

HOCKING VALLEY COMMUNITY HOSPITAL

(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

CPAs / ADVISORS





65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Hocking Valley Community Hospital
P.O. Box 966
Logan, Ohio 43138

We have reviewed the *Independent Auditor's Report* of the Hocking Valley Community Hospital, Hocking County, prepared by Blue & Co., LLC, for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hocking Valley Community Hospital is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 30, 2025

This page intentionally left blank.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

TABLE OF CONTENTS
DECEMBER 31, 2024 AND 2023

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited).....	i-x
Basic Financial Statements	
Statements of Net Position.....	5
Statements of Revenues, Expenses, and Changes in Net Position.....	7
Statements of Cash Flows	8
Notes to Financial Statements.....	10
Required Supplementary Information	
Required Supplementary Information on GASB 68 Pension Assets, Pension Liabilities, and Pension Contributions (unaudited)	49
Required Supplementary Information on GASB 75 Other Postemployment Benefit Assets, Liabilities, and Contributions (unaudited).....	50
Notes to Required Supplementary Information.....	51
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	52

This page intentionally left blank.



Blue & Co., LLC / 9200 Worthington Road Suite 200 / Westerville, OH 43082
main 614.885.2583 website blueandco.com

INDEPENDENT AUDITOR'S REPORT

Hocking Valley Community Hospital
Hocking County
601 OH-664 N
Logan, Ohio 43138

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Hocking Valley Community Hospital (the Hospital), a component unit of Hocking County, Ohio, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Hospital as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Going Concern

The accompanying financial statements have been prepared assuming that the Hospital will continue as a going concern. As discussed in Note 20 to the financial statements, the Hospital's decrease in net position and decrease in days cash on hand raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are described in Note 20 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

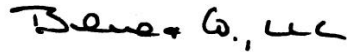
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information on Governmental Accounting Standards Board (GASB) 68 Pension Assets, Pension Liabilities, and Pension Contributions and GASB 75 Other Postemployment Benefit Assets, Liabilities, and Contributions 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2025 on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.



Westerville, Ohio
July 28, 2025

**HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis

The discussion and analysis of Hocking Valley Community Hospital's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the years ended December 31, 2024, 2023, and 2022. The discussion and analysis is based on Hospital only activity and does not include The Hocking Valley Community Hospital Memorial Funds, Inc. (the Foundation) activity. Please read in conjunction with the Hospital's financial statements, which begin on page 5.

Financial Highlights

- The Hospital's net position decreased \$3,725,289 in 2024 and increased \$192,901 in 2023.
- The decrease in the Hospital's total 2024 operating income (loss) of \$2,752,048 from 2023 is the result of a 9.8% increase in operating expenses of \$4,255,286, which was offset by a 3.4% increase in operating revenues of \$1,503,238
- The Hospital paid \$2,665,170 and \$2,848,380 to the Foundation in support of the Hocking Valley Medical Group, Inc. during 2024 and 2023, respectively.
- The cumulative impact of adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension* (GASB 68), and GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75) has been a \$16,026,359 decrease in the Hospital's net position through December 31, 2024.

Using This Annual Report

The Hospital's financial statements consist of three statements – statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. These financial statements and related notes provide information about the activities of the Hospital.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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

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 the 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. The statements of net position 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.

The statements of revenues, expenses, and changes in net position report the Hospital's net position and related changes. 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.

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, noncapital related financing and capital related 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?"

Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the statements of net position on pages 5 and 6. The Hospital's net position decreased by \$3,725,289 in 2024.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Condensed Financial Information

The following is a comparative analysis of major components of the statements of net position of the Hospital as of December 31, 2024, 2023, and 2022:

