

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

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2023**

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

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the years ended September 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise Oktibbeha County Hospital D/B/A OCH Regional Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, as of September 30, 2023, and 2022, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Oktibbeha County Hospital D/B/A OCH Regional Medical Center and do not purport to, and do not, present the financial position of Oktibbeha County, Mississippi as of September 30, 2023, and 2022, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5 to 11) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. the Schedule of Surety Bonds for Officials and Employees (page 48) and the Schedule of Expenditures of Federal Awards (page 49), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Surety Bonds for Officials and Employees and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2023, and 2022 (pages 43 to 47), but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024 on our consideration of Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s internal control over financial reporting and compliance

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

Our discussion and analysis of Oktibbeha County Hospital D/B/A OCH Regional Medical Center's financial performance provides an overview of the hospital's financial activities for the fiscal years ended September 30, 2023, and 2022. Please read it in conjunction with the hospital's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- ◆ The hospital's net position decreased in 2023 by \$2,006,087, or 2.39%, and decreased in 2022 by \$3,299,568, or 3.79%.
- ◆ The hospital reported an operating loss in 2023 of \$2,860,514 and an operating loss of \$6,172,555 in 2022.
- ◆ Nonoperating revenues decreased by \$2,025,924, or 47.37%, in 2023 compared to 2022. Nonoperating revenues decreased by \$6,387,246, or 59.90%, in 2022 compared to 2021.
- ◆ Nonoperating expenses increased by \$7,364, or 0.52%, in 2023 compared to 2022. Nonoperating expenses decreased by \$22,810, or 1.60%, in 2022 compared to 2021.

USING THIS ANNUAL REPORT

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

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

Our analysis of the hospital finances begins on page 6. One of the most important questions asked about the hospital's finances is, "Is the hospital as a whole better or worse off as a result of the year's activities?" The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position report information about the hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

USING THIS ANNUAL REPORT (Continued)

These two statements report the hospital's net position and changes in them. You can think of the hospital's net position – the difference between assets and liabilities – as one way to measure the hospital's financial health, or financial position. Over time, increases or decreases in the hospital's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the hospital's patient base and measures of the quality of service it provides to the community, as well as local economic factors, to assess the overall health of the hospital.

The Statements of Cash Flows

The final required statement is the Statements of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

THE HOSPITAL'S NET POSITION

The hospital's net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 12 and 13. The hospital's net position decreased in 2023 by \$2,006,087, or 2.39%, and decreased in 2022 by \$3,299,568, or 3.79%, as shown in **Table 1**.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

THE HOSPITAL'S NET POSITION (Continued)

Table 1: Assets, Liabilities, and Net Position

	<u>2023</u>	<u>2022</u> (As Restated)
Assets:		
Current assets	\$ 34,882,565	\$ 36,626,511
Noncurrent cash and investments	18,538,358	16,840,847
Capital assets, net	41,805,823	42,549,998
Lease assets, net	12,099	43,318
Subscription-based IT assets, net	492,564	692,492
Other assets	<u>725,775</u>	<u>998,806</u>
Total Assets	\$ <u>96,457,184</u>	\$ <u>97,751,972</u>
Liabilities:		
Current liabilities	\$ 10,236,639	\$ 9,442,325
Long-term debt outstanding, net of current maturities	<u>4,459,413</u>	<u>4,542,428</u>
Total Liabilities	<u>14,696,052</u>	<u>13,984,753</u>
Net Position:		
Invested in capital assets, net of related debt	36,413,625	37,364,562
Restricted:		
Restricted under bond agreement	880,945	865,093
Restricted for liability risk	2,493,960	2,463,594
Restricted for indigent health care	33,450	34,915
Unrestricted	<u>41,939,152</u>	<u>43,039,055</u>
Total Net Position	<u>81,761,132</u>	<u>83,767,219</u>
Total Liabilities and Net Position	\$ <u>96,457,184</u>	\$ <u>97,751,972</u>

The change in the hospital's net position is due to several factors. All cash including restricted cash and noncurrent cash decreased by \$6,261,798, or 37.43%, in 2023 compared to 2022. Patient accounts receivable increased by \$2,450,096, or 11.65%, in 2023 compared to 2022. Other receivables increased by \$3,321,241, or 926.71%, in 2023 compared to 2022. Estimated third-party payor settlements (net of estimated uncollectible) increased by \$199,440, or 40.22%, in 2023 compared to 2022. Capital assets decreased by \$744,175, or 1.75%, in 2023 compared to 2022. Subscription-based IT assets decreased by \$199,928, or 28.87%, in 2023 compared to 2022. Estimated third-party payor settlements increased by \$567,239, or 100.00%, in 2023 compared to 2022.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

OPERATING RESULTS AND CHANGES IN THE HOSPITAL'S NET POSITION

Table 2: Operating Results

	<u>2023</u>	<u>2022</u> (As Restated)
Operating Revenues:		
Net patient service revenues	\$ 66,871,322	\$ 63,237,313
Other revenues	2,242,599	2,909,199
Total Operating Revenues	<u>69,113,921</u>	<u>66,146,512</u>
Operating Expenses:		
Salaries and benefits	39,418,553	41,113,193
Supplies and drugs	13,641,233	13,363,212
Other operating expenses	14,529,713	13,487,659
Insurance	241,396	237,313
Depreciation and amortization	4,143,540	4,117,690
Total Operating Expenses	<u>71,974,435</u>	<u>72,319,067</u>
Operating Loss	<u>(2,860,514)</u>	<u>(6,172,555)</u>
Nonoperating Revenues (Expenses):		
Contributions	-	200
Ambulance contributions	224,299	268,817
County contributions	1,182,864	1,182,864
Transfers to county	(1,182,864)	(1,182,864)
Provider Relief Funds	-	3,932,402
Interest income	692,002	176,192
Investment income (loss)	151,473	(1,283,913)
Interest expense	(213,347)	(220,711)
Total Nonoperating Revenues (Expenses)	<u>854,427</u>	<u>2,872,987</u>
Excess of Revenues Under Expenses	<u>(2,006,087)</u>	<u>(3,299,568)</u>
Net Position Beginning of Year	<u>83,767,219</u>	<u>87,066,787</u>
Net Position End of Year	<u>\$ 81,761,132</u>	<u>\$ 83,767,219</u>

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

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

Operating Loss

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

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

- ◆ An increase in net patient service revenues of \$3,634,009, or 5.75% in 2023 compared to 2022, and a decrease of \$2,003,395, or 3.07% in 2022 compared to 2021.
- ◆ An increase in the Medicaid MHAP and Medicaid DSH programs of \$3,967,237, or 63.92% in 2023 compared to 2022, and an increase of \$589,588, or 10.50% in 2022 compared to 2021.
- ◆ A decrease in other operating revenue of \$666,600, or 22.91% in 2023 compared to 2022, and an increase of \$950,541, or 48.53% in 2022 compared to 2021.
- ◆ A decrease in employee salary and benefits expenses of \$1,694,640, or 4.12% in 2023 compared to 2022, and a decrease of \$1,158,717, or 2.74% in 2022 compared to 2021.
- ◆ An increase in supplies and drugs of \$278,021, or 2.08%, in 2023 compared to 2022, and an increase of \$811,097, or 6.46%, in 2022 compared to 2021.
- ◆ An increase in other operating expense of \$1,042,054, or 7.73%, in 2023 compared to 2022, and an increase of \$975,324, or 7.79%, in 2022 compared to 2021.
- ◆ An increase in depreciation and amortization expense of \$25,850, or 0.63%, in 2023 compared to 2022, and a decrease of \$123,813, or 2.92%, in 2022 compared to 2021.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of contributions, Provider Relief Funds, interest income, and investment income (loss). The hospital had contributions of \$1,407,163 for the year ended September 30, 2023, and \$1,451,881 for the year ended September 30, 2022. The hospital had no Provider Relief Funds for the year ended September 30, 2023, and \$3,932,402 for the year ended September 30, 2022. The hospital had interest income of \$692,002 for the year ended September 30, 2023, and \$176,192 for the year ended September 30, 2022. The hospital had investment income of \$151,473 for the year ended September 30, 2023 and an investment loss of \$1,283,913 for the year ended September 30, 2022.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

