

Copiah County Medical Center
(A Component Unit of Copiah County, Mississippi)

Financial Statements
Years Ended December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Copiah County Medical Center
(A Component Unit of Copiah County, Mississippi)

Financial Statements
Years Ended December 31, 2025 and 2024

Copiah County Medical Center
A Component Unit of Copiah County

Contents

Independent Auditor’s Report	3-5
Management’s Discussion and Analysis (unaudited)	6-10
Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14-15
Notes to Financial Statements	16-32
Supplementary Information	
Schedule of Surety Bonds for Officers and Employees	34
Independent Auditor’s 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>	35-36



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Independent Auditor's Report

To the Board of Trustees
Copiah County Medical Center
Hazlehurst, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Copiah County Medical Center (the Hospital), a component unit of Copiah County, Mississippi, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hospital as of December 31, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with



GAAS, 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 opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The *Schedule of Surety Bonds for Officers and Employees* 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2026 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

BDO USA, P.C.

(formerly HORNE LLP)

May 28, 2026

Copiah County Medical Center

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis of Copiah County Medical Center's (the Hospital) financial performance provides important background information and management's analysis of the Hospital's financial performance during the years ended December 31, 2025, 2024 and 2023. Please read it in conjunction with the Hospital's financial statements, which begin on page 15.

Required Financial Statements

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements offer short-term and long-term financial information about the Hospital's activities.

The statements of net position include all of the Hospital's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenue and expenses are accounted for in the statement of revenues, expenses, and change in net position. This statement measures changes in the Hospital's operations over the past year and can be used to determine whether the Hospital has been able to recover all of its costs through its net patient service revenue and other revenue sources.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Hospital's cash from operating, investing and financing activities and to provide answers to questions such as, where did the cash come from, what was the cash used for and what was the change in the cash balance during the reporting period.

Financial Analysis of the Hospital

The statement of net position and the statement of revenues, expenses and changes in net position report information about the Hospital's activities. Increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. However, other financial factors such as changes in the healthcare industry, changes in Medicare and Medicaid regulations and changes in managed care contracting should also be considered.

Financial Highlights

For the year ended December 31, 2025, the Hospital's general financial highlights were:

- Net patient services revenue increased approximately \$1,178,000 or 5% from 2024 to 2025.
- The Hospital's payor mix is continuing to fluctuate slightly. From 2024 to 2025, the commercial mix increased 1%, Medicaid decreased 2%, and Medicare increased 1%.

Copiah County Medical Center

Management's Discussion and Analysis (Unaudited)

- The Hospital's total net position increased approximately \$308,000 from 2024 to 2025. As of 2025, the total net position was approximately \$10,246,000 which consists of \$9,887,000 in unrestricted, (\$873,000) in net investment in capital assets, and \$1,232,000 in restricted funds related to debt obligations.

Capital Assets

	Fiscal Year, 2025	2025, Increase (Decrease) from 2024 (%)	Fiscal Year, 2024	2024 Increase, (Decrease) (%)	Fiscal Year, 2023	2023 Increase (Decrease) from 2022 (%)
Land	\$ 663,551	-	\$ 663,551	-	\$ 663,551	-
Construction in progress	588,460	-	588,460	100	-	(100)
Buildings and improvements	8,907,282	-	8,907,282	-	8,907,282	1
Land improvements	1,498,634	-	1,498,634	-	1,498,634	-
Fixed equipment	5,019,187	-	5,019,187	-	5,019,187	-
Moveable equipment	3,690,386	7	3,449,414	4	3,324,230	11
Lease assets	4,685,725	96	2,385,508	10	2,176,399	-
Subscription assets	529,094	-	529,094	29	411,219	30
Subtotal	25,582,319	11	23,041,130	5	22,000,502	2
Less: accumulated depreciation	(14,217,943)	13	(12,537,067)	17	(10,713,807)	(12)
Capital Assets, Net	\$11,364,376	8	\$ 10,504,063	(7)	\$ 11,286,695	(11)

Year Ended December 31, 2025

At the end of fiscal year 2025, the Hospital had an investment in capital assets, net of depreciation and amortization, of approximately \$11,364,000, an increase of approximately \$860,000 or 8% from 2024. The increase in capital assets is related to the lease activity during the year.

Year Ended December 31, 2024

At the end of fiscal year 2024, the Hospital had an investment in capital assets, net of depreciation and amortization, of approximately \$10,504,000, a decrease of approximately \$783,000 or 7% from 2023. The decrease in capital assets is related primarily to current depreciation and amortization expense exceeding current additions for the year.

Long-Term Debt

Year Ended December 31, 2025

At the end of fiscal year 2025, the Hospital had one outstanding bond issue.

The Mississippi Development Bank (MDB) Bonds, Series 2015, which are reported in the statements of net position, had a carrying value of approximately \$9,596,000, down 6% or \$613,000 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.54%.

Copiah County Medical Center

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2024

At the end of fiscal year 2024, the Hospital had one outstanding bond issue.

The Mississippi Development Bank (MDB) Bonds, Series 2015, which are reported in the statements of net position, had a carrying value of approximately \$10,209,000, down 5% or \$588,000 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.54%.