	2024	2023	2022
Assets and deferred outflows of resources			
Current assets	\$ 12,858,726	\$ 17,769,651	\$ 16,924,200
Noncurrent assets	987,642	122,196	2,974,212
Capital assets, net	13,138,136	13,708,620	13,911,435
Total assets	26,984,504	31,600,467	33,809,847
Deferred outflows of resources			
Pension	9,077,793	11,754,072	4,228,418
Other post-employment benefits	768,495	1,727,974	194,428
Total deferred outflows of resources	9,846,288	13,482,046	4,422,846
Total assets and deferred outflows of resources	<u>\$ 36,830,792</u>	<u>\$ 45,082,513</u>	<u>\$ 38,232,693</u>
Liabilities, deferred inflows of resources, and net position			
Current liabilities	\$ 5,934,356	\$ 7,695,189	\$ 7,492,737
Noncurrent liabilities	30,073,346	33,179,858	14,176,531
Total liabilities	36,007,702	40,875,047	21,669,268
Deferred inflows of resources			
Pension	40,194	51,202	9,898,858
Other post-employment benefits	551,981	200,060	2,901,264
Total deferred inflows of resources	592,175	251,262	12,800,122
Net position			
Net investment in capital assets	7,883,665	7,319,213	6,544,408
Unrestricted	(7,652,750)	(3,363,009)	(2,781,105)
Total net position	<u>230,915</u>	<u>3,956,204</u>	<u>3,763,303</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 36,830,792</u>	<u>\$ 45,082,513</u>	<u>\$ 38,232,693</u>

A significant component of the Hospital's assets are capital assets. Capital assets, net, decreased by \$570,484, or 4.2% in 2024. Capital assets acquired by the Hospital were \$2,162,415 in 2024. These additions were offset by depreciation and amortization of \$2,732,899. Capital assets, net, decreased by \$202,815, or 1.5%, in 2023. Fixed assets acquired by the Hospital were \$2,364,027 in 2023. These additions were offset by depreciation and amortization of \$2,566,842.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Results and Changes in the Hospital's Net Position

The following is a comparative analysis of the statements of operations and changes in net position for the years ended December 31, 2024, 2023, and 2022:

	2024	2023	2022
Revenues			
Net patient service revenue	\$ 44,796,474	\$ 43,476,183	\$ 39,424,503
Other operating revenue	1,139,725	956,778	585,477
Total operating revenue	45,936,199	44,432,961	40,009,980
Expenses			
Salaries and wages	18,830,020	16,998,956	15,587,287
Employee benefits	7,714,905 (&)	8,018,619 (^)	1,264,774 (#)
Supplies and other expenses	10,508,544	9,053,512	7,631,867
Professional fees and services	7,494,839	6,399,560	6,424,734
Depreciation and amortization	2,732,899	2,566,842	2,331,065
Insurance	228,612	217,044	194,361
Total operating expenses	47,509,819	43,254,533	33,434,088
Operating income (loss)	(1,573,620)	1,178,428	6,575,892
Nonoperating expenses	(2,151,669)	(985,527)	(2,053,738)
Increase (decrease) in net position	(3,725,289)	192,901	4,522,154
Net position, beginning of year	3,956,204	3,763,303	(758,851)
Net position, end of year	<u>\$ 230,915</u>	<u>\$ 3,956,204</u>	<u>\$ 3,763,303</u>

(&) 2024 employee benefits expense includes the GASB 68 and 75 expense of \$1,123,358

(#) 2022 employee benefits expense includes the GASB 68 and 75 income of \$5,047,490

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

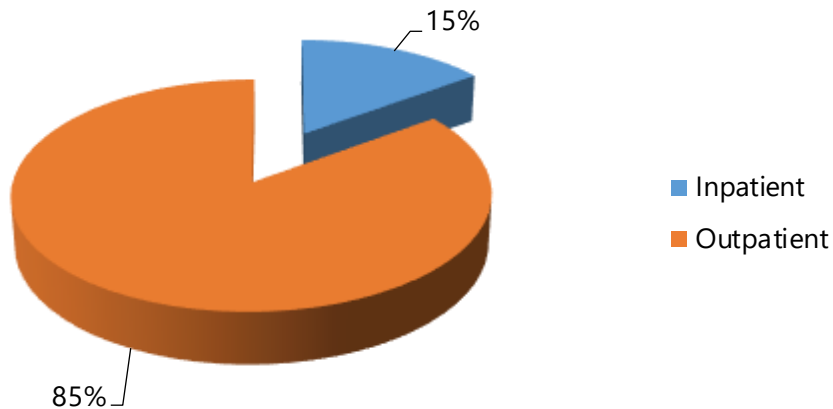
Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as inpatient services, outpatient services, physician offices, and the cafeteria.

