

COPIAH COUNTY MEDICAL CENTER
Hazlehurst, Mississippi

Audited Financial Statements
Years Ended December 31, 2024 and 2023

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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 accompanying financial statements of the business-type activities of Copiah County Medical Center (the "Hospital"), as of and for the years ended December 31, 2024 and 2023, 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 present fairly, in all material respects, the respective financial position of the business-type activities of the Hospital as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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* ("GAS"), 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 audit. 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAS 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 GAS, 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 on pages 4 through 8 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 ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for Officers and Employees on page 27 but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 Governmental Auditing Standards

In accordance with GAS, we have also issued our report dated April 22, 2025, 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 GAS in considering the Hospital's internal control over financial reporting and compliance.

HORNE LLP

Ridgeland, Mississippi
April 22, 2025

COPIAH COUNTY MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023

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, 2024 and 2023. Please read it in conjunction with the Hospital's financial statements, which begin on page 9.

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, 2024, the Hospital's general financial highlights were:

- Net patient services revenue remained flat from 2023 to 2024 and increased 13 percent from 2022 to 2023.
- The Hospital's payor mix is continuing to fluctuate slightly. From 2023 to 2024, the commercial mix increased 3 percent, Medicaid decreased 2 percent, and Medicare decreased 2 percent.

COPIAH COUNTY MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023

FINANCIAL HIGHLIGHTS, CONTINUED

- The Hospital's total net position increased approximately \$448,000 from 2023 to 2024 and increased approximately \$5,000 from 2022 to 2023. As of 2024, the total net position was approximately \$9,938,000 which consists of \$9,488,000 in unrestricted, (\$735,000) in net investments in capital assets, and \$1,185,000 in restricted funds related to debt obligations. As of 2023, the total net position was approximately \$9,490,000 which consists of \$9,062,000 in unrestricted, (\$702,000) in net investments in capital assets, and \$1,130,000 in restricted funds related to debt obligations.

CAPITAL ASSETS

Year Ended December 31, 2024

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

Year Ended December 31, 2023

At the end of fiscal year 2023, the Hospital had an investment in capital assets, net of depreciation, of approximately \$11,287,000, a decrease of approximately \$1,363,000 or 11 percent from 2022. The decrease in capital assets is related primarily to current depreciation expense exceeding current additions for the year.

LONG-TERM DEBT

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 percent or \$588,000 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.54 percent.

Year Ended December 31, 2023

At the end of fiscal year 2023, the Hospital had one outstanding bond issue.

The MDB Bonds, Series 2015, which are reported in the statements of net position, had a carrying value of approximately \$10,797,000, down 5 percent or \$563,000 from one year ago due to the scheduled bond payments. The bond bears an interest rate of 4.54 percent.

COPIAH COUNTY MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023

NET POSITION

A summary of the Hospital's statements of net position is presented in the following table:

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Current and other assets	\$ 11,060,895	\$ 10,538,648	\$ 10,766,585
Restricted assets	1,185,463	1,129,523	1,072,662
Capital assets, net	10,504,063	11,286,695	12,650,404
Total assets	22,750,421	22,954,866	24,489,651
Deferred outflows on acquisitions	132,238	150,271	168,303
Current liabilities	2,910,624	2,704,408	3,025,492
Long-term debt	10,033,802	10,910,088	11,997,698
Other liabilities	-	-	149,272
Total liabilities	12,944,426	13,614,496	15,172,462
Net position			
Net invested in capital assets	(735,012)	(701,819)	(464,291)
Restricted	1,185,463	1,129,523	1,072,662
Unrestricted	9,487,782	9,062,937	8,877,121
Total net position	\$ 9,938,233	\$ 9,490,641	\$ 9,485,492

Year Ended December 31, 2024

- From fiscal year 2023 to 2024, current liabilities increased by approximately \$206,000 or 8 percent 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.

Year Ended December 31, 2023

- From fiscal year 2022 to 2023, accounts payable decreased by approximately \$530,000 or 49 percent due to an improvement in the accounts payable process specifically related to the new clinics and improvement of materials management across all their locations.