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

Nonoperating Revenues and Expenses (Continued)

Nonoperating expenses for the year 2023 consist primarily of transfers to the county, interest expense, and loss on disposal of assets. The hospital transferred \$1,182,864 to the county during the year ended September 30, 2023, and \$1,182,864 during 2022. The hospital had interest expense of \$213,347 for the year ended September 30, 2023, and \$220,711 for the year ended September 30, 2022.

THE HOSPITAL'S CASH FLOWS

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

CAPITAL ASSETS, LEASE ASSETS AND DEBT ADMINISTRATION

Capital Assets

As detailed in Note 8 of the financial statements, the hospital had \$41,805,823 invested in capital assets, net of accumulated depreciation at September 30, 2023, and \$42,549,998 at September 30, 2022. The hospital had capital expenditures of \$3,170,034, and \$2,668,766, in 2023, and 2022, respectively.

Lease Assets

As detailed in Note 9 of the financial statements, the hospital had \$12,099 invested in lease assets, net of accumulated amortization at September 30, 2023, and \$43,318 at September 30, 2022. The hospital did not issue any new leases in 2023 or 2022.

Subscription-based IT Assets

As detailed in Note 10 of the financial statements, the hospital had \$492,564 invested in subscription-based IT assets, net of accumulated amortization at September 30, 2023, and \$692,492 at September 30, 2022. The hospital issued no new subscription-based IT assets in 2023, and \$866,471 in subscription-based IT assets in 2022.

Debt

At September 30, 2023, the hospital had \$5,377,671 in notes and bonds payable outstanding. The hospital incurred \$1,469,000 in new debt in 2023 and made \$1,266,439 in principal payments. In 2022, the hospital had \$5,175,110 in notes and bond payable. The hospital incurred no new debt in 2022 and made \$1,483,354 in principal payments. See Note 13 for a detailed analysis of notes and bonds payable.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022

Lease Liability Obligations

At September 30, 2023, the hospital had \$12,745 in lease liability outstanding. The hospital incurred no new lease liability obligations in 2023 and made \$31,955 in principal payments. In 2022, the hospital had \$44,700 in lease liability obligations outstanding. The hospital incurred no new lease liability obligations in 2022 and made \$43,580 in principal payments. See Note 11 for a detailed analysis of lease liability obligations.

Subscription-based IT liabilities

At September 30, 2023, the hospital had \$506,445 in subscription-based IT liabilities outstanding. The hospital incurred no new subscriptions in 2023 and made \$194,991 in principal payments. In 2022, the hospital had \$701,436 in subscription-based IT liabilities outstanding. The hospital incurred \$866,471 in subscription-based IT liabilities in 2022 and made \$165,035 in principal payments. See Note 12 for a detailed analysis of lease liability obligations.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the hospital's finances and to show the hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Oktibbeha County Hospital D/B/A OCH Regional Medical Center's administrative offices at (662) 615-2550.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Statements of Net Position
September 30, 2023, and 2022

	2023	2022 (As Restated)
Assets		
Current Assets:		
Cash	\$ 3,457,131	\$ 11,279,353
Cash - Restricted under bond agreement for payment of current bond principal and interest	880,945	865,093
Cash - Restricted for indigent health care	33,450	34,915
Patient accounts receivables (Net of estimated uncollectibles and allowances of \$32,868,235 in 2023, and \$30,895,347 in 2022)	23,473,262	21,023,166
Other receivables	3,679,632	358,391
Estimated third-party payor settlements (Net of estimated uncollectible of \$856,956 in 2023, and \$856,956 in 2022)	695,364	495,924
Current portion of deferred expense	298,031	294,498
Inventories of supplies and drugs	1,664,141	1,530,408
Prepaid expenses	700,609	744,763
Total Current Assets	34,882,565	36,626,511
Noncurrent Cash and Investments:		
Cash - Designated by Board for capital improvements	6,097,730	4,551,693
MHA investment - Designated by Board for capital improvements	9,946,668	9,825,560
MHA investment - Restricted for liability risk	2,493,960	2,463,594
Total Noncurrent Cash and Investments	18,538,358	16,840,847
Capital Assets:		
Land	1,530,455	1,530,455
Depreciable capital assets (Net of accumulated depreciation and amortization of \$98,285,739 in 2023, and \$96,081,500 in 2022)	40,101,579	40,187,179
Construction in progress	173,789	832,364
Total Capital Assets	41,805,823	42,549,998
Lease Assets:		
Lease assets (net of accumulated amortization of \$56,859 in 2023 and \$76,939 in 2022)	12,099	43,318
Subscription-Based IT Assets:		
Subscription-based IT assets (net of accumulated amortization of \$373,907 in 2023 and \$173,979 in 2022)	492,564	692,492
Other Assets:		
Deferred expense	325,775	598,806
MHA investment - Mississippi Provider-Sponsored Health Plan	400,000	400,000
Total Other Assets	725,775	998,806
Total Assets	\$ 96,457,184	\$ 97,751,972

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

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
 Statements of Net Position
 September 30, 2023, and 2022

	2023	2022 (As Restated)
Liabilities and Net Position		
Current Liabilities:		
Accounts payable	\$ 2,968,120	\$ 2,755,833
Patient accounts receivable, credit balances	932,833	1,139,621
Accrued payroll and annual leave	3,674,801	3,572,691
Estimated third party payor settlements	567,239	-
Accrued expenses	42,683	40,820
Deferred income	613,515	554,542
Current maturities of notes payable	262,366	216,872
Current maturities of bonds payable	965,000	935,000
Current portion of lease liability obligations	12,745	31,955
Current portion of subscription-based IT liabilities	197,337	194,991
Total Current Liabilities	10,236,639	9,442,325
Long-Term Debt:		
Notes payable	1,120,971	19,810
Bonds payable, net of unamortized discount	3,029,334	4,003,428
Long-term lease liability obligations	-	12,745
Subscription-based IT liabilities	309,108	506,445
Total Long-Term Debt, Net of Current Maturities	4,459,413	4,542,428
Total Liabilities	14,696,052	13,984,753
Net Position:		
Invested in capital assets, net of related debt	36,413,625	37,364,562
Restricted:		
Restricted under bond agreement	880,945	865,093
Restricted for liability risk	2,493,960	2,463,594
Restricted for indigent health care	33,450	34,915
Unrestricted	41,939,152	43,039,055
Total Net Position	81,761,132	83,767,219
Total Liabilities and Net Position	\$ 96,457,184	\$ 97,751,972