Operating revenue changes were a result of the following factors:

- Net patient service revenue increased \$1,320,291 or 3.0% from 2023 to 2024. This increase was primarily due to increased volumes in high-dollar procedures.
- Net patient service revenue increased \$4,051,680 or 10.3% from 2022 to 2023. This increase was primarily due to increased volumes in high-dollar procedures.

The following is a graphic illustration of operating revenues by type for 2024:



HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

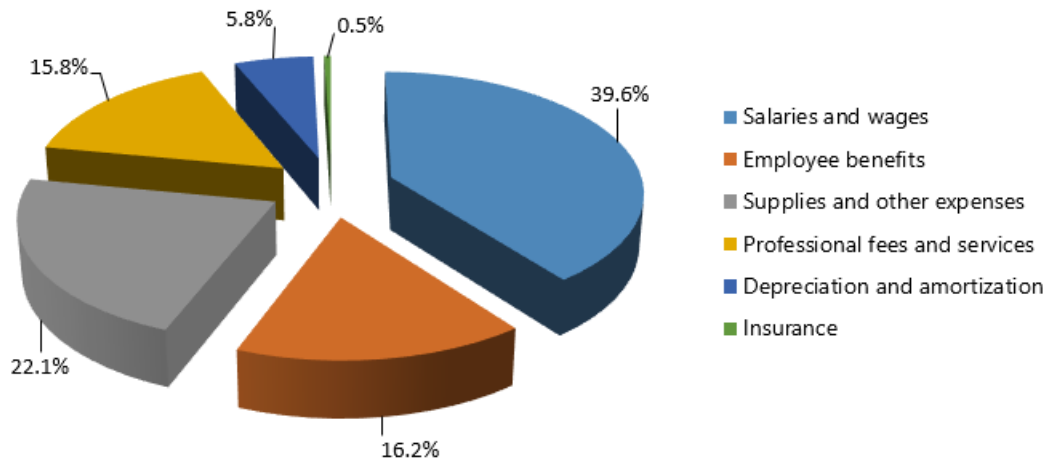
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses

Operating expenses are all the costs incurred that are necessary to perform and conduct the services and primary purposes of the Hospital. The significant operating expense changes were the result of the following factors:

- Salaries and wages increased \$1,831,064 or 10.8% from 2023 to 2024. The increase in salaries and wages between 2023 and 2024 was primarily due to pay rate increases that varied by position and a slight increase in total labor hours. Salaries and wages increased \$1,411,669 or 9.1% from 2022 to 2023. The increase in salaries and wages between 2022 and 2023 was primarily due to pay rate increases that varied by position and a slight increase in total labor hours.
- Employee benefits decreased \$303,714 or 3.8% from 2023 to 2024. This decrease was primarily related to the net expense as a result of the impact of GASB 68 and 75 decreasing from 2023. Employee benefits increased \$6,753,845 or 534% from 2022 to 2023. This increase was primarily related to the impact of GASB 68 and 75 shifting from a net benefit in 2022 to a net expense in 2023.

The following is a graphic illustration of operating expenses by type for 2024:



HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Sources of Revenue

The Hospital derives substantially all of its revenue from patient services and other related activities. Revenue includes, among other items, revenue from the Medicare and Medicaid programs, patients, insurance carriers, preferred provider organizations, and managed care programs.

The Hospital provides care to patients under payment arrangements with Medicare, Medicaid, and various managed care programs. Services provided under those arrangements are paid at predetermined rates and/or reimbursable costs as defined by the related Federal and State regulations. Provisions have been made in the financial statements for contractual adjustments, which represent the difference between the standard charges for services and the actual or estimated reimbursement.

Operating Income (Loss)

The first component of the overall change in the Hospital's net position is its operating income (loss). Generally, operating income (loss) is the difference between net patient service revenue and the expenses incurred to perform those services. In 2024, the Hospital reported an operating loss of \$1,573,620. The Hospital reported operating incomes of \$1,178,428, and \$6,575,892 in 2023 and 2022, respectively.

The decrease of \$2,752,048 in the Hospital's total operating income (loss) in 2024 from 2023 is due to an increase in total operating revenues of \$1,503,238, offset by an increase in total operating expenses of \$4,255,286.

