cordle, Jr., CPA
R. Steve Sinclair, CPA	Perry C. Rackley, Jr., CPA
Marsha L. McDonald, CPA	Jerry L. Gammel, CPA
Wanda S. Holley, CPA	Clifford P. Stewart, CPA
Robin Y. McCormick, CPA/PFS	Edward A. Maxwell, CPA
J. Randy Scrivner, CPA	Bradley L. Harrison, CPA
Kimberly S. Caskey, CPA	Justin H. Keller, CPA
Susan M. Lummus, CPA	Dana R. Estes, CPA
Stephen D. Flake, CPA	April W. Posey, CPA

Independent Auditors' Report on Compliance with State Laws and Regulations

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

We have audited the financial statements of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the years ended September 30, 2024, and 2023, and have issued our report thereon dated February 27, 2025.

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
February 27, 2025

Watkins Ward and Stafford, PLLC