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

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2023, and 2022

	2023	2022 (As Restated)
Operating Revenue:		
Net patient service revenue (Net of provision for bad debts of \$16,343,151 in 2023, and \$12,047,828 in 2022)	\$ 66,871,322	\$ 63,237,313
Other operating revenue	2,242,599	2,909,199
Total Operating Revenue	69,113,921	66,146,512
Operating Expenses:		
Salaries and benefits	39,418,553	41,113,193
Supplies and drugs	13,641,233	13,363,212
Other operating expenses	14,529,713	13,487,659
Insurance	241,396	237,313
Depreciation and amortization	4,143,540	4,117,690
Total Operating Expenses	71,974,435	72,319,067
Operating Loss	(2,860,514)	(6,172,555)
Nonoperating Revenues (Expenses):		
Contributions	-	200
Ambulance contributions	224,299	268,817
County contributions	1,182,864	1,182,864
Transfers to county	(1,182,864)	(1,182,864)
Provider Relief Funds	-	3,932,402
Interest income	692,002	176,192
Investment income (loss)	151,473	(1,283,913)
Interest expense	(213,347)	(220,711)
Total Nonoperating Revenues (Expenses)	854,427	2,872,987
Excess of Revenues Under Expenses	(2,006,087)	(3,299,568)
Net Position Beginning of Year	83,767,219	87,066,787
Net Position End of Year	\$ 81,761,132	\$ 83,767,219

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

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
 Statements of Cash Flows
 Years Ended September 30, 2023, and 2022

	2023	2022 (As Restated)
Cash Flows From Operating Activities:		
Receipts from patients and other services	\$ 63,460,618	\$ 67,840,953
Payments for supplies and other expenses	(27,956,095)	(26,667,177)
Payments to and on behalf of employees	(39,186,636)	(41,268,700)
Net Cash Used by Operating Activities	(3,682,113)	(94,924)
Cash Flows From Noncapital Financing Activities:		
County contributions	1,241,837	1,240,907
Transfers to the county	(1,182,864)	(1,182,864)
Contributions	224,299	269,017
Provider Relief Funds	-	3,932,402
Net Cash Provided by Noncapital Financing Activities	283,272	4,259,462
Cash Flows From Capital and Related Financing Activities:		
Purchase of property and equipment	(1,850,089)	(2,520,148)
Principal paid on long-term debt	(1,257,345)	(1,474,261)
Principal paid on lease obligations	(31,955)	(43,580)
Principal paid on subscription-based IT liabilities	(194,991)	(165,035)
Interest paid on long-term debt	(220,578)	(238,434)
Net Cash Used by Capital and Related Financing Activities	(3,554,958)	(4,441,458)
Cash Flows From Investing Activities:		
Interest income	692,001	176,192
Net Cash Provided by Investing Activities	692,001	176,192
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(6,261,798)	(100,728)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	16,731,054	16,831,782
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 10,469,256	\$ 16,731,054

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

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
 Statements of Cash Flows
 Years Ended September 30, 2023, and 2022

	2023	2022 (As Restated)
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	\$ (2,860,514)	\$ (6,172,555)
Adjustment to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities:		
Depreciation and amortization	4,143,540	4,117,690
Provision for uncollectible accounts	16,343,151	12,047,828
Loss on disposal of asset	1,816	48,825
Changes In:		
Patient accounts receivable	(19,000,035)	(10,020,455)
Supplies and other current assets	(3,410,820)	(260,816)
Deferred expense	269,498	12,166
Accounts payable, accrued expenses, and other current liabilities	463,452	515,376
Estimated third party payments	367,799	(382,983)
Net Cash Used by Operating Activities	\$ (3,682,113)	\$ (94,924)

Capital and Financing Activities:

The hospital entered into financed purchases notes payable of \$1,469,000 during the year ended September 30, 2023. The hospital entered into no financed purchases notes payable in 2022.

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

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

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

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

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

b. Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowance for uncollectibles, depreciation expense, lease assets and liabilities, and subscription based IT agreement assets and liabilities.

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

d. Cash, Cash Equivalents, and Restricted Cash – For purposes of the Statements of Cash Flows, cash, cash equivalents, and restricted cash include all cash on hand, checking accounts, and bond reserve funds.

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

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

d. Cash, Cash Equivalents, and Restricted Cash (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Statements of Net Position that sum to the total of the same such amounts shown in the Statements of Cash Flows:

	2023	2022
Cash	\$ 3,457,131	\$ 11,279,353
Cash - Restricted under bond agreement for payment of current bond principal and interest	880,945	865,093
Cash - Restricted for indigent health care	33,450	34,915
Noncurrent Cash - Designated by Board for capital improvements	6,097,730	4,551,693
	\$ 10,469,256	\$ 16,731,054

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

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

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

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

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

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

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

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

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

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

j. Subscription-based IT Liabilities - The hospital is a subscriber for noncancellable subscriptions. The hospital recognizes a subscription-based IT liability and an intangible right-of-use subscription-based IT asset in the financial statements. At the commencement of a subscription, the hospital initially measures the subscription-based IT liability at the present value of payments expected to be made during the subscription term. Subscriptions that were in effect prior to the implementation date are recognized in the year of transition based on the present value of the remaining payments at the implementation date. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. Subsequently, the subscription-based IT asset is amortized on a straight-line basis over its useful life.

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

k. Grants and Contributions – From time to time, the hospital receives grants from Oktibbeha County, Mississippi and other governmental entities, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

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

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

I. Restricted Resources – When the hospital has both restricted and unrestricted resources available to finance a particular program, it is the hospital’s policy to use restricted resources before unrestricted resources.

m. Net Position – Net position of the hospital is classified in three components. *Net position invested in capital assets net of related debt* consists of capital assets net of accumulated depreciation, lease assets net of accumulated amortization, subscription-based IT assets net of accumulated amortization, and is reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is made up of three components: *Restricted under bond agreement* consists of cash restricted under bond agreement for the payment of current bond principal and interest, *Restricted for liability risk* consists of cash restricted for the payment of potential professional and general liability claims, and *Restricted for indigent health care*. *Unrestricted net position* is remaining net position that does not meet the definition of *Invested in capital assets net of related debt* or *Restricted net position*. The following schedule details the items include in *Net position invested in capital assets net of related debt* for the years ended September 30, 2023, and 2022:

	2023	2022
Capital assets, net	\$ 41,805,823	\$ 42,549,998
Lease assets, net	12,099	43,318
Subscription-based IT assets, net	492,564	692,492
Less: notes payable	(1,383,337)	(236,682)
Less: bonds payable	(3,994,334)	(4,938,428)
Less: lease liability obligations	(12,745)	(44,700)
Less: subscription-based IT liabilities	(506,445)	(701,436)
Invested in capital assets, net of related debt	\$ 36,413,625	\$ 37,364,562

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

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

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

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

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

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

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

q. Charity Care – The hospital provides care to patients who meet certain criteria under its charity care policy. Because the hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The cost of charity care provided in 2023, and 2022, approximated \$633,000, and \$848,000, respectively.

r. Risk Management – The hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The hospital has set aside \$2,493,960 and \$2,463,594 for the years ended September 30, 2023, and 2022, respectively, which are designated for payment of potential liability resulting from professional and general liability claims. The designated amount is adjusted each year based on actuarial analysis and is approved by the State Tort Claims Board. The hospital purchases coverage of risks of loss related to theft of, damage to, and destruction of assets from various commercial insurance carriers. The hospital purchases coverage of risks of loss related to workers' compensation claims from Healthcare Providers Insurance Company.