The decrease of \$5,397,464 in the Hospital's total operating income in 2023 from 2022 is the result of a \$6,440,738 net decrease in gains from GASB 68 and 75 estimates in 2023 compared to 2022, and \$1,411,669, or 9.1%, increase in salaries and wages, offset in part by an increase in net patient service revenues of \$4,051,680, or 10.3%.

The Hospital provides care for patients who have little or no health insurance or other means of repayment. This service to the community is consistent with the goals of the Hospital when it was established. Because there is no expectation of repayment, charity care is not reported as patient service revenues of the Hospital and represents unreimbursed charges incurred by the Hospital in providing uncompensated care to indigent patients. Based on established rates, charges of \$791,542 were waived under the Hospital's charity care policy during 2024 as compared to \$677,369 in 2023.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Nonoperating Revenues (Expenses)

The Hospital's net investment income amounted to \$192,691 and \$292,109 in 2024 and 2023, respectively. The Hospital provided funding to the Foundation, which in turn provided funding to the Hocking Valley Medical Group, Inc. of \$2,665,170 and \$2,848,380 in 2024 and 2023, respectively. The Hospital received noncapital grants and contributions of \$620,820 and \$1,888,425 in 2024 and 2023, respectively.

Statements of Cash Flows

The primary purpose of the statements of cash flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows helps assess:

- An entity's ability to generate future net cash flows
- Its ability to meet obligations as they come due
- Its need for financing

	2024	2023	2022
Cash provided by (used in):			
Operating activities	\$ 3,238,819	\$ 2,126,510	\$ (167,962)
Non-capital financing activities	(2,015,500)	(926,020)	(1,866,152)
Investing activities	2,380,795	2,026,536	4,122,024
Capital and related financing activities	(3,626,211)	(3,693,263)	(2,361,687)
Total	(22,097)	(466,237)	(273,777)
Cash - beginning of year	469,031	935,268	1,209,045
Cash - end of year	<u>\$ 446,934</u>	<u>\$ 469,031</u>	<u>\$ 935,268</u>

Capital Assets and Debt Administration

Capital Assets

The Hospital had \$13,138,136 and \$13,708,620 invested in capital assets at December 31, 2024 and 2023, respectively. The Hospital acquired or constructed capital assets in the amount of \$2,162,415 and \$2,364,027 during 2024 and 2023, respectively.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Debt

The Hospital had \$5,254,471 and \$6,389,407 in bond, notes, lease, and subscription-based information technology arrangement liabilities outstanding at December 31, 2024 and 2023, respectively.

GASB No. 68 (Accounting and Financial Reporting for Pensions), as amended by GASB Statement No. 71 and GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions)

Included in the Hospital's financial statements is the impact of the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Hospital is required to recognize their proportionate share of the Ohio Public Employees Retirement System (OPERS) unfunded liability within the financial statements. A proportionate share of the net pension liabilities of OPERS and other postemployment benefits (OPEB) has been allocated to the Hospital, based on retirement plan contributions for Hospital employees. The cumulative impact of adopting GASB Statement No. 68 and GASB Statement No. 75 has been a \$16,026,359 reduction in the Hospital's net position through December 31, 2024.

These standards fundamentally changed the future accounting and financial reporting requirements for public pensions. The standards required each public employer to account for a portion of its public pension plan's unfunded liabilities on their statements of net position. As part of this accounting recognition, there will be operating income/loss impacts into the future. However, since the impact is dependent upon the OPERS investment portfolio performance via market investments, it is uncertain as to the performance of these investments in future years.

The rules represent a change in reporting – not a change in funding. The Hospital continues to contribute 14% annually to the pension and OPEB. This is the same percentage contributed prior to the adoption of these standards.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

The chart below summarizes 2024 activity with and without the impact of GASB Statement No. 68 and GASB Statement No. 75.