Statements of Net Position

<i>December 31,</i>	2025	2024	2023
Assets and Deferred Outflows of Resources			
Assets			
Current and other assets	\$ 11,331,661	\$ 11,060,895	\$ 10,538,648
Restricted assets	1,232,237	1,185,463	1,129,523
Capital assets, net	11,364,376	10,504,063	11,286,695
Total Assets	23,928,274	22,750,421	22,954,866
Deferred Outflows	114,206	132,238	150,271
Total Assets and Deferred Outflows	\$ 24,042,480	\$ 22,882,659	\$ 23,105,137
Liabilities and Net Position			
Liabilities			
Current liabilities	\$ 2,534,894	\$ 2,910,624	\$ 2,704,408
Long-term obligations	11,261,417	10,033,802	10,910,088
Total Liabilities	13,796,311	12,944,426	13,614,496
Net Position			
Net investment in capital assets	(873,285)	(735,012)	(701,819)
Restricted	1,232,237	1,185,463	1,129,523
Unrestricted	9,887,217	9,487,782	9,062,937
Total Net Position	10,246,169	9,938,233	9,490,641
Total Liabilities and Net Position	\$ 24,042,480	\$ 22,882,659	\$ 23,105,137

Year Ended December 31, 2025

- From fiscal year 2024 to 2025, current liabilities decreased by approximately \$376,000 or 13% which is primarily due to a decrease in the payroll accrual at year end resulting from the timing of pay periods.

Year Ended December 31, 2024

- From fiscal year 2023 to 2024, current liabilities increased by approximately \$206,000 or 8% which is primarily due to an increase in demand for new products and services this fiscal year end, which resulted in an increase in vendor balances at year end.

Copiah County Medical Center

Management's Discussion and Analysis (Unaudited)

Statements of Revenues, Expenses and Changes in Net Position

<i>Year ended December 31,</i>	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023
Operating Revenues			
Net patient service revenue	\$ 27,339,030	\$ 26,160,921	\$ 25,976,177
Other operating revenue	3,217,510	1,335,741	585,628
Total Operating Revenues	30,556,540	27,496,662	26,561,805
Operating Expenses			
Salaries and benefits	13,365,537	12,781,233	11,771,412
Professional fees	8,608,052	8,103,627	7,520,667
Supplies	4,939,027	4,105,002	4,063,230
Depreciation and amortization	1,830,623	1,860,421	1,815,917
Other operating expense	1,124,059	1,306,879	1,205,972
Total Operating Expenses	29,867,298	28,157,162	26,377,198
Income (Loss) from Operations	689,242	(660,500)	184,607
Nonoperating Revenues (Expenses), Net			
Interest expense	(493,834)	(505,281)	(544,561)
Other nonoperating revenues	112,528	1,613,373	365,103
Total Nonoperating Revenue (Expenses), Net	(381,306)	1,108,092	(179,458)
Increase in Net Position	307,936	447,592	5,149
Net Position, beginning of year	9,938,233	9,490,641	9,485,492
Net Position, end of year	\$ 10,246,169	\$ 9,938,233	\$ 9,490,641

Year Ended December 31, 2025

- During fiscal year 2025, other operating revenue increased approximately \$1,882,000 or 141%. This increase was primarily due to a full year of the 340B program being operational.
- In fiscal year 2025, other nonoperating revenues decreased \$1,500,000 or 4401% due to the recognition of several grants the Hospital received in the prior year but not this fiscal year.
- In fiscal year 2025, salaries and benefits increased \$584,000 or 5% due to merit-based wages being given to employees.

Year Ended December 31, 2024

- During fiscal year 2024, other operating revenue increased approximately \$935,000 or 4%. This increase was primarily due to \$800,000 recognized in 340B revenue.
- In fiscal year 2024, other nonoperating revenues increased \$1,248,000 or 354% due to the recognition of several grants the Hospital received this fiscal year end.

Copiah County Medical Center

Management's Discussion and Analysis (Unaudited)

- In fiscal year 2024, salaries and benefits for the Hospital increased approximately \$1,010,000 or 9% due to significant pay raises. Employee benefits were 26% of salaries for the year ended December 31, 2024.
- In fiscal year 2024, professional fees for the Hospital increased approximately \$583,000 or 8% due to a full year of expenses associated with contract billing services for the clinics and the addition of new contracts with several vendors.

Economic Factors and Next Year's Budget

The Hospital's appointed officials and management considered many factors when setting the budget for the fiscal year ending December 31, 2026. Included in those factors are the status of the economy and the healthcare environment, which take into account market forces and environmental factors such as:

- Reduced federal funding and altered eligibility criteria for Medicaid and ACA marketplace coverage, which may increase the number of uninsured patients and decrease overall reimbursement rates.
- Heightened risk of uncollectible patient accounts due to more patients losing coverage.
- Increased federal investment in artificial intelligence tools for fraud detection, which may result in billing errors, denied claims, payment delays, and potential penalties.
- Lower reimbursement rates and inflationary pressures on labor and supplies, potentially reducing operating margins and cash flow.
- Enhanced regulatory oversight of private equity investment in healthcare, which could limit access to capital for operational improvements and strategic initiatives.
- Uncertainty around the recently enacted One Big Beautiful Bill (OBBB) Act. This new legislation is expected to significantly impact our primary revenue sources, particularly with changes to Medicare and Medicaid reimbursement rates and expected patient cost-sharing requirements.

The full impact of the OBBBA is not yet known, and management continues to monitor legislative developments and analyze potential effects on the Hospital's financial position and operations.

Contacting the Hospital Financial Manager

This financial report is designed to provide the Hospital's citizens, taxpayers, customers and investors and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Copiah County Medical Center, 27190 MS-28, Hazlehurst, MS 39083.