Under *Governmental Accounting Standards Board Statement Number 10: Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, a liability for claim must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The hospital did not record a liability at September 30, 2023 for any potential loss related to liability risk.

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

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

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

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

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

Note 2: Designated Net Position

Of the \$41,984,152, and \$43,039,055, of unrestricted net position reported in 2023, and 2022, respectively, \$16,044,398, and \$14,377,253, respectively, has been designated by the hospital's Board of Trustees for capital acquisitions. Designated funds remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes.

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

Note 3: Change in Accounting Principle

On October 1, 2022 (the effective date), the hospital adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* using a retrospective method of adoption to all contracts meeting the definition of a SBITA, unless specifically excluded at the beginning of the earliest period presented which was October 1, 2021. The statement requires the hospital to recognize a subscription liability, measured at the present value of payments expected to be made during the subscription term, and an intangible asset representing the hospital's right to use the subscription asset at the commencement of the subscription term. The 2022 financial statements and disclosures were restated to reflect the impact of this adoption.

The effect of the changes made to the accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows as of and for the year ended September 30, 2022 are as follows:

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
	<u> </u>	<u> </u>	<u> </u>
Statement of Net Position			
Subscription-Based Assets:			
Subscription-based assets, Net	\$ -	\$ 692,492	\$ 692,492
Total Assets	<u>\$ 97,059,480</u>	<u>\$ 692,492</u>	<u>\$ 97,751,972</u>
 Current Liabilities:			
Current portion of Subscription-based IT liabilities	\$ -	\$ 194,991	\$ 194,991
Total Current Liabilities	<u>9,247,334</u>	<u>194,991</u>	<u>9,442,325</u>
 Long-Term Liabilities			
Subscription-based IT liabilities	-	506,445	506,445
Total Long-Term Liabilities	<u>4,035,983</u>	<u>506,445</u>	<u>4,542,428</u>
 Total Liabilities	<u>13,283,317</u>	<u>701,436</u>	<u>13,984,753</u>
 Net Position:			
Invested in capital assets, net of related debt	43,047,999	(8,944)	43,039,055
Total Net Position	<u>83,776,163</u>	<u>(8,944)</u>	<u>83,767,219</u>
 Total Liabilities and Net Position	<u>\$ 97,059,480</u>	<u>\$ 692,492</u>	<u>\$ 97,751,972</u>

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

Note 3: Change in Accounting Principle (Continued)

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses:			
Other operating expenses	\$ 13,672,493	\$ (184,834)	\$ 13,487,659
Depreciation and amortization	3,943,711	173,979	4,117,690
Total Operating Expenses	<u>72,329,922</u>	<u>(10,855)</u>	<u>72,319,067</u>
Operating Loss	<u>(6,134,585)</u>	<u>10,855</u>	<u>(6,123,730)</u>
Nonoperating Revenues (Expenses)			
Interest expense	(200,912)	(19,799)	(220,711)
Total Nonoperating Revenues (Expenses)	<u>2,843,961</u>	<u>(19,799)</u>	<u>2,824,162</u>
Excess of Revenues Over (Under) Expenses	(3,290,624)	(8,944)	(3,299,568)
Net Position End of the Year	<u>\$ 83,776,163</u>	<u>\$ (8,944)</u>	<u>\$ 83,767,219</u>
	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Statement of Cash Flows			
Cash Flows From Operating Activities:			
Payments to suppliers and contractors	\$ (26,852,011)	\$ 184,834	\$ (26,667,177)
Net Cash Used by Operating Activities	<u>(279,758)</u>	<u>184,834</u>	<u>(94,924)</u>
Cash Flows From Capital and Related Financing Activities:			
Principal payments on subscription-based IT liabilities	-	(165,035)	(165,035)
Interest paid on long-term debt	(218,635)	(19,799)	(238,434)
Net Cash Used by Capital and Related Financing Activities	<u>(4,256,624)</u>	<u>(184,834)</u>	<u>(4,441,458)</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	(6,134,585)	10,855	(6,123,730)
Depreciation and amortization	3,943,711	173,979	4,117,690
Net Cash Used by Operating Activities	<u>\$ (279,758)</u>	<u>\$ 184,834</u>	<u>\$ (94,924)</u>

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

Note 4: Cash and Other Deposits

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

The collateral for public entities deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under the program, an entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All hospital funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2023.

Custodial Credit Risk – Deposits – Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the hospital will not be able to recover deposits or collateral securities that are in the possession of an outside party. The hospital does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the hospital. As of September 30, 2023, none of the hospital's bank balance was exposed to custodial credit risk.

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

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

Note 5: Fair Value Measurements

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

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

Note 5: Fair Value Measurements (Continued)

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

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

Fair values of assets measured on a recurring basis at September 30, 2023, and 2022, are as follows:

<u>September 30, 2023</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
MHA Investment Pool	\$ 12,440,628	\$ -	\$ 12,440,628
	<u> </u>	<u> </u>	<u> </u>
 <u>September 30, 2022</u>	 <u>Fair Value</u>	 <u>Level 1</u>	 <u>Level 2</u>
MHA Investment Pool	\$ 12,289,154	\$ -	\$ 12,289,154
	<u> </u>	<u> </u>	<u> </u>

Mississippi Hospital Association Investment Pool

The hospital participates in the Mississippi Hospital Association Investment Pool program. The funds are invested for the benefit of the hospital by a third-party investment company, which is responsible for the management of the pool. A summary of the investments at September 30, 2023, and 2022, follows:

	<u>2023</u>	<u>2022</u>
MHA Investment Pool	\$ 9,159,080	\$ 9,114,870
MHA Liability Risk Pool	4,509,193	4,498,108
Unrealized loss on investments	<u>(1,227,645)</u>	<u>(1,323,824)</u>
	<u>\$ 12,440,628</u>	<u>\$ 12,289,154</u>

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

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

Note 6: Patient Receivables – Estimated Uncollectibles and Allowance

The balance in the estimated uncollectibles and allowances account at September 30, 2023, and 2022, is composed of the following:

	2023	2022
Provision for uncollectible accounts	\$ 12,768,279	\$ 12,834,366
Allowance for Medicare adjustment	5,221,439	4,305,531
Allowance for Medicaid adjustment	2,459,193	2,341,521
Allowance for other adjustments	12,419,324	11,413,929
	\$ 32,868,235	\$ 30,895,347

Note 7: Bond Indenture Funds

The funds held by the trustee as of September 30, 2023, and 2022, established in accordance with the requirements of the indentures to the 2011 MHEFA Bond and the 2013 Oktibbeha County Mississippi Revenue Bond are as follows:

	2023	2022
2013 Revenue Bond:		
Debt service reserve fund	880,945	865,093
Total Bond Indenture Funds for Revenue and MHEFA Bonds	880,945	865,093
Less: Bond principal and interest funds classified as current	(880,945)	(865,093)
Total Bond Indenture Funds, Excluding Current Portion	\$ -	\$ -