	Presentation in accordance with Generally Accepted Accounting Principles	Presentation without GASB 68 & 75
Operating results		
Operating income	\$ (1,573,620)	\$ (450,262)
Net position		
Assets and deferrals	\$ 36,830,792	\$ 25,996,862
Liabilities and deferrals	36,599,877	9,739,588
Net position	230,915	16,257,274
Total liabilities and net position	\$ 36,830,792	\$ 25,996,862

Contacting the Hospital's Financial Management

The financial report is designed to provide 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 the Chief Financial Officer, 601 State Route 664, P.O. Box 966, Logan, OH 43138.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	Assets and Deferred Outflows of Resources			
	Hocking Valley Community Hospital		Component Unit The Hocking Valley Community Hospital Memorial Fund, Inc.	
	2024	2023	2024	2023
Current assets				
Cash and cash equivalents	\$ 446,934	\$ 469,031	\$ 170,666	\$ 564,065
Patient accounts receivable, net of uncollectible accounts of approximately \$1,276,000 and \$974,000 in 2024 and 2023, respectively	7,969,973	10,556,904	-	-
Investments	2,147,156	4,335,260	1,359,473	498,344
Inventories	498,861	507,166	-	-
Estimated amounts due from third-party payors	94,271	-	-	-
Prepaid expenses and other assets	1,701,531	1,901,290	5,002	6,163
Total current assets	12,858,726	17,769,651	1,535,141	1,068,572
Noncurrent assets				
Board designated cash	-	-	290,000	290,000
Net pension asset	115,154	122,196	-	-
Net other post-employment benefit asset	872,488	-	-	-
Donor restricted investments	-	-	218,052	218,052
Noncurrent investments	-	-	-	250,000
Total noncurrent assets	987,642	122,196	508,052	758,052
Capital assets				
Land and construction in progress	539,567	906,253	954,288	954,288
Buildings, land improvements, and equipment, net	9,247,655	8,620,035	1,037,819	1,071,982
Intangible right-to-use assets, net	3,350,914	4,182,332	-	-
Capital assets, net	13,138,136	13,708,620	1,992,107	2,026,270
Total assets	26,984,504	31,600,467	4,035,300	3,852,894
Deferred outflows of resources				
Pension	9,077,793	11,754,072	-	-
Other post-employment benefits	768,495	1,727,974	-	-
Total outflows of resources	9,846,288	13,482,046	-	-
Total assets and deferred outflows of resources	<u>\$ 36,830,792</u>	<u>\$ 45,082,513</u>	<u>\$ 4,035,300</u>	<u>\$ 3,852,894</u>

See accompanying notes to financial statements.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	Liabilities, Deferred Inflows of Resources, and Net Position			
	Hocking Valley Community Hospital		Component Unit The Hocking Valley Community Hospital Memorial Fund, Inc.	
	2024	2023	2024	2023
Current liabilities				
Current portion lease liability	\$ 618,514	\$ 685,707	\$ -	\$ -
Current portion subscription-based information technology arrangements liability	656,399	609,112	-	-
Current portion of long-term debt	174,326	170,711	47,413	45,661
Accounts payable and accrued expenses	2,404,551	3,100,926	64,142	-
Accrued payroll and related liabilities	626,170	1,077,886	-	-
Self-insurance liabilities	372,872	280,227	-	-
Accrued compensated absences	1,081,524	814,417	-	-
Estimated amounts due to third party payors	-	956,203	-	-
Total current liabilities	5,934,356	7,695,189	111,555	45,661
Noncurrent liabilities, net of current portions				
Noncurrent lease liability	1,664,428	1,891,840	-	-
Noncurrent subscription-based information technology arrangements liability	830,478	1,486,877	-	-
Net pension liability	26,268,114	27,685,815	-	-
Net other post-employment benefit liability	-	570,166	-	-
Long-term debt	1,310,326	1,545,160	780,445	817,961
Total noncurrent liabilities	30,073,346	33,179,858	780,445	817,961
Total liabilities	36,007,702	40,875,047	892,000	863,622
Deferred inflows of resources				
Pension	40,194	51,202	-	-
Other post-employment benefits	551,981	200,060	-	-
Total deferred inflows of resources	592,175	251,262	-	-
Net position				
Net investment in capital assets	7,883,665	7,319,213	1,164,249	1,162,648
Restricted for:				
Nonexpendable:				
Endowment	-	-	179,236	179,236
Expendable:				
Donor restricted for various purposes	-	-	38,816	38,816
Unrestricted	(7,652,750)	(3,363,009)	1,760,999	1,608,572
Total net position	230,915	3,956,204	3,143,300	2,989,272
Total liabilities, deferred inflows of resources and net position	\$ 36,830,792	\$ 45,082,513	\$ 4,035,300	\$ 3,852,894