Financial Statements

Copiah County Medical Center

Statements of Net Position

<i>December 31,</i>	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 2,628,608	\$ 3,363,108
Patient receivables, net of allowance for doubtful accounts of \$5,368,637 and \$4,780,907, respectively	4,773,061	4,376,937
Estimated third-party payor settlements	689,996	318,277
Inventories	463,642	440,892
Investments	2,156,035	2,116,108
Prepays and other current assets	620,319	445,573
Total Current Assets	11,331,661	11,060,895
Restricted Cash and Cash Equivalents Held by Trustee	1,232,237	1,185,463
Capital Assets, net	11,364,376	10,504,063
Total Assets	23,928,274	22,750,421
Deferred outflows on acquisitions	114,206	132,238
Total Assets and Deferred Outflows of Resources	\$ 24,042,480	\$ 22,882,659
Liabilities		
Current Liabilities		
Current maturities of long-term debt	\$ 636,132	\$ 610,019
Current maturities of lease obligations	366,590	469,056
Current maturities of subscription obligations	87,728	126,198
Accounts payable	840,671	799,596
Accrued expenses	603,773	905,755
Total Current Liabilities	2,534,894	2,910,624
Long-term debt, less current maturities	8,960,079	9,598,860
Lease obligations, less current maturities	2,195,326	241,202
Subscription obligations, less current maturities	106,012	193,740
Total Long-Term Liabilities	11,261,417	10,033,802
Total Liabilities	13,796,311	12,944,426
Net Position		
Net investment in capital assets	(873,285)	(735,012)
Restricted for debt service	1,232,237	1,185,463
Unrestricted	9,887,217	9,487,782
Total Net Position	10,246,169	9,938,233
Total Liabilities and Net Position	\$ 24,042,480	\$ 22,882,659

See accompanying notes.

Copiah County Medical Center

Statements of Revenues, Expenses and Changes in Net Position

<i>Year ended December 31,</i>	2025	2024
Operating Revenues		
Net patient service revenue, net of provision for bad debts of \$7,381,599 and \$5,539,756, respectively	\$ 27,339,030	\$ 26,160,921
Other operating revenue	3,217,510	1,335,741
Total Operating Revenues	30,556,540	27,496,662
Operating Expenses		
Salaries and wages	10,695,323	10,122,169
Employee benefits	2,670,214	2,659,064
Professional fees	8,608,052	8,103,627
Supplies and other	4,939,027	4,105,002
Lease and rental expense	49,392	152,599
Utilities	461,409	424,777
Insurance	179,846	184,822
Other operating expenses	433,412	544,681
Depreciation and amortization	1,830,623	1,860,421
Total Operating Expenses	29,867,298	28,157,162
Income (Loss) from Operations	689,242	(660,500)
Nonoperating Revenues (Expenses), Net		
Grants and donations	20,000	1,447,045
Gain on disposal of capital assets	-	34,100
Interest expense	(493,834)	(505,281)
Interest income	92,528	132,228
Total Nonoperating Revenues (Expenses), Net	(381,306)	1,108,092
Increase in Net Position	307,936	447,592
Net Position, beginning of year	9,938,233	9,490,641
Net Position, end of year	\$ 10,246,169	\$ 9,938,233

See accompanying notes.

Copiah County Medical Center

Statements of Cash Flows

Year ended December 31,	2025	2024
Cash Flows from Operating Activities:		
Receipts from and on behalf of patients and third-party payors	\$ 26,571,187	\$ 26,952,054
Payments to suppliers and contractors	(14,827,559)	(13,354,270)
Payments to employees	(13,667,519)	(12,845,523)
Other receipts and payments, net	3,217,510	1,335,741
Net Cash Provided by Operating Activities	1,293,619	2,088,002
Cash Flows from Noncapital Financing Activities:		
Noncapital grants and contributions received	20,000	824,598
Net Cash Provided by Noncapital Financing Activities	20,000	824,598
Cash Flows from Capital and Related Financing Activities:		
Principal paid on long-term debt, lease, and subscription obligations	(1,319,140)	(1,217,125)
Interest paid on long-term debt, lease, and subscription obligations	(493,834)	(505,281)
Purchases of capital assets	(240,972)	(720,545)
Proceeds from disposal of assets	-	60,128
Capital grants and contributions received	-	622,447
Net Cash Used in Capital and Related Financing Activities	(2,053,946)	(1,760,376)
Cash Flows from Investing Activities:		
Purchase of investments	-	(1,042,000)
Proceeds from sale of investments	-	1,042,000
Interest on investments	52,601	38,937
Net Cash Provided by Investing Activities	52,601	38,937
Net Decrease (Increase) in Cash and Cash Equivalents	(687,726)	1,191,161
Cash and Cash Equivalents, beginning of year	4,548,571	3,357,410
Cash and Cash Equivalents, end of year	\$ 3,860,845	\$ 4,548,571
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position:		
Cash and cash equivalents	\$ 2,628,608	\$ 3,363,108
Restricted cash and cash equivalents held by trustee	1,232,237	1,185,463
Total Cash and Cash Equivalents, end of year	\$ 3,860,845	\$ 4,548,571

See accompanying notes.

Copiah County Medical Center

Statements of Cash Flows

Year ended December 31,	2025	2024
Reconciliation of Income (Loss) from Operations to Net Cash		
Provided by Operating Activities:		
Income (loss) from operations	\$ 689,242	\$ (660,500)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities		
Depreciation and amortization	1,830,623	1,860,422
Provision for bad debts	7,381,599	5,539,756
Changes in assets and liabilities		
Patient receivables	(7,777,723)	(5,581,445)
Inventories	(197,496)	(84,868)
Estimated third-party payor settlements	(371,719)	832,822
Accounts payable	41,075	246,105
Accrued expenses	(301,982)	(64,290)
Net Cash Provided by Operating Activities	\$ 1,293,619	\$ 2,088,002
Supplemental Disclosure of Noncash Capital and Financing Activities:		
Purchase of capital assets with lease obligations	\$ 2,431,932	\$ 433,564
Reduction in Subscription Obligations	\$ -	\$ 68,324

See accompanying notes.