COPIAH COUNTY MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023

SUMMARY OF REVENUE AND EXPENSES

The following table presents a summary of the Hospital's historical revenues and expenses and changes in net position for each of the fiscal years ended December 31, 2024, 2023 and 2022:

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Operating revenues			
Net patient service revenue	\$ 26,160,921	\$ 25,976,177	\$ 22,994,317
Other operating revenue	1,335,741	585,628	167,432
Total operating revenues	27,496,662	26,561,805	23,161,749
Operating expenses			
Salaries and benefits	12,781,233	11,771,412	10,880,435
Professional fees	8,103,627	7,520,667	6,400,960
Supplies	4,105,002	4,063,230	3,665,956
Provision for depreciation	1,860,421	1,815,917	1,703,425
Other operating expense	1,306,879	1,205,972	1,262,051
Total operating expenses	28,157,162	26,377,198	23,912,827
Income (loss) from operations	(660,500)	184,607	(751,078)
Nonoperating revenues (expenses)			
Provider Relief Fund revenue	-	-	1,126,799
Gain on forgiveness of debt	-	-	3,724,048
Interest expense	(505,281)	(544,561)	(812,154)
Other nonoperating revenues	1,613,373	365,103	203,244
Total nonoperating revenue (expenses)	1,108,092	(179,458)	4,241,937
Change in net position	447,592	5,149	3,490,859
Net position, beginning of year	9,490,641	9,485,492	5,994,633
Net position, end of year	\$ 9,938,233	\$ 9,490,641	\$ 9,485,492

Year Ended December 31, 2024

- During fiscal year 2024, other operating revenue increased approximately \$935,000 or 4 percent. 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 percent due to the recognition of several grants the Hospital received this fiscal year end.
- In fiscal year 2024, salaries and benefits for the Hospital increased approximately \$1,010,000 or 9 percent due to significant pay raises. Employee benefits were 26 percent of salaries for the year ended December 31, 2024.

COPIAH COUNTY MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2024 and 2023

SUMMARY OF REVENUE AND EXPENSES, CONTINUED

- In fiscal year 2024, professional fees for the Hospital increased approximately \$583,000 or 8 percent due to a full year of expenses associated with contract billing services for the clinics and the addition of new contracts with several vendors.

Year Ended December 31, 2023

- During fiscal year 2023, net patient service revenue increased approximately \$2,982,000 or 13 percent. This increase was due to the new clinics having operations for a full year.
- In fiscal year 2023, the Hospital reported an increase in operating expenses of approximately \$2,464,000 or 10 percent.
- In fiscal year 2023, salaries and benefits for the Hospital increased approximately \$891,000 or 8 percent due to significant pay raises. Employee benefits were 26 percent of salaries for the year ended December 31, 2023.
- In fiscal year 2023, professional fees for the Hospital increased approximately \$1,120,000 or 17 percent due to a full year of fees associated with physicians tied to the new clinics and a Hospital contract services vendor.

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, 2025. 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:

- Medicare reimbursement, including Disproportionate Share
- Increased number of uninsured and working poor
- Ongoing competition for services
- Workforce issues
- Cost of supplies, including pharmaceuticals
- Ability to recruit medical staff physicians to enhance services offered to the service area
- Combined growth of existing services
- Impact of Healthcare Reform as it relates to reimbursement and employee health insurance coverage

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.

COPIAH COUNTY MEDICAL CENTER

Statements of Net Position

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,363,108	\$ 2,227,887
Patient receivables, net of allowance for doubtful accounts of \$4,780,907 and \$7,265,268, respectively	4,376,937	4,335,248
Estimated third-party payor settlements	318,277	1,151,099
Inventories	440,892	422,830
Investments	2,116,108	2,022,817
Prepays and other current assets	445,573	378,767
Total current assets	11,060,895	10,538,648
Restricted and held by trustee for debt service	1,185,463	1,129,523
Capital assets, net	10,504,063	11,286,695
Total assets	22,750,421	22,954,866
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on acquisitions	132,238	150,271
Total assets and deferred outflows of resources	\$ 22,882,659	\$ 23,105,137
LIABILITIES		
Current liabilities		
Current maturities of long-term debt	\$ 610,019	\$ 585,239
Current maturities of capital lease obligations	469,056	493,187
Current maturities of subscription obligations	126,198	102,446
Accounts payable	799,596	553,491
Accrued expenses	905,755	970,045
Total current liabilities	2,910,624	2,704,408
Long-term debt, less current maturities	9,598,860	10,212,067
Capital lease obligations, less current maturities	241,202	539,292
Subscription obligations, less current maturities	193,740	158,729
Total long-term liabilities	10,033,802	10,910,088
Total liabilities	12,944,426	13,614,496
NET POSITION		
Net investment in capital assets	(735,012)	(701,819)
Restricted for debt service	1,185,463	1,129,523
Unrestricted	9,487,782	9,062,937
Total net position	\$ 9,938,233	\$ 9,490,641

See accompanying notes.