See accompanying notes to financial statements.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Hocking Valley Community Hospital		Component Unit The Hocking Valley Community Hospital Memorial Fund, Inc.	
	2024	2023	2024	2023
Operating revenues				
Net patient service revenue	\$ 44,796,474	\$ 43,476,183	\$ -	\$ -
Other operating revenue	1,139,725	956,778	114,000	110,000
Total operating revenues	45,936,199	44,432,961	114,000	110,000
Operating expenses				
Salaries and wages	18,830,020	16,998,956	-	-
Employee benefits	7,714,905	8,018,619	-	-
Supplies and other expenses	10,508,544	9,053,512	41,013	35,512
Professional fees and service	7,494,839	6,399,560	35,000	-
Depreciation and amortization	2,732,899	2,566,842	34,163	40,884
Insurance	228,612	217,044	-	-
Total operating expenses	47,509,819	43,254,533	110,176	76,396
Operating income (loss)	(1,573,620)	1,178,428	3,824	33,604
Nonoperating revenues (expenses)				
Payments made to The Hocking Valley Community Hospital Memorial Fund, Inc.	(2,665,170)	(2,848,380)	-	-
Net investment income	192,691	292,109	105,103	68,091
Interest expense	(328,860)	(351,616)	(59,593)	(49,572)
Other nonoperating income	28,850	33,935	-	-
Grant expenses and support	-	-	(22,969)	(22,451)
Noncapital grants and contributions	620,820	1,888,425	127,663	158,626
Total nonoperating revenues (expenses)	(2,151,669)	(985,527)	150,204	154,694
Change in net position	(3,725,289)	192,901	154,028	188,298
Net position, beginning of year	3,956,204	3,763,303	2,989,272	2,800,974
Net position, end of year	\$ 230,915	\$ 3,956,204	\$ 3,143,300	\$ 2,989,272

See accompanying notes to financial statements.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Hocking Valley Community Hospital		Component Unit The Hocking Valley Community Hospital Memorial Fund, Inc.	
	2024	2023	2024	2023
Cash flows from operating activities				
Cash received from patients and third party payors	\$ 46,332,931	\$ 40,378,578	\$ -	\$ -
Cash paid to employees for wages and benefits	(25,513,531)	(23,772,220)	-	-
Cash paid to vendors for goods and services	(18,720,306)	(15,436,626)	(10,710)	(52,772)
Other receipts	1,139,725	956,778	114,000	110,000
Net cash provided by operating activities	3,238,819	2,126,510	103,290	57,228
Cash flows from noncapital financing activities				
Grants, contributions, and other nonoperating revenue	649,670	1,922,360	127,663	158,626
Grant expenses and support	-	-	(22,969)	(22,451)
Payments made to The Hocking Valley Community Hospital Memorial Fund, Inc.	(2,665,170)	(2,848,380)	-	-
Net cash used in noncapital financing activities	(2,015,500)	(926,020)	104,694	136,175
Cash flows from capital and related financing activities				
Principal payments on long-term debt	(231,219)	(223,358)	(35,764)	(32,636)
Principal payments on lease obligations	(735,580)	(973,042)	-	-
Principal payments of subscription-based information technology arrangement obligations	(609,112)	(588,370)	-	-
Interest paid	(328,860)	(351,616)	(59,593)	(49,572)
Acquisition and construction of capital assets	(1,721,440)	(1,556,877)	-	-
Net cash used in capital and related financing activities	(3,626,211)	(3,693,263)	(95,357)	(82,208)
Cash flows from investing activities				
Interest and dividend income	192,691	292,109	43,414	24,127
Sale of investments	2,350,000	1,950,000	-	-
Investment purchases and reinvestments	(161,896)	(215,573)	(549,440)	(569,658)
Net cash provided by investing activities	2,380,795	2,026,536	(506,026)	(545,531)
Net decrease in cash and cash equivalents	(22,097)	(466,237)	(393,399)	(434,336)
Cash and cash equivalents:				
Beginning of year	469,031	935,268	564,065	998,401
End of year	\$ 446,934	\$ 469,031	\$ 170,666	\$ 564,065