Copiah County Medical Center

Notes to the Financial Statements

1. Nature of Operations, Reporting Entity and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The Copiah County Medical Center, (the Hospital or CCMC), is a governmental critical access hospital located in Hazlehurst, Mississippi. The Hospital was created by the Board of Supervisors of Copiah County and is a component unit of Copiah County, Mississippi. The Board of Supervisors appoint the Board of Trustees of the Hospital and approve its operating budget.

In 2022, Copiah County Medical Center Cares (the Foundation) was formed as a nonstock, nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is organized and operated exclusively for charitable, scientific and educational purposes for the benefit of the Hospital. The primary sources of financial support for the Foundation are gifts, grants, and contributions from the general public, corporations, and charitable organizations. As a result, the Foundation is a blended component unit of the Hospital. Due to the insignificance of the activity of the blended component unit as compared to the Hospital, condensed financial information is not shown for the Foundation.

Basis of Presentation

The Hospital reports in accordance with accounting principles generally accepted in the United States of America in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The accompanying financial statements of the Hospital have been prepared using the economic resource measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the Hospital receives (or gives) value without directly giving (or receiving) equal value in exchange, include certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most sensitive estimates included in these financial statements relate to contractual discounts under third-party contracts and the allowance for uncollectible accounts.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments in money market accounts and highly liquid investments with maturities of three months or less when purchased and amounts whose use is limited by the Board of Trustee's designation or under trust agreements.

Copiah County Medical Center

Notes to the Financial Statements

Investments

The Hospital holds certificates of deposit with banks that participate in the Federal Deposit Insurance Corporation's (FDIC) deposit insurance program. Certificates of deposit with original maturities greater than three months and remaining maturities less than 12 months, that management does not have the intent and ability to renew beyond 12 months, are classified as a current asset. Those with maturities greater than 12 months are presented as noncurrent cash and investments.

The Hospital's restricted investments consist of debt and equity securities and are carried at fair value. Interest, dividends and gains and losses on investments, both realized and unrealized, are included in nonoperating income when earned.

Patient Receivables

Patient accounts receivable are reported at net realizable value. Interest income is not accrued on any unpaid balances. Accounts are considered past due at the time that the balance is 30 days delinquent. Accounts are sent to collections when no payment has been received on the account for 120 days and written off when all collection efforts have been exhausted.

Allowance for Doubtful Accounts

Amounts owed to the Hospital are reported net of allowances for contractual adjustments and uncollectible accounts. Specific patient balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of receivables involves significant assumptions and judgements. The Hospital estimates the collectability of its patient accounts receivable based on aging of accounts, historical collection, and contractual agreements. Revisions in reserve estimates are recorded as an adjustment to net patient service revenue in the period the revision occurs.

Leases

The Hospital determines if an arrangement is a lease at inception. Leases are included in capital assets, net of accumulated depreciation and capital lease obligations, net of current maturities in the statements of net position.

Lease assets, included in capital assets, represent the Hospital's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on initial measurement of the lease liability, adjusted for payments made to the lessor at or before the commencement of the lease term and certain initial direct costs as well as capitalizable implementation costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease obligations represent the Hospital's obligation to make lease payments arising from the lease. Lease obligations are initially recognized at the commencement date based on the present value of expected lease payments over the lease term, adjusted for lease incentives. Subsequently, the lease liability is reduced by the principal portion of the lease payment made. Interest expense is recognized ratably over the contract term.

Copiah County Medical Center

Notes to the Financial Statements

The Hospital has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Hospital has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Hospital monitors changes in circumstances that would require a remeasurement 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.

Subscription Assets and Liabilities

The Hospital determines if an arrangement is a Subscription-Based Information Technology Arrangement (“SBITA”) at inception. Subscription assets, net, current maturities of subscription obligations, and subscription obligations, net of current maturities are included in the statements of net position.

Subscription assets represent the Hospital’s control of the right to use a subscription-based information technology for the arrangement term, as specified in the contract, in an exchange or exchange-like transaction. Subscription assets are recognized at the commencement date based on initial measurement of the subscription liability, adjusted for payments made to the vendor at or before the commencement of the SBITA term and certain initial direct costs. Subscription assets are amortized in a systematic and rational manner over the shorter of the arrangement term or the useful life of the underlying asset.

Subscription liabilities represent the Hospital’s obligation to make payments arising from the SBITA. Subscription liabilities are initially recognized at the commencement date based on the present value of expected payments over the lease term, adjusted for SBITA incentives. Subsequently, the subscription liability is reduced by the principal portion of the payments made. Interest expense is recognized ratably over the term of the arrangement.

The Hospital has elected to recognize payments for short-term SBITAs with an arrangement term of 12 months or less as expenses are incurred, and these SBITAs are not included as subscription liabilities or right-to-use subscription assets on the statements of net position.

The individual SBITA contracts do not provide information about the discount rate implicit in the arrangement. Therefore, the Hospital has elected to use their incremental borrowing rate to calculate the present value of expected subscription payments.

Inventories

Inventories are valued using the lower of cost determined using the first-in, first-out method, or market.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Copiah County Medical Center

Notes to the Financial Statements

Restricted Assets

Noncurrent restricted assets include cash and investments externally restricted for debt service requirements under the Hospital's bond agreements.