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

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

Note 8: Capital Assets

Capital asset additions, retirements, and balances for the years ended September 30, 2023, and 2022, were as follows:

	Balance September 30, 2022	Additions	Retirements and Transfers	Balance September 30, 2023
Land	\$ 1,530,455	-	-	\$ 1,530,455
Land improvements	2,617,546	-	-	2,617,546
Buildings and improvements	78,035,942	30,040	-	78,065,982
Fixed equipment	14,228,519	43,937	841,444	15,113,900
Major movable equipment:				
Financed Purchases	805,711	1,469,000	-	2,274,711
Other	39,553,696	1,315,081	(1,580,863)	39,287,914
Minor equipment	24,811	-	-	24,811
EMS equipment	6,514	-	-	6,514
OCH Orthopedics	98,229	-	-	98,229
OCH Pulmonology	7,361	-	-	7,361
OCH General Surgery	24,412	-	-	24,412
OCH Regional Health	2,939	-	-	2,939
OCH Medical Associates	14,144	-	-	14,144
OCH Breast Health Center	19,788	-	-	19,788
OCH Family Medicine Clinic	38,074	-	-	38,074
Automobiles	790,991	-	-	790,991
Construction in progress	832,364	311,976	(970,551)	173,789
Total Historical Cost	\$ 138,631,496	3,170,034	(1,709,970)	\$ 140,091,560

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

Note 8: Capital Assets (Continued)

	Balance September 30, 2022	Additions	Retirements and Transfers	Balance September 30, 2023
Less Accumulated Depreciation and Amortization for:				
Land improvements	\$ (2,456,186)	(33,600)	-	\$ (2,489,786)
Buildings and improvements	(45,210,733)	(1,957,470)	-	(47,168,203)
Fixed equipment	(11,996,880)	(356,668)	-	(12,353,548)
Major movable equipment	(35,530,848)	(1,504,075)	1,708,154	(35,326,769)
EMS equipment	(6,514)	-	-	(6,514)
OCH Orthopedics	(97,924)	(204)	-	(98,128)
OCH Pulmonolgy	(7,360)	-	-	(7,360)
OCH General Surgery	(14,549)	(1,252)	-	(15,801)
OCH Regional Health	(2,940)	-	-	(2,940)
OCH Medical Associates	(11,304)	(334)	-	(11,638)
OCH Breast Health Center	(19,709)	(80)	-	(19,789)
OCH Family Medicine Clinic	(38,072)	-	-	(38,072)
Automobiles	(688,481)	(58,709)	-	(747,191)
Total Accumulated Depreciation and Amortization	(96,081,500)	(3,912,392)	1,708,154	(98,285,739)
Capital Assets, Net	\$ 42,549,997	(742,358)	(1,816)	\$ 41,805,823

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

Note 8: Capital Assets (Continued)

	Balance September 30, 2021	Additions	Retirements and Transfers	Balance September 30, 2022
Land	\$ 1,178,326	352,130	-	\$ 1,530,455
Land improvements	2,617,546	-	-	2,617,546
Buildings and improvements	77,954,391	81,551	-	78,035,942
Fixed equipment	14,221,319	7,200	-	14,228,519
Major movable equipment:				
Financed Purchase	805,711	-	-	805,711
Other	38,925,321	2,037,304	(1,408,929)	39,553,696
Minor equipment	24,811	-	-	24,811
EMS equipment	6,514	-	-	6,514
OCH Orthopedics	98,229	-	-	98,229
OCH Pulmonology	7,361	-	-	7,361
OCH General Surgery	24,412	-	-	24,412
OCH Regional Health	2,939	-	-	2,939
OCH Medical Associates	14,144	-	-	14,144
OCH Breast Health Center	19,788	-	-	19,788
OCH Family Medicine Clinic	38,074	-	-	38,074
Automobiles	790,991	-	-	790,991
Construction in progress	641,783	190,581	-	832,364
Total Historical Cost	\$ 137,371,660	2,668,766	(1,408,929)	\$ 138,631,497

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

Note 8: Capital Assets (Continued)

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

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

Note 9: Lease Assets

Lease asset additions, terminations, and balances for the years ended September 30, 2023, and 2022, are as follows:

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

	Balance September 30, 2021	Additions	Terminations	Balance September 30, 2022
Lease Assets Being Amortized Equipment and building	\$ 132,575	-	(12,318)	\$ 120,257
Less: Accumulated Amortization Equipment and Building	(45,593)	(43,664)	12,318	(76,939)
Lease Assets, Net	\$ 86,982	(43,664)	-	\$ 43,318

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

Note 10: Subscription-Based IT Assets

Subscription-based IT asset additions, terminations, and balances for the years ended September 30, 2023 and 2022, are as follows:

	Balance September 30, 2022 (As Restated)	Additions	Terminations	Balance September 30, 2023
Subscription-based IT Assets	\$ 866,471	-	-	\$ 866,471
Less: Accumulated Amortization	(173,979)	(199,928)	-	(373,907)
Subscription-based IT Assets, Net	\$ 692,492	(199,928)	-	\$ 492,564
	Balance September 30, 2021	Additions	Terminations	Balance September 30, 2022 (As Restated)
Subscription-based IT Assets	\$ -	866,471	-	\$ 866,471
Less: Accumulated Amortization	-	(173,979)	-	(173,979)
Subscription-based IT Assets, Net	\$ -	692,492	-	\$ 692,492

Note 11: Lease Liability Obligations

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

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

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

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

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

Note 11: Lease Liability Obligations (Continued)

A schedule of changes in the hospital's lease liabilities for 2023, and 2022 follows:

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

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Lease liability obligation \$	<u>88,280</u>	<u>-</u>	<u>(43,580)</u>	<u>44,700</u>	<u>31,955</u>

The following is a schedule by year of payments for leases as of September 30, 2023:

Years ending September 30,	Total to be		
	Paid	Principal	Interest
2024	\$ 12,887	\$ 12,745	\$ 142
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
Thereafter	-	-	-
	<u>\$ 12,887</u>	<u>\$ 12,745</u>	<u>\$ 142</u>

Note 12: Subscription-Based IT Liabilities

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

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

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

Note 12: Subscription Based IT Liabilities (Continued)

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

	Balance September 30, 2021	<u>Additions</u>	<u>Reductions</u>	Balance September 30, 2022 <u>(As Restated)</u>	Amounts Due Within One Year
Subscription-based IT liabilities	\$ -	866,471	(165,035)	\$ 701,436	\$ 194,991

The following is a schedule by year of payments for subscription-based IT agreements as of September 30, 2023:

<u>Years ending September 30,</u>	Total to be		
	<u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 208,771	\$ 197,337	\$ 11,434
2025	167,812	161,537	6,275
2026	120,405	117,897	2,508
2027	29,813	29,674	139
2028	-	-	-
Thereafter	-	-	-
	<u>\$ 526,801</u>	<u>\$ 506,445</u>	<u>\$ 20,356</u>

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

Note 13: Notes and Bonds Payable

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

A schedule of changes in the hospital's notes and bonds payable for 2023, and 2022, follows:

	Balance 2022	Additions	Reductions	Balance 2023	Amounts Due Within One Year
Bonds and Notes Payable:					
Bonds payable	\$ 4,938,428	-	(944,094)	\$ 3,994,334	\$ 965,000
Notes payable	236,682	1,469,000	(322,345)	1,383,337	262,366
Total Notes and Bonds Payable	\$ 5,175,110	1,469,000	(1,266,439)	\$ 5,377,671	\$ 1,227,366
	Balance 2021	Additions	Reductions	Balance 2022	Amounts Due Within One Year
Bonds and Notes Payable:					
Bonds payable	\$ 6,062,521	-	(1,124,093)	\$ 4,938,428	\$ 935,000
Notes payable	595,943	-	(359,261)	236,682	216,872
Total Notes and Bonds Payable	\$ 6,658,464	-	(1,483,354)	\$ 5,175,110	\$ 1,151,872

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

Note 13: Notes and Bonds Payable (Continued)

A detail of notes and bonds payable, at September 30, 2023, and 2022, follows:

Bonds Payable	2023	2022
Series 2013 Revenue Bonds with varying interest rates, interest due semiannually and principal due in varying annual installments with final installment due in the year 2027, secured by hospital revenue. Balance net of unamortized premium of \$43,428 at September 30, 2022 and \$52,521 at September 30, 2021.	\$ 3,994,334	\$ 4,938,428
Total Bonds Payable	\$ 3,994,334	\$ 4,938,428
Notes Payable	2023	2022
Olympus Financial Services, 2.75% due in monthly installments of principal and interest with final installment due in the year 2024, secured by Urology equipment.	\$ 39,529	\$ 155,966
Intuitive Surgical Inc, 4.75% due in monthly installments of principal and interest with final installment due in 2029, secured by da Vinci XI System.	1,343,808	-
IBM Credit LLC, 3.97% due in monthly installments of principal and interest with final installment due in 2023, secured by Radiology Equipment.	-	80,716
Total Notes Payable	\$ 1,383,337	\$ 236,682

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

Year Ended September 30:	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2024	965,000	131,206	262,366	59,248
2025	995,000	101,050	233,655	48,203
2026	1,030,000	68,713	244,999	36,859
2027	1,004,334	33,950	256,893	24,965
2028	-	-	269,365	12,494
Thereafter	-	-	116,059	1,382
Total	\$ 3,994,334	\$ 334,919	\$ 1,383,337	\$ 183,151

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

Note 14: Net Patient Service Revenue

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

- a. **Medicare** – Inpatient acute care services, outpatient services, and nonacute inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospital and audits thereof by the Medicare fiscal intermediary. The hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2018.
- b. **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the hospital and audits thereof by the Medicaid fiscal intermediary. The hospital is reimbursed for outpatient services under a cost-based reimbursement methodology that is updated annually.
- c. **Medicaid Disproportionate Share Payment** – The hospital paid the Medicaid disproportionate share program \$153,387 for the year ended September 30, 2023 and \$175,793 for the year ended September 30, 2022.

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

- d. **Medicaid Mississippi Hospital Access Payment** – The hospital received Medicaid Mississippi hospital access payments of \$10,327,296 for the year ended September 30, 2023, and \$6,382,465 for the year ended September 30, 2022. The Medicaid Mississippi hospital access program is a program whereby the hospital qualifies for Mississippi hospital access program funds in addition to regular funds. The Mississippi Division of Medicaid administers the program through the Mississippi CAN coordinated care organizations, and the continuation of the program rests with the federal government.

Note 15: Medical Benefit Plan

The hospital adopted a self-funded medical benefit plan on May 1, 1980, covering substantially all of its employees and certain dependents of the employees. The total medical benefit expense for the years ended September 30, 2023, and 2022, amounted to \$505,378, and \$811,840, respectively. The hospital's policy is to fund the estimated medical benefit claims that will be filed against the plan less the contributions made by employees covered by the plan. In addition, an allowance, representing the write-off of charges applicable to in-house claims of the employees and their dependents, was provided in the amounts of \$959,502 in 2023, and \$1,434,707 in 2022.

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

Note 16: Employee Retirement Plan

The hospital has a retirement plan with discretionary employer contributions by the hospital for IRS approved section 401(a) and 403(b) accounts and non-employer contributions to 457(b) accounts. A qualifying employee is fully vested after five years of credited services. The hospital's total discretionary contributions to the 401(a) and 403(b) accounts on the plans for 2023, and 2022 was \$739,278, and \$728,349 respectively. The total employees' elective contributions to the 403(b) account on the plan for 2023, and 2022 were \$1,277,392, and \$1,371,017, respectively. The 457(b) is a deferred compensation plan with employees' elective contributions. The total employees' elective contributions to the 457(b) account on the plan for 2023, and 2022 was \$261,881, and \$275,472, respectively.

Note 17: Concentrations of Credit Risk

The hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2023, and 2022, was as follows:

	2023	2022
Medicare	16%	14%
Medicaid	7%	7%
Patients and other third-party payors	77%	79%
	100%	100%

Note 18: Commitments and Contingencies

a. Litigation – The hospital is party to various legal proceedings, which normally occur in the operation of a hospital. The range of potential loss at September 30, 2023, and 2022, has not been estimated. Management does not expect any significant liability to result from these legal proceedings other than that which has already been accrued as of September 30, 2023, and 2022.

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

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

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

Note 19: Agreement with County

The hospital receives funds from Oktibbeha County, Mississippi. These funds are deposited into the hospital's general account established under the bond indenture agreement for the 2002 Revenue Bonds. The hospital pledged the payment of \$98,572 per month to the County until the final maturity of the 2002 Revenue Bonds. The hospital made payments to the County of \$1,182,864, and \$1,182,864, for the years ended September 30, 2023, and 2022, respectively. The 2002 Revenue Bonds were refunded by the hospital's issuance of the 2013 Revenue Bonds on May 30, 2013. The maturity of the 2013 bonds remained the same as the 2002 debt with a maturity of 2027.

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

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

Year Ended

September 30:

2024	\$	1,182,864
2025	\$	1,182,864
2026	\$	1,182,864
2027	\$	1,182,864
2028	\$	-

Note 20: Other Assets

Included in Other Assets on the Statements of Net Position is the hospital's investment in Mississippi True d/b/a TrueCare, a not-for-profit health maintenance organization which serves as a provider-sponsored health plan in Mississippi. The amount of the hospital's investment was \$400,000 as of September 30, 2023, and 2022. The hospital has elected to report this investment at cost since there is not a market for the ownership interest in the company.

Note 21: COVID Funds

The hospital received Provider Relief Funds and American Rescue Plan Rural Distribution payments of \$3,932,402 during the year ended September 30, 2022. The hospital did not receive any Provider Relief Funds and American Rescue Plan Rural Distribution payments during the year ended September 30, 2023. These funds were disbursed by the Health Resources and Services Administration (HRSA) in accordance with the CARES Act of 2020. The CARES Act appropriated the Provider Relief Funds and American Rescue Plan Rural Distribution payments to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The hospital's acceptance of these funds requires compliance with reporting requirements as specified by the Secretary of Health and Human Services. The reporting requirements include submitting healthcare related expenses attributable to COVID-19 and lost revenue calculations to HRSA for review and eligibility approval.