See accompanying notes to financial statements.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Hocking Valley Community Hospital		Component Unit The Hocking Valley Community Hospital Memorial Fund, Inc.	
	2024	2023	2024	2023
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ (1,573,620)	\$ 1,178,428	\$ 3,824	\$ 33,604
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	2,732,899	2,566,842	34,163	40,884
Provision for bad debt	4,088,322	3,018,043	-	-
Pension benefit (GASB 68)	1,254,612	2,261,915	-	-
Other post employment benefits (GASB 75)	(131,254)	(868,667)	-	-
Changes in:				
Patient accounts receivable	(1,501,391)	(5,514,168)	-	-
Inventories, prepaid expenses and other assets	208,064	(665,835)	1,161	(3,163)
Accounts payable, accrued expenses and unearned revenue	(696,375)	899,325	64,142	(14,097)
Accrued payroll and related liabilities	(451,716)	(98,097)	-	-
Self-insurance liabilities	92,645	(131,383)	-	-
Refundable advances	-	(1,673,528)	-	-
Estimated amounts due from third-party payors	(1,050,474)	1,072,048	-	-
Accrued compensated absences	267,107	81,587	-	-
Net cash provided by operating activities	<u>\$ 3,238,819</u>	<u>\$ 2,126,510</u>	<u>\$ 103,290</u>	<u>\$ 57,228</u>
Supplemental disclosure of noncash capital financing activities				
Assets acquired under lease liabilities	\$ 440,975	\$ 807,150	\$ -	\$ -

See accompanying notes to financial statements.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. REPORTING ENTITY

Hocking Valley Community Hospital (the Hospital), located in Hocking County, Logan, Ohio, is organized as a county hospital under provisions of the general statutes of the state of Ohio requiring no specific articles of incorporation. The organization is exempt from Federal income taxes. The Board of Trustees, appointed by the county commissioners and the probate and common pleas court judges, is charged with the management and operation of the Hospital, its finances, and its staff. The Hospital is considered a component unit of Hocking County, Ohio, and is included as a component unit in the basic financial statements of Hocking County.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Hocking Valley Community Hospital Memorial Fund, Inc. (Foundation) is included as a discretely presented component unit in a separate column in the Hospital's financial statements to emphasize that it is legally separate from the Hospital. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amounts of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to support the activities of the Hospital. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the Hospital, it is considered a component unit of the Hospital. The Foundation is a private nonprofit organization that reports under accounting principles generally accepted in the United States of America set forth by Financial Accounting Standards Board (FASB) standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements include the accounts of the Hospital and its component unit, the Foundation. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The Hospital follows the "business-type" activities reporting requirements of GASB Statement No. 34, which provides a comprehensive look at the Hospital's financial activities.

The Foundation reports under accounting principles generally accepted in the United States of America set forth by FASB standards. As such, certain presentation features for the Foundation have been conformed to the GASB presentation. There were no significant differences between the two frameworks related to the Foundation.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting

The Hospital utilizes the propriety fund method of accounting whereby revenue and expenses are recognized on the full accrual basis. Substantially all revenue and expenses are subject to accrual.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less at the date of purchase.

Inventories

Inventories, consisting primarily of medical supplies and drugs, are valued at the lower of cost, determined by the first-in, first-out method, or market.

Investments

The Hospital records its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Unrealized gains and losses on investments are included in net investment income (loss) in the statements of revenues, expenses, and changes in net position.

The Foundation records its investments at fair value in accordance with the Investments Topic of the FASB's Accounting Standards Codification. Differences between cost and fair value are recognized as unrealized gains or losses in the period in which they occur. The realized gain or loss on investments is the difference between the proceeds received and the cost of investments sold.

The Hospital and Foundation hold investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Donor Restricted Investments

Donor restricted investments consist of assets maintained by the Foundation whose use is restricted by a donor.

Statements of Revenues, Expenses, and Changes in Net Position

The Hospital recognizes as operating revenues those transactions that are major or central to the provision of health care services. Operating revenues include those revenues received for direct patient care, grants received from organizations as reimbursement for patient care, and other incidental revenue associated with patient care. Operating expenses include those costs associated with providing patient care including costs of professional services, operating the hospital facilities, administrative expenses, and depreciation and amortization. Nonoperating revenues include investment income and grants and contributions received for purposes other than capital asset acquisition. Nonoperating expenses include interest expense and expenses for grants to the Foundation which represent amounts paid to the Foundation for the benefit of Hocking Valley Medical Group (see Note 17).