COPIAH COUNTY MEDICAL CENTER
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
Operating revenues		
Net patient service revenue, net of provision for bad debts of \$5,539,756 and \$7,724,911, respectively	\$ 26,160,921	\$ 25,976,177
Other operating revenue	1,335,741	585,628
Total operating revenues	27,496,662	26,561,805
Operating expenses		
Salaries and wages	10,122,169	9,315,000
Employee benefits	2,659,064	2,456,412
Professional fees	8,103,627	7,520,667
Supplies and other	4,105,002	4,063,230
Lease and rental expense	152,599	100,060
Utilities	424,777	452,740
Insurance	184,822	174,130
Other operating expenses	544,681	479,042
Provision for depreciation and amortization	1,860,421	1,815,917
Total operating expenses	28,157,162	26,377,198
Income (loss) from operations	(660,500)	184,607
Nonoperating revenues (expenses)		
Grants and donations	1,447,045	278,000
Gain on disposal of capital assets	34,100	3,000
Interest expense	(505,281)	(544,561)
Interest income	132,228	84,103
Total nonoperating revenues (expenses)	1,108,092	(179,458)
Increase in net position	447,592	5,149
Net position, beginning of year	9,490,641	9,485,492
Net position, end of year	\$ 9,938,233	\$ 9,490,641

See accompanying notes.

COPIAH COUNTY MEDICAL CENTER
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Receipts from and on behalf of patients and third-party payors	\$ 26,952,054	\$ 25,956,210
Payments to suppliers and contractors	(13,354,270)	(13,703,568)
Payments to employees	(12,845,523)	(11,624,404)
Other receipts and payments, net	1,335,741	585,628
Net cash provided by operating activities	2,088,002	1,213,866
Cash flows from noncapital financing activities		
Noncapital grants and contributions received	824,598	278,000
Net cash provided by noncapital financing activities	824,598	278,000
Cash flows from capital and related financing activities		
Principal paid on long-term debt and capital lease obligations	(1,217,125)	(1,117,567)
Interest paid on long-term debt and capital lease obligations	(505,281)	(544,561)
Purchases of capital assets	(701,417)	(337,344)
Proceeds from disposal of assets	41,000	-
Capital grants and contributions received	622,447	-
Net cash used in capital and related financing activities	(1,760,376)	(1,999,472)
Cash flows from investing activities		
Purchase of investments	(1,042,000)	(2,000,000)
Proceeds from sale of investments	1,042,000	-
Interest on investments	38,937	61,286
Net cash provided by (used in) investing activities	38,937	(1,938,714)
Net increase (decrease) in cash and cash equivalents	1,191,161	(2,446,320)
Cash and cash equivalents, beginning of year	3,357,410	5,803,730
Cash and cash equivalents, end of year	\$ 4,548,571	\$ 3,357,410
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents	\$ 3,363,108	\$ 2,227,887
Cash and cash equivalents held by trustee	1,185,463	1,129,523
	\$ 4,548,571	\$ 3,357,410

See accompanying notes.

COPIAH COUNTY MEDICAL CENTER
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of income (loss) from operations to net cash provided by operating activities		
Income (loss) from operations	\$ (660,500)	\$ 184,607
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities		
Depreciation and amortization	1,860,422	1,815,917
Provision for bad debts	5,539,756	7,724,911
Changes in assets and liabilities		
Patient receivables	(5,581,445)	(7,698,146)
Inventories	(84,868)	(232,460)
Estimated third-party payor settlements	832,822	(46,732)
Accounts payable	246,105	(531,967)
Accrued salaries and compensated absences	(64,290)	147,008
Other accruals	-	(149,272)
Net cash provided by operating activities	<u>\$ 2,088,002</u>	<u>\$ 1,213,866</u>
Supplemental disclosure of noncash capital and financing activities		
Purchase of capital assets with capital lease obligations	<u>\$ 433,564</u>	<u>\$ 93,832</u>
Reduction in capital assets	<u>\$ 68,324</u>	<u>\$ -</u>
Reduction in subscription obligations	<u>\$ 68,324</u>	<u>\$ -</u>

See accompanying notes.