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

Note 21: COVID Funds (Continued)

OCH Regional Medical Center completed their HRSA portal reporting for reporting period four in March 2023. The hospital identified healthcare related expenses attributable to COVID-19 not reimbursed by other sources of \$782,300 and calculated lost revenues of \$3,158,635 for a total of \$3,940,935. This included the funds received and the related interest earned on these funds of \$8,533. The hospital reported that all funds received for reporting period four were used and none would be returned.

The 2022 Compliance Supplement released by the Office of Management and Budget provides guidance on the reporting of Provider Relief Funds and American Rescue Plan Rural Distribution payments subject to the audit requirement of title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). The compliance testing and the reporting of the phase four funds expended for the year ended September 30, 2022 are reported on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2023.

Note 22: Reclassification

In our financial reporting for the period ending September 30, 2023, we have reclassified certain items to enhance clarity and transparency. Notable reclassifications affecting the presentation of the September 30, 2022 Statement of Net Position for comparative purposes include segregating cash and net position restricted for indigenous health care, incorporating lease assets and liability obligations in net position invested in capital assets, net of related debt, and reclassifying loss on disposal of capital asset from nonoperating activities to operating activities. Specifically, the \$34,915 reported as cash restricted for indigent health care and \$34,915 reported as net position restricted for indigent health care were previously reported in cash and unrestricted net position, respectively. In addition, unrestricted net position was increased by \$1,382 and net position invested in capital assets, net of related debt, was decreased by \$1,382 due to incorporating the \$43,318 in lease assets and the \$44,700 in lease liabilities obligations into the net position invested in capital assets, net of related debt. Lastly, the reclassification of loss on disposal of capital assets increased operating loss by \$48,825. The reclassifications detailed above have no effect on total assets and total liabilities and net position reported on the Statement of Net Position as of September 30, 2022 and no effect on the excess of revenues under expenses reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2022.

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

Note 23: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Oktibbeha County Hospital D/B/A OCH Regional Medical Center evaluated the activity of the hospital through July 15, 2024, (the date the financial statements were available to be issued), and determined that there were no subsequent events requiring disclosures in the notes to the financial statements.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2023, and 2022

	2023	2022
Patient Service Revenue:		
Inpatient:		
Nursing Service:		
Routine service	\$ 3,513,886	\$ 4,308,167
Swingbeds	60,697	34,826
Intensive care	2,093,791	2,674,163
Nursery	1,708,975	1,916,388
Other Nursing Service:		
Operating and recovery room	4,035,573	4,178,834
Ambulatory surgery	21,189	25,421
Heart monitor	98,066	103,248
Delivery room	3,911,924	4,278,004
Central service and supply	1,650,887	1,904,851
Intravenous therapy	2,016,135	2,443,320
Emergency service	1,628,362	1,804,350
Pathology	19,284	26,181
Hospitalist	345,199	849,545
Total Nursing Service Revenue	21,103,968	24,547,298
Other Professional Service:		
Laboratory	2,585,911	3,381,413
Blood bank	525,807	577,048
Electrocardiology	130,029	152,488
Radiology	491,214	655,231
Pharmacy	6,090,971	8,453,070
Anesthesiology	293,084	281,534
Respiratory therapy	5,979,327	8,825,477
Physical therapy	116,508	124,548
Nuclear medicine	895	8,241
CT scan	1,463,948	1,631,200
Ambulance	165,865	290,374
Speech pathology	63,223	80,772
Ultrasound	210,548	331,235
MRI	112,053	166,703
Occupational therapy	33,615	36,305
Total Other Professional Service Revenue	18,262,998	24,995,639
Total Inpatient Revenue	39,366,966	49,542,937

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2023, and 2022

	2023	2022
Outpatient:		
Other Nursing Service:		
Operating and recovery room	26,350,385	28,558,567
Ambulatory surgery	1,722,581	1,533,146
Heart monitor	178,528	198,997
Central service and supply	1,975,530	2,009,141
Intravenous therapy	1,786,433	1,833,460
Emergency service	27,972,478	25,732,427
Pathology	191,887	239,524
Total Nursing Service Revenue	60,177,822	60,105,262
Other Professional Service:		
Laboratory	10,899,193	10,673,085
Blood	475,639	568,845
Electrocardiology	1,256,330	1,177,513
Ambulance	1,525,178	1,998,837
Radiology	5,969,149	5,819,300
Pharmacy	12,179,569	9,849,547
Anesthesiology	6,900,342	7,282,757
Respiratory therapy	5,500,715	5,177,528
Physical therapy	875,120	897,109
Nuclear medicine	501,199	581,803
CT scan	16,049,420	14,971,625
Cardiac rehabilitation	548,619	621,766
Speech pathology	104,458	91,215
Ultrasound	1,445,416	1,522,495
MRI	3,881,573	3,647,285
Occupational therapy	555,927	448,672
OCH Orthopedics Clinic	3,748,030	3,009,163
Center for Breast Health	1,561,998	1,727,357
OCH Pulmonology	526,046	470,691
OCH Family Medicine Clinic	840,761	849,409
OCH Medical Associates	1,639,376	1,693,241
OCH Center for Pain	6,427,640	5,799,161
OCH Hyperbaric Center	759,805	490,747
OCH Wound Care Center	9,105,288	9,324,088
OCH Cardiology	124,587	85,727
OCH Huxford Pulmonology	550	459,253
OCH Infusion Center	52,152	277,492
Total Other Professional Service Revenue	93,454,080	89,515,711
Total Outpatient Revenue	153,631,902	149,620,973
Total Patient Service Revenue	192,998,868	199,163,910

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Revenues
Years Ended September 30, 2023, and 2022

	2023	2022
Contractual Adjustments and Allowances:		
Medicare	40,751,859	44,272,797
Medicaid	21,022,725	24,021,026
Blue Cross	1,937,514	2,257,374
Charity care	2,066,098	2,846,621
Medicaid MHAP payment	(10,327,296)	(6,382,465)
Medicaid DSH payment	153,387	175,793
Administrative and other adjustments	54,180,108	56,687,623
Total Contractual Adjustments and Allowances	109,784,395	123,878,769
Provision for Uncollectable Accounts	16,343,151	12,047,828
Net Patient Service Revenue	66,871,322	63,237,313
Other Operating Revenue:		
Employee pharmacy sales	421,607	426,600
Medical records transcript	8,686	9,878
Employee and guest meals	439,240	404,872
Medical and surgical supplies	1,676	8,953
Purchase discounts	49,612	89,089
Wellness Connection fees	578,496	563,144
Physician office buildings - rent	305,154	297,741
EMCC Telehealth Program	95,565	94,530
Shared savings distributions	181,072	510,759
Miscellaneous revenue	161,491	503,633
Total Other Operating Revenue	2,242,599	2,909,199
Total Operating Revenue	\$ 69,113,921	\$ 66,146,512

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Expenses
Years Ended September 30, 2023, and 2022