Capital Assets, Net

Capital asset acquisitions are recorded at cost or acquisition value (except for right-to-use leased assets). Donated capital assets are recorded at acquisition value at the date of donation. Land and construction in progress are not depreciated. The Hospital capitalizes all assets that have a value or cost of \$5,000. Depreciation of capital assets is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings, leasehold improvements, equipment, and subscription assets under leases are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Such amortization is included in the depreciation and amortization in the financial statements. Maintenance, repairs, replacement and improvements of minor importance are expensed. Major replacements and improvements that extend the useful life or capacity of the asset are capitalized. Under GASB 87 and 96, all significant leases with terms of at least 12 months are required to be recognized as assets on the financial statements. Estimated useful lives for each class of depreciable assets are as follows:

	Years
Land improvements	5 - 25
Building and leasehold improvements	5 - 40
Equipment	3 - 20

Expenditures for repairs are charged to expense as incurred.

Income from Operations

The Hospital classified all revenues and expenses earned or incurred in the course of providing healthcare to patients as operating activities.

Deferred Outflows on Acquisitions

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense or expenditure) until then. The Hospital has reported a deferred outflow of resources of \$180,325 related to the acquisition of three clinics. The deferred outflow will be attributed to future periods over a ten-year period. The deferred outflow is tested for impairment as circumstances arise. Amortization expense was approximately \$18,000 for the years ended December 31, 2025 and 2024, respectively.

Compensated Absences

The Hospital's employees earn paid time off and extended illness hours at varying rates depending on years of service. Employees may accumulate paid time off and be paid if they leave before they exhaust this accumulation. Employees may accumulate extended illness hours but, upon termination, are not paid for any accumulated extended illness hours. An accrued expense is recorded for vested compensated absences not used.

Copiah County Medical Center

Notes to the Financial Statements

Risk Management

The Hospital is exposed to various risks of loss from torts, theft of, damage to and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, medical malpractice and dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Income Taxes

The Hospital is a governmental entity and as such is exempt from federal income taxation. Accordingly, the accompanying basic financial statements do not include any provision for income taxes.

Net Position

The net position of the Hospital is classified into three components, which are defined as follows:

Net Investment in Capital Assets - This component reports capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used to finance the purchase, improvements or construction of those assets.

Restricted for Debt Service - This component reports those resources that are externally restricted by creditors for debt service.

Unrestricted Net Position - This component reports resources that do not meet the definition of invested in capital assets net of related debt or restricted.

The decision to use restricted or unrestricted resources when an expense is incurred is dependent upon the transaction. When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, followed by unrestricted.

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. Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the operations under these programs; there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such reviews may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Management believes it has complied with the requirements of these programs.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

Copiah County Medical Center

Notes to the Financial Statements

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the Hospital's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, and interest income are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Grants and Contributions

From time to time, the Hospital receives grants from 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 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. In accordance with GASB, the Hospital classifies grant revenues as nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position.

Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 102 (GASB 102)

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of the government financial statements with essential information about risks related to a government's vulnerability due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, the adoption of GASB 102 required additional disclosure regarding the recently enacted One Big Beautiful Bill Act. See Note 12.

Future Accounting Pronouncements

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB statement No. 103 - Financial Reporting Model Improvements - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosures requirements will improve consistency and comparability between governments.

GASB statement No. 104 - Disclosure of Certain Capital Assets - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this statement is to improve key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing accountability. This Statement also addresses certain application issues.

Copiah County Medical Center

Notes to the Financial Statements

GASB statement No. 105 - Subsequent Events - Effective for year-end December 31, 2027. Earlier application is encouraged. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

2. Cash Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits might not be recovered. The collateral for public entities' deposits in financial institutions is 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 this program, the entities' 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 FDIC.

All deposits with financial institutions must be collateralized in an amount equal to 105.0% of uninsured deposits and are therefore fully insured. The collateralized and insured bank balances as of December 31, 2025 and 2024 were \$6,629,513 and \$6,208,468, respectively.

The Hospital has cash deposits held by a trustee. The use of these funds is restricted for debt service related to the Hospital's revenue bonds. The carrying value of these deposits was \$1,232,237 and \$1,185,463 at December 31, 2025 and 2024, respectively.

The statutes of the State of Mississippi restrict the authorized investments of the Hospital to obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. and certain other types of investments. The Hospital does not have an investment policy that would additionally restrict investment decisions.

The Hospital had the following certificate of deposit investments and maturities as follows:

<i>Year ended December 31,</i>	<i>Carrying Amount</i>	<i>Investment Maturities in Years</i>	
		<i>Less than 1</i>	<i>1 - 5</i>
2025	\$ 2,156,035	\$ 2,156,035	\$ -
2024	\$ 2,116,108	\$ 2,116,108	\$ -

3. Restricted Assets

The amounts reported as restricted assets are comprised of money market held by the trustee bank for debt service on behalf of the Hospital related to their required long-term debt described in Note 6.

Copiah County Medical Center

Notes to the Financial Statements

4. Patient Accounts Receivable

Patient accounts receivable consists of the following:

	2025	2024
Patient accounts receivable	\$ 16,707,954	\$ 15,602,624
Less: allowance for doubtful accounts	(5,368,637)	(4,780,907)
Less: allowance for contractual adjustments	(6,566,256)	(6,444,780)
Patient accounts receivable, net	\$ 4,773,061	\$ 4,376,937

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Copiah County Medical Center

Notes to the Financial Statements

5. Capital Assets

Capital assets, lease assets and depreciation activity were as follows:

	December 31, 2024	Additions	Disposals		December 31, 2025
Capital Assets not being Depreciated or Amortized:					
Land	\$ 663,551	\$ -	\$ -	\$	663,551
Construction in progress	588,460	-	-	-	588,460
Total Capital Assets not being Depreciated or Amortized	\$ 1,252,011	\$ -	\$ -	\$	1,252,011
Capital Assets being Depreciated or Amortized:					
Buildings and improvements	\$ 8,907,282	\$ -	\$ -	\$	8,907,282
Land improvements	1,498,634	-	-	-	1,498,634
Fixed equipment	5,019,187	-	-	-	5,019,187
Moveable equipment	3,449,414	240,972	-	-	3,690,386
Leased assets	2,385,508	2,431,932	(131,715)	-	4,685,725
Subscription assets	529,094	-	-	-	529,094
Total Capital Assets being Depreciated or Amortized	\$ 21,789,119	\$ 2,672,904	\$ (131,715)	\$	24,330,308
Less Accumulated Depreciation and Amortization					
Buildings and improvements	\$ (4,763,493)	\$ (445,626)	\$ -	\$	(5,209,119)
Land improvements	(1,129,864)	(59,004)	-	-	(1,188,868)
Fixed equipment	(2,418,932)	(299,878)	-	-	(2,718,810)
Moveable equipment	(2,304,619)	(313,829)	-	-	(2,618,448)
Leased assets	(1,691,143)	(567,503)	131,715	-	(2,126,931)
Subscription assets	(229,016)	(126,751)	-	-	(355,767)
Total Accumulated Depreciation and Amortization	(12,537,067)	(1,812,591)	131,715	(14,217,943)	
Capital assets being depreciated or amortized, net	9,252,052	860,313	-	-	10,112,365
Capital Assets, Net	\$ 10,504,063	\$ 860,313	\$ -	\$	11,364,376

Copiah County Medical Center

Notes to the Financial Statements

Capital assets, lease assets and depreciation activity were as follows:

	December 31, 2023	Additions	Disposals	December 31, 2024
Capital Assets not being Depreciated or Amortized:				
Land	\$ 663,551	\$ -	\$ -	\$ 663,551
Construction in progress	-	588,460	-	588,460
Total Capital Assets not being Depreciated or Amortized	\$ 663,551	\$ 588,460	\$ -	\$ 1,252,011
Capital Assets being Depreciated or Amortized:				
Buildings and improvements	\$ 8,907,282	\$ -	\$ -	\$ 8,907,282
Land improvements	1,498,634	-	-	1,498,634
Fixed equipment	5,019,187	-	-	5,019,187
Moveable equipment	3,324,230	132,085	(6,901)	3,449,414
Leased assets	2,176,399	209,109	-	2,385,508
Subscription assets	411,219	224,455	(106,580)	529,094
Total Capital Assets Being Depreciated or amortized	\$ 21,336,951	\$ 565,649	\$ (113,481)	\$ 21,789,119
Less accumulated Depreciation and Amortization:				
Buildings and improvements	\$ (4,240,776)	\$ (522,717)	\$ -	\$ (4,763,493)
Land improvements	(998,039)	(131,825)	-	(1,129,864)
Fixed equipment	(2,119,347)	(299,585)	-	(2,418,932)
Moveable equipment	(1,982,502)	(322,117)	-	(2,304,619)
Leased assets	(1,218,339)	(472,804)	-	(1,691,143)
Subscription assets	(154,804)	(93,341)	19,129	(229,016)
Total Accumulated Depreciation and Amortization	(10,713,807)	(1,842,389)	19,129	(12,537,067)
Capital assets being Depreciated or amortized, net	10,623,144	(1,276,740)	(94,352)	9,252,052
Capital Assets, Net	\$ 11,286,695	\$ (688,280)	\$ (94,352)	\$ 10,504,063

For the years ended December 31, 2025 and 2024, total depreciation and amortization expense including the amortization of the deferred outflow for acquisitions, was approximately \$1,813,000 and \$1,842,000, respectively.

At December 31, 2025, the Hospital had no commitments related to capital equipment purchases.

Copiah County Medical Center

Notes to the Financial Statements

6. Long-Term Debt

A summary of long-term debt, lease obligations, and subscription obligations follows:

<i>December 31,</i>	2025	2024
Lease obligation - clinics at 2.65% - 3.59% interest, monthly payments ranging from \$3,211 to \$15,116, maturing in April 2027 and August 2035.	\$ 2,402,168	\$ 215,054
Lease obligation - Meridian Leasing at 2.65% interest, monthly payments of \$25,562 maturing on December 31, 2025.	-	302,385
Lease obligation - Baxter Healthcare Corporation at 2.65% interest, monthly payments of \$1,150 maturing in May 2025.	-	4,576
Lease obligation - Meridian Ultrasound at 3.57% interest, monthly payments of \$2,269 maturing in July 2029.	91,457	114,963
Lease obligation - Meridian CASE at 3.57% interest, monthly payments of \$997 maturing in December 2027.	23,061	-
Lease obligation - Pentax of America, Inc. at 2.65% interest, monthly payments of \$947, maturing in September 2025.	-	7,502
Lease obligation - RJ Young at 3.57% interest, monthly payments of \$1,880 maturing in December 2027.	45,230	65,778
Subscription obligation at 2.65 to 3.57% interest rates, due in at varying dates through 2028.	193,740	319,938
Revenue bond payable at 4.54% interest, monthly installments of \$88,873, (principal and accrued interest) maturing 2037, collateralized by revenue of the Hospital.	9,596,211	10,208,879
Total Long-Term Obligations	12,351,867	11,239,075
Less current maturities	(1,090,450)	(1,205,273)
Long-Term Obligations, Less Current Maturities	\$ 11,261,417	\$ 10,033,802

Copiah County Medical Center

Notes to the Financial Statements

A schedule of changes in the Hospital's long-term debt was as follows:

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025	Due Within One Year
Revenue Bond	\$ 10,208,879	\$ -	\$ (612,668)	\$ 9,596,211	\$ 636,132
Lease obligations	710,258	2,431,932	(580,274)	2,561,916	366,590
Subscription obligations	319,938	-	(126,198)	193,740	87,728
Total Long-Term Obligations	\$ 11,239,075	\$ 2,431,932	\$ (1,319,140)	\$ 12,351,867	\$ 1,090,450

	Balance December 31, 2023	Additions	Retirements	Balance December 31, 2024	Due Within One Year
Revenue Bond	\$ 10,797,306	\$ -	\$ (588,427)	\$ 10,208,879	\$ 610,019
Lease obligations	1,032,479	209,109	(531,330)	710,258	469,056
Subscription obligations	261,175	224,455	(165,692)	319,938	126,198
Total Long-Term Obligations	\$ 12,090,960	\$ 433,564	\$ (1,285,449)	\$ 11,239,075	\$ 1,205,273

The bonds are collateralized by a pledge of the Hospital's revenue. Under the terms of the revenue bond, the Hospital is required to maintain certain deposits with a trustee, as mentioned in Note 3. Such deposits are included in restricted assets in the statements of net position. These funds are maintained at the trustee and require monthly funding by the Hospital. The revenue bond also requires that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding. The Hospital was in compliance with all covenants of its outstanding bond issues at December 31, 2025 and 2024.

Scheduled interest and principal payments on long-term debt are as follows:

Year Ending December 31,	Long-Term and Note Payable		Lease Obligations		Subscription Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 636,132	\$ 422,234	\$ 366,590	\$ 84,825	\$ 87,728	\$ 5,109
2027	674,113	392,369	290,622	73,419	71,356	2,541
2028	705,363	361,119	225,438	48,750	34,656	413
2029	738,061	328,421	225,611	48,750	-	-
2030	772,275	294,207	222,989	48,562	-	-
2031 - 2035	4,432,744	899,665	1,230,666	109,500	-	-
2036 - 2037	1,637,523	62,228	-	-	-	-
	\$ 9,596,211	\$ 2,760,243	\$ 2,561,916	\$ 413,806	\$193,740	\$ 8,063

Copiah County Medical Center

Notes to the Financial Statements

7. Retirement Plan

The Hospital established the Copiah County Medical Center Retirement Plan (the Plan), as a defined contribution plan. The Plan covers employees who are aged 21 and over with one year prior service or at least 1,000 hours of service and who choose to participate. The Hospital provides matching contributions of up to 4.0% for employee contributions. Participants are 100.0% vested in their own contributions and 100.0% vested in Hospital contributions after five years of service. Participants become 100.0% vested upon death or disability.

The Hospital's contributions for the years ended December 31, 2025 and 2024 were approximately \$168,000 and \$162,000, respectively.

8. Patient Service Revenue

The Hospital has agreements with third-party payors providing payments to the Hospital at amounts different from the Hospital's established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Since obtaining critical access designation, inpatient and outpatient services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed by the Medicare fiscal intermediary at a tentative interim rate with final settlement determined with the submission of annual cost reports and audits. Net patient revenue increased by approximately \$165,000 and decreased by approximately \$157,000, for the years ended December 31, 2025 and 2024, respectively, due to retroactive adjustments of amounts previously estimated. The Hospital's Medicare cost reports have been filed with the Medicare fiscal intermediary through December 31, 2024. Desk reviews have been performed on reports issued through December 31, 2023.

Medicaid

Inpatient and outpatient 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's Medicaid cost reports have been filed with the fiscal intermediary through December 31, 2025.

The Hospital participates in the Mississippi Intergovernmental Transfer program as a Medicaid Disproportionate Share Hospital (DSH). Under this program, the Hospital receives enhanced reimbursement through a matching mechanism. For the fiscal years ended December 31, 2025 and 2024, the Hospital reported approximately \$1,050,000 and \$1,100,000, respectively, in enhanced reimbursement through the DSH program. DSH amounts are shown as a reduction of contractual adjustments.

The Health Center participates in the Mississippi Division of Medicaid's (MS DOM) Mississippi Health Center Access Payment (MHAP) program (the MHAP Program). The MHAP Program is administered by the MS DOM through the MississippiCAN Coordinated Care Organizations (CCOs). The CCOs subcontract with the Health Centers throughout the state for distribution of the MHAP for the

Copiah County Medical Center

Notes to the Financial Statements

purpose of protecting patient access to Health Center care. In December 2023, Center for Medicare and Medicaid Services (CMS) approved an amendment to the existing program for MHAP that stated hospitals would be reimbursed near the average commercial rate for Medicaid managed care reimbursement retroactive to July 1, 2023, which is the beginning of the State's fiscal year. The MHAP payments and associated tax are distributed monthly. The Health Center received approximately \$2,168,000 and \$2,107,000 from the MHAP Program recorded in net patient service revenue with related tax assessments of approximately \$441,000 and \$506,000 recorded in operating expenses for the years ended December 31, 2025 and 2024, respectively.

The Medicaid programs described above are subject to review and scrutiny by both the Mississippi legislation and CMS, and the programs could be modified or terminated based on new legislation or regulation in future periods.

Other

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and Medicare fee schedules.