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 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. The Foundation's operations have not been significant since inception.

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.

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 on the accrual basis of accounting using the economic resources measurement focus.

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, excluding amounts whose use is limited by the Board of Trustee's designation or under trust agreements.

Investments

The Medical Center 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.

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Patient Receivables and Allowance for Doubtful Accounts

Patient accounts receivable are reported at net realizable value, after deduction of allowances for estimated doubtful accounts. The allowance for doubtful accounts is based on historical losses and an analysis of currently outstanding amounts. This account is generally increased by charges to a provision for uncollectible accounts and decreased by write-offs of accounts determined by management to be uncollectible.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts in light of historical experience, the nature and volume of the accounts and the agreements with the respective third-party payors.

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 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.

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.

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
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

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 additions are recorded at cost. 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 capital 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:

	<u>Years</u>
Land improvements	5 - 25
Building and leasehold improvements	5 - 40
Equipment	3 - 20

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 10-year period. The deferred outflow is tested for impairment as circumstances arise. Amortization expense was approximately \$18,000 for the years ended December 31, 2024 and 2023, 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.

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.

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

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, 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.

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.

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.

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2024 presentation, with no significant impact on the financial statements.

New Accounting Standards Adopted

Governmental Accounting Standards Board Statement No. 101 ("GASB 101")

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, to provide guidance on the accounting and financial reporting for compensated absences for government end users. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of GASB 101 did not have a significant impact on the Hospital's financial position or results in operations.

Note 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 percent of uninsured deposits and are therefore fully insured. The collateralized and insured bank balances as of December 31, 2024 and 2023 were \$6,208,468 and \$4,995,665, 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 \$1,185,463 and \$1,129,523 at December 31, 2024 and 2023, respectively.

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 2. Continued

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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Hospital had the following recurring fair value measurements as of December 31, 2024 and 2023:

Investments by Fair Value Level	2024	Level 1	Level 2	Level 3
Cash equivalents – money market	\$ 1,185,463	\$ 1,185,463	\$ -	\$ -
Total	\$ 1,185,463	\$ 1,185,463	\$ -	\$ -

Investments by Fair Value Level	2023	Level 1	Level 2	Level 3
Cash equivalents – money market	\$ 1,129,523	\$ 1,129,523	\$ -	\$ -
Total	\$ 1,129,523	\$ 1,129,523	\$ -	\$ -

At December 31, 2024 and 2023, the Hospital had the following certificate of deposit investments and maturities:

Year ended December 31,	Carrying Amount	Investment Maturities in Years	
		Less than 1	1 – 5
2024	\$ 2,116,108	\$ 2,116,108	\$ -
2023	\$ 2,022,817	\$ 2,022,817	\$ -

Note 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.

Note 4. Patient Accounts Receivable

Patient accounts receivable consist of the following:

	2024	2023
Patient accounts receivable	\$ 15,602,624	\$ 17,775,319
Less: allowance for doubtful accounts	(4,780,907)	(7,265,268)
Less: allowance for contractual adjustments	(6,444,780)	(6,174,803)
Patient accounts receivable, net	\$ 4,376,937	\$ 4,335,248

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital assets, lease assets and depreciation activity for the year ended December 31, 2024 are as follows:

	December 31, 2023	Additions	Disposals	December 31, 2024
Capital assets not being depreciated:				
Land	\$ 663,551	\$ -	\$ -	\$ 663,551
Construction in progress	-	588,460	-	588,460
Total capital assets not being depreciated	663,551	588,460	-	1,252,011
Capital assets being depreciated:				
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	5,911,848	539,787	(113,481)	6,338,154
Total capital assets being depreciated	21,336,951	539,787	(113,481)	21,763,257
Less: total accumulated depreciation	(10,713,807)	(1,826,855)	29,457	(12,511,205)
Capital assets being depreciated, net	10,623,144	(1,287,068)	(84,024)	9,252,052
Capital assets, net	\$ 11,286,695	\$ (698,608)	\$ (84,024)	\$ 10,504,063