	2023			2022 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
Nursing Services:						
Nursing administration	\$ 727,620	\$ 9,038	\$ 3,640	\$ 715,657	\$ 15,813	\$ 4,400
Routine services	2,290,403	63,684	205,873	2,530,631	100,250	177,027
Intensive care	1,004,574	21,056	92,018	990,070	30,654	59,797
Nursery	791,020	35,023	37,459	773,015	34,982	12,737
Other Nursing Services:						
Operating and recovery rooms	1,824,955	6,563,583	883,339	1,847,214	6,148,861	899,937
Ambulatory surgery	733,491	549,230	39,940	745,170	366,981	45,826
Delivery room	1,168,863	129,547	157,575	1,383,775	126,647	60,576
Central service and supply	303,995	744,476	171,768	298,037	816,185	140,241
Emergency service	5,457,279	79,300	936,460	5,483,137	86,627	839,835
Trauma	63,464	41	18,000	55,226	256	16,978
Hospitalist	566,592	1,509	928,454	556,519	1,956	946,924
Other Professional Services:						
Laboratory	891,748	776,487	820,633	939,824	744,956	962,028
Blood bank	-	-	187,253	-	-	247,904
Electrocardiology	-	1,044	124,145	-	1,645	153,718
Radiology	887,693	72,346	420,378	818,484	86,684	386,799
Pharmacy	667,990	2,213,437	105,184	662,164	2,349,319	110,685
Anesthesiology	3,143,805	92,276	355,425	3,419,257	96,284	45,552
Respiratory therapy	1,172,084	155,052	84,565	1,453,242	139,590	111,246
Ambulance	692,713	93,110	156,292	997,173	124,377	90,174
Physical therapy	661,698	18,290	37,998	732,044	10,894	39,462
Ultrasound	141,417	2,163	167,981	138,117	3,974	105,096
CT scan	97,664	71,016	64,051	101,205	68,074	66,527
Nuclear medicine	104,999	37,088	22,563	56,992	44,326	28,143
Medical records	807,529	9,844	45,875	789,677	8,081	52,345
Social service	67,482	444	-	72,412	1,322	-
Cardiac rehabilitation	137,413	3,320	15,083	151,767	4,426	14,101
Speech pathology	87,154	250	-	84,096	1,446	43
Wellness Center	457,831	7,956	152,042	454,879	11,018	136,606
Sports medicine	212,425	2,877	22,238	247,513	3,208	30,748
Physician's office	2,233,779	261,406	218,735	1,925,205	135,650	139,198

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Detailed Schedules of Operating Expenses
Years Ended September 30, 2023, and 2022

	2023			2022 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Benefits	Supplies and Drugs	Other
Other Professional Services (Continued):						
Occupational therapy	333,447	11,584	4,522	358,223	8,367	2,353
Breast Health Center	1,154,867	32,842	68,139	1,136,148	130,763	75,582
OCH General Surgery	-	-	784	-	-	206
OCH Medical Associates	849,113	32,168	62,599	1,138,127	59,266	75,187
OCH Urology Associates	-	60	26	-	113	1,343
OCH Pulmonology	526,995	25,899	34,268	505,236	20,141	29,390
OCH Center for Pain	566,602	14,234	429,193	542,267	13,204	430,746
OCH Hyperbaric Center	-	450	107,133	-	-	81,593
OCH Wound Care Center	-	381,895	871,072	-	496,024	845,625
OCH Family Health Clinic	319,694	12,035	31,655	319,295	13,095	25,442
OCH Medical Associates	758,989	131,703	77,996	637,845	96,587	102,454
OCH Cardiology	132,478	976	162,050	100,602	2,572	141,673
OCH Huxford Pulmonology	-	-	-	47,833	-	-
OCH Infusion Center	39,805	1,324	1,223	45,388	7,638	175
General Services:						
Dietary	1,137,124	662,826	149,102	1,227,028	623,428	172,204
Maintenance	423,857	118,592	1,693,103	413,691	94,099	1,789,047
Housekeeping	603,879	91,258	106,597	584,087	93,155	105,063
Laundry and linen	24,981	-	201,538	24,577	-	187,897
Security	227,577	7,578	2,080	242,783	11,380	3,262
Administration and Fiscal Services:						
Administrative	884,603	29,625	1,665,260	983,312	46,075	1,259,011
Fiscal	4,036,862	71,291	2,386,406	4,384,249	82,819	2,234,753
Total	\$ 39,418,553	\$ 13,641,233	\$ 14,529,713	\$ 41,113,193	\$ 13,363,212	\$ 13,487,659

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
 Schedule of Surety Bonds for Officials and Employees
 September 30, 2023

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

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Schedule of Expenditures of Federal Awards
September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Grantor's Number	Federal Expenditures
Department of Health and Human Services:			
Direct Program:			
COVID-19 - Provider Relief Fund and American Rescue Plan Rural Distribution	93.498	N/A	\$ 3,940,935
Passed Through State of Mississippi:			
COVID-19 Community Vaccination Program	93.268	FFSCN-328	<u>24,150</u>
Total Federal Awards			\$ <u><u>3,965,085</u></u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of OCH Regional Medical Center under programs of the federal government for the year ended September 30, 2023. The Schedule also includes Provider Relief Funds and American Rescue Plan Rural Distribution payments received during the period of July 1, 2021 through December 31, 2021 with a deadline for use of December 31, 2022 in accordance with HRSA guidelines. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of OCH Regional Medical Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of OCH Regional Medical Center.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Costs

OCH Regional Medical Center has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Other Information

Expenditures reported on the Schedule as COVID-19 – Provider Relief Funds and American Rescue Plan Rural Distribution are based upon the Provider Relief Fund reporting portal submission four (4) which covers Provider Relief Fund and American Rescue Plan Rural Distribution payments received by OCH Regional Medical Center from July 1, 2021 through December 31, 2021.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise Oktibbeha County Hospital D/B/A OCH Regional Medical Center’s basic financial statements as listed in the table of contents, and have issued our report thereon dated July 15, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oktibbeha County Hospital D/B/A OCH Regional Medical Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, P.C.



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**Independent Auditors' Report on Compliance for the Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Oktibbeha County Hospital D/B/A OCH Regional Medical Center's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Oktibbeha County Hospital D/B/A OCH Regional Medical Center's major federal program for the year ended September 30, 2023. Oktibbeha County Hospital D/B/A OCH Regional Medical Center's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Oktibbeha County Hospital D/B/A OCH Regional Medical Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oktibbeha County Hospital D/B/A OCH Regional Medical Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oktibbeha County Hospital D/B/A OCH Regional Medical Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oktibbeha County Hospital D/B/A OCH Regional Medical Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Oktibbeha County Hospital D/B/A OCH Regional Medical Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Oktibbeha County Hospital D/B/A OCH Regional Medical Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oktibbeha County Hospital D/B/A OCH Regional Medical Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Oktibbeha County Hospital D/B/A OCH Regional Medical Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, PLLC



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Independent Auditors' Report on Compliance with State Laws and Regulations

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

We have audited the financial statements of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, a component unit of Oktibbeha County, Mississippi, as of and for the years ended September 30, 2023, and 2022, and have issued our report thereon dated July 15, 2024.

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

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

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

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

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

In connection with our audit of the financial statements of Oktibbeha County Hospital D/B/A OCH Regional Medical Center, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the status of all prior year audit findings must be reported. Oktibbeha County Hospital D/B/A OCH Regional Medical Center had no prior year audit findings.

OKTIBBEHA COUNTY HOSPITAL D/B/A OCH REGIONAL MEDICAL CENTER
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2023

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|--|
| 4. Internal control over major federal programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs: | |
| <u>CFDA Number</u>
93.498 | <u>Name of Federal Program or Cluster</u>
Provider Relief Funds and American Rescue Plan Rural Distribution |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings related to the federal awards that are required to be reported under the Uniform Guidance.