A summary of patient service revenue is as follows:

<i>December 31,</i>	2025	2024
Gross Patient Service Revenue	\$ 80,440,874	\$ 80,581,991
Less provisions for:		
Contractual and other adjustments under third-party reimbursement programs and managed care contracts	45,720,245	48,881,314
Uncollectible accounts	7,381,599	5,539,756
Net Patient Service Revenue	\$ 27,339,030	\$ 26,160,921

The following table sets forth net patient service revenue by payor:

<i>Year ended September 30,</i>	2025	2024
Medicare	\$ 15,602,978	\$ 13,767,090
Medicaid	3,362,313	3,827,182
Commercial	7,403,496	7,484,300
Self-Pay	970,243	1,082,349
Net Patient Service Revenue	\$ 27,339,030	\$ 26,160,921

9. Charity Care

In 2023, the Hospital reduced its write-offs to charity care related to COVID patients. The Hospital had a more lenient charity care policy in place during COVID in order to meet the U.S. Department of Health and Human Services (HHS) grant requirements. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$151,000 and \$327,000 for the years ended December 31, 2025 and 2024, respectively. The

Copiah County Medical Center

Notes to the Financial Statements

estimated cost of charity care, estimated using a ratio of cost-to-gross charges, totaled approximately \$54,000 and \$107,000 for the years ended December 31, 2025 and 2024, respectively.

The Hospital also provides healthcare services to a significant portion of the uninsured and underinsured population in the surrounding community. While a portion of these patients may ultimately qualify for coverage under the Medicaid program of the financial assistance policy, the Hospital often admits a number of patients with the expectation/realization that it will likely be unable to collect a significant portion of these accounts.

10. Insurance Programs

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 carries commercial insurance, with Healthcare Insurance Providers Company Group (HPIC), for claims arising from such matters. HPIC specializes in providing professional liability, workers' compensation, and general liability insurance in the healthcare industry. The Hospital records any subscriber savings at cost. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Medical Malpractice Insurance

The Hospital purchases professional and general liability insurance to cover medical malpractice claims. At year-end, there were no material claims asserted or anticipated, and the Hospital has not accrued any losses for malpractice claims or expenses. Nevertheless, the future assertion of claims for occurrences prior to year-end is possible and may occur, although it is not anticipated. In any event, management believes that any such claims would be substantially covered under its insurance program.

11. Business and Credit Concentrations

Patient Service Revenue

The Hospital is located in Hazlehurst, Mississippi and grants credit without personal collateral to its patients and their insurance companies, most of whom are residents in the area. The mix of patient service revenues at gross is as follows:

	2025 (%)	2024 (%)
Medicare	25	24
Medicare Advantage	30	30
Medicaid	10	12
Commercial Providers	26	25
Self-pay	9	9
Total	100	100

Copiah County Medical Center

Notes to the Financial Statements

Accounts Receivable

The Hospital is located in Hazlehurst, Mississippi and grants credit without personal collateral to its patients and their insurance companies, most of whom are residents in the area. The mix of accounts receivable at net is as follows:

	2025 (%)	2024 (%)
Medicare	49	40
Medicaid	3	5
Commercial Providers	21	19
Self-pay	27	36
Total	100	100

12. Risks Related to Legislative and Regulatory Changes

On July 4, 2025, the U.S. government enacted the OBBBA, which includes significant tax code changes and modifications to federal healthcare programs, including Medicare and Medicaid. This new law introduces substantial financial and operational risks for the Hospital, and its full impact is not yet known.

Revenue Cycle Risk

The OBBBA includes provisions that alter eligibility criteria and reduce federal funding for certain Medicaid and Affordable Care Act (ACA) marketplace coverage. These changes are expected to increase the number of uninsured individuals and decrease overall reimbursement rates. These factors could lead to a decline in net patient service revenue and a corresponding increase in uncollectible patient accounts. The Health Center is actively analyzing the potential revenue cycle impacts, which are highly dependent on the state specific Medicaid policy interpretations and the ultimate number of patients who lose coverage.

Billing and Compliance Risk

The OBBBA has directed significant federal investment into artificial intelligence (AI) tools designed to detect fraudulent billing and utilization patterns, especially within Medicare and Medicaid programs. While the technology is intended to identify fraudulent use, it creates a risk of billing errors or false positives that could lead to denied claims, payment delays, and potential penalties. The Health Center is evaluating and updating its billing workflows, software, and compliance protocols to mitigate this risk.

Operational and Liquidity Risk

Changes to reimbursement rates, coupled with ongoing inflationary pressures on labor and supply costs, may reduce the Health Center's operating margins and cash flows. The bill also increases regulatory oversight of private equity investment in healthcare, which could reduce the availability of capital for operational improvements. These factors may affect the Health Center's liquidity and ability to fund strategic initiatives and capital expenditures.

Copiah County Medical Center

Notes to the Financial Statements

Forward-Looking Statement

This disclosure is based on current interpretations of the OBBBA and is subject to change. The Health Center will continue to monitor developments and adjust its risk mitigation strategies and financial reporting as more information becomes available.

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued May 28, 2026, and determined that no events occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

Supplementary Information

Copiah County Medical Center

Schedule of Surety Bonds for Officers and Employees

Name	Position	Surety	Amount
Dan Jones	Trustee	Travelers	\$ 10,000
Demarrio Brown	Trustee	Travelers	\$ 10,000
Nancy M. Tanner	Trustee	Travelers	\$ 10,000
Francis L. Jackson	Trustee	Travelers	\$ 10,000
George R. Marx	Trustee	Travelers	\$ 10,000
William Tyre Morgan	Chief Executive Officer (former)	Travelers	\$ 10,000
Kortney Gaddy	Chief Financial Officer	Travelers	\$ 10,000
David Sinclair	Chief Executive Officer	Travelers	\$10,000



Independent Auditor’s 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
Copiah County Medical Center
Hazlehurst, Mississippi

We have audited 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, the financial statements of the business-type activities of Copiah County Medical Center (the Hospital), a component unit of Copiah County, Mississippi, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Hospital’s basic financial statements and have issued our report thereon dated May 28, 2026.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a



direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

BDO USA, P.C.

May 28, 2026