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 5. Continued

Capital assets, lease assets and depreciation activity for the year ended December 31, 2023 follows:

	December 31, 2022	Additions	Disposals	December 31, 2023
Capital assets not being depreciated:				
Land	\$ 663,551	\$ -	\$ -	\$ 663,551
Construction in progress	118,014	-	(118,014)	-
Total capital assets not being depreciated	781,565	-	(118,014)	663,551
Capital assets being depreciated:				
Buildings and improvements	8,789,267	118,015	-	8,907,282
Land improvements	1,498,634	-	-	1,498,634
Fixed equipment	5,019,187	-	-	5,019,187
Moveable equipment	5,492,674	434,174	(15,000)	5,911,848
Total capital assets being depreciated	20,799,762	552,189	(15,000)	21,336,951
Less: total accumulated depreciation	(8,930,923)	(1,797,884)	15,000	(10,713,807)
Capital assets being depreciated, net	11,868,839	(1,245,695)	-	10,623,144
Capital assets, net	\$ 12,650,404	\$ (1,245,695)	\$ (118,014)	\$ 11,286,695

For the years ended December 31, 2024 and 2023, depreciation expense was approximately \$1,827,000 and \$1,798,000, respectively.

At December 31, 2024, the Hospital had no commitments related to capital equipment purchases.

A summary of capital and subscription lease assets, net, included in capital assets on the accompanying financial statements as of December 31, were as follows:

	2024	2023
Capital lease assets	\$ 2,359,647	\$ 2,176,399
Subscription lease assets	543,042	411,219
Total	2,902,689	2,587,618
Less accumulated depreciation	(1,944,287)	(1,373,142)
Capital and subscription leases, net	\$ 958,402	\$ 1,214,476

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

A summary of long-term debt, lease obligations, and subscription obligations at December 31 follows:

	2024	2023
Lease obligations at varying interest rates of 2.42 to 3.75 percent, annual payments ranging from \$7,420 to \$8,304, collateralized by leased equipment, matured in 2024	\$ -	\$ 16,880
Lease obligation – clinics at 2.65 percent interest, monthly payments ranging from \$952 to \$6,656 with annual incremental increases of 2.00 percent, maturing in May 2025 and April 2027.	215,054	382,154
Lease obligation – Meridian Leasing at 2.65 percent interest, monthly payments of \$25,562 maturing on December 31, 2025.	302,385	596,872
Lease obligation – Baxter Healthcare Corporation at 2.65 percent interest, monthly payments of \$1,150 maturing in May 2025.	4,576	18,063
Lease obligation – Meridian Ultrasound at 3.57 percent interest, monthly payments of \$2,269 maturing in July 2029.	114,963	-
Lease obligation – Pentax of America, Inc. at 2.65 percent interest, monthly payments of \$947, maturing in September 2025.	7,502	18,510
Lease obligation – RJ Young at 3.57 percent interest, monthly payments of \$1,880 maturing in December 2027.	65,778	-
Subscription obligation at 2.65 to 3.57 percent interest rates, due in at varying dates through 2028.	319,938	261,175
Revenue bond payable at 4.54 percent interest, monthly installments of \$88,873, (principal and accrued interest) maturing 2037, collateralized by revenue of the Hospital	10,208,879	10,797,306
Total long-term obligations	11,239,075	12,090,960
Less current maturities	(1,205,273)	(1,180,872)
Long-term obligations, less current maturities	\$ 10,033,802	\$ 10,910,088

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 6. Continued

A schedule of changes in the Hospital's long-term debt for the years ended December 31, 2024 and 2023 follows:

	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	<u>\$ 12,090,960</u>	<u>\$ 433,564</u>	<u>\$ (1,285,449)</u>	<u>\$ 11,239,075</u>	<u>\$ 1,205,273</u>

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Due Within One Year
Revenue Bond	\$ 11,359,665	\$ -	\$ (562,359)	\$ 10,797,306	\$ 585,239
Lease obligations	1,490,386	-	(457,907)	1,032,479	493,187
Subscription obligations	264,644	93,832	(97,301)	261,175	102,446
Total long-term obligations	<u>\$ 13,114,695</u>	<u>\$ 93,832</u>	<u>\$ (1,117,567)</u>	<u>\$ 12,090,960</u>	<u>\$ 1,180,872</u>

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, 2024 and 2023.

Scheduled interest and principal payments on long-term debt at December 31, 2024 are as follows:

Year Ending December 31,	Lease and Subscription Obligations		Long-Term and Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 595,254	\$ 22,792	\$ 610,019	\$ 450,776
2026	211,418	11,073	644,248	422,234
2027	145,139	5,168	674,113	392,369
2028	62,689	1,489	705,363	361,119
2029	15,696	186	738,061	328,421
2030 - 2034	-	-	4,236,360	1,096,049
2035 - 2037	-	-	2,600,716	160,051
	<u>\$ 1,030,196</u>	<u>\$ 40,708</u>	<u>\$ 10,208,879</u>	<u>\$ 3,211,019</u>

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 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 percent for employee contributions. Participants are 100.0 percent vested in their own contributions and 100.0 percent vested in Hospital contributions after five years of service. Participants become 100.0 percent vested upon death or disability.

The Hospital's contributions for the years ended December 31, 2024 and 2023 were approximately \$162,000 and \$138,000, respectively.

Note 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 decreased by approximately \$157,000 and \$40,000, for the years ended December 31, 2024 and 2023, 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, 2022.

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, 2024.

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, 2024 and 2023, the Hospital reported approximately \$1,100,000 and \$2,172,000, respectively, in enhanced reimbursement through the DSH program. DSH amounts are shown as a reduction of contractual adjustments.

The Hospital participates in the Division of Medicaid ("DOM") Mississippi Hospital Access Payment ("MHAP") program (the "MHAP Program"). The MHAP Program is administered by the DOM through the MississippiCAN coordinated care organizations ("COO"). The COO's subcontract with hospitals throughout the state for distribution of the MHAP for the purpose of protecting patient access to hospital care. In December 2023, the Centers for Medicare and Medicaid Services ("CMS") approved

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 8. Continued

an amendment to the existing MHAP program, whereby hospitals would be reimbursed near the average commercial rate for Medicaid-managed care reimbursement retroactive to July 1, 2023, the beginning of the state fiscal year. The MHAP payments and associated tax were distributed monthly. The Hospital received approximately \$2,107,000 and \$2,156,000 from the MHAP program recorded in net patient service revenue with related tax assessments of approximately \$506,000 and \$362,000 recorded in operating expenses for the years ended December 31, 2024 and 2023, 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 as of December 31 follows:

	2024	2023
Gross patient service revenue	\$ 80,581,991	\$ 75,710,054
Less provisions for		
Contractual and other adjustments under third-party reimbursement programs and managed care contracts	48,881,314	42,008,966
Uncollectible accounts	5,539,756	7,724,911
Net patient service revenue	<u>\$ 26,160,921</u>	<u>\$ 25,976,177</u>

Note 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 \$327,000 and \$192,000 for the years ended December 31, 2024 and 2023, respectively. The estimated cost of charity care, estimated using a ratio of cost-to-gross charges, totaled approximately \$117,000 and \$68,000 for the years ended December 31, 2024 and 2023, 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.

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 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.

Note 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:

	2024	2023
Medicare	24%	26%
Medicare Advantage	30	28
Medicaid	12	14
Commercial Providers	25	22
Self-pay	9	10
Total	100%	100%

COPIAH COUNTY MEDICAL CENTER
Years Ended December 31, 2024 and 2023

NOTES TO FINANCIAL STATEMENTS

Note 11. Continued

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 gross is as follows:

	2024	2023
Medicare	16%	12%
Medicare Advantage	17	13
Medicaid	13	7
Commercial Providers	22	18
Self-pay	32	50
Total	100%	100%

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued April 22, 2025 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
December 31, 2024

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	Travelers	\$ 10,000
Kortney Gaddy	Chief Financial 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"), as of December 31, 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated April 22, 2025.

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 Hospital's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 statement. 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 *Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HORNE LLP

Ridgeland, Mississippi
April 22, 2025