Capital Assets

Purchased, constructed, or acquired intangible right-to-use capital assets are reported at historical costs. Contributed capital assets are recorded at their acquisition value at the time of their donation. Expenditures for capital assets must exceed \$5,000 in order for them to be capitalized. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred. All capital assets other than land are depreciated or amortized (in the case of right-to-use assets) using the straight-line method of depreciation using these useful lives:

Buildings and related improvements	10 to 40 years
Fixed equipment	10 to 20 years
Moveable equipment	3 to 20 years
Land improvements	10 to 20 years
Intangible right-to-use assets	3 to 7 years

Amortization expense on right-to-use assets is included in depreciation and amortization in the statements of revenues, expenses, and changes in net position. The asset and accumulated depreciation/amortization are removed from the related accounts when the asset is disposed. Any gain or loss resulting from this disposal is recorded in the statements of revenues, expenses, and changes in net position.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Compensated Absences

A liability for compensated absences is recognized when the leave is earned by the employee and unused as of the reporting date (vacation leave, sick leave, and holidays). For certain types of leave, such as parental leave, a liability is recognized only when the leave commences. Leave likely to be settled through conversion to defined postemployment benefits has been excluded from the liability for compensated absences. The liability for compensated absences is measured using the employee's pay rate as of the date of the financial statements. Historical usage patterns and employment policies were considered in estimating the liability. The liability and expense incurred for employee vacation, sick leave, holidays, and parental leave are recorded as accrued compensated absences in the statement of net position and as a component of salaries and wages or employee benefits on the statement of revenues, expenses, and changes in net position.

Grants and Contributions

From time to time, the Hospital receives grants and contributions from governmental organizations, private 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 as nonoperating revenues and expenses.

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.

Net Position

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation/amortization, and is reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted net position: Results when constraints placed on the use of the net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position: Consists of remaining net position that does not meet the previously listed criteria.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising in such matters.

Franchise Fee

Effective July 1, 2009, the state of Ohio began assessing a franchise fee to hospitals to fund health care programs. The Hospital incurred franchise fee expenses of \$1,225,032 and \$1,162,492 in 2024 and 2023, respectively, and recorded the amount in supplies and other expenses in the statements of revenues, expenses, and changes in net position. Additionally, the Hospital paid \$669,319 and \$612,805 of its 2024 and 2023 franchise fee payments in advance, which was reflected in the statements of net position as prepaid expenses as of December 31, 2024 and 2023, respectively.

Patient Accounts Receivable and Net Patient Service Revenue

The Hospital recognizes net patient service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less actual adjustments, and estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid, managed care, and other health plans. The Hospital is designated as a critical access facility by the Medicare program. As a result, Medicare inpatient and outpatient services are reimbursed at the approximate cost plus 1% of providing those services subject to the federal sequestration provisions. Payment for the majority of Medicaid inpatient and outpatient services is based on a prospectively determined fixed price. Gross patient service revenue is recorded in the accounting records using the established rates for the type of service provided to the patient. The Hospital recognizes an estimated contractual allowance to reduce gross patient charges to the estimated net realizable amount for services rendered based upon previously agreed-to rates with a payor. The Hospital utilizes the patient accounting system to calculate contractual allowances on a payor-by-payor basis based on the rates in effect for each primary third-party payor. Another factor that is considered and could further influence the level of the contractual reserves includes the status of accounts receivable balances as inpatient or outpatient. The Hospital's management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms that result from contract renegotiations and renewals.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Payors include federal and state agencies, including Medicare, Medicaid, managed care health plans, commercial insurance companies, employers, and patients. These third-party payors provide payments to the Hospital at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital estimates an allowance for doubtful accounts based on an evaluation of historical losses, current economic conditions, and other factors unique to the Hospital.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Of the Hospital's total operating expenses (approximately \$47,510,000 and \$43,255,000 during 2024 and 2023, respectively), an estimated \$291,000 and \$248,000 arose from providing services to charity patients during 2024 and 2023, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue. The Hospital participates in the Hospital Care Assurance Program (HCAP), which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services to the indigent and uninsured. Net amounts recognized through this program totaled \$660,431 and \$546,186 for 2024 and 2023, respectively, and are reported as net patient service revenue in the financial statements.

Pension and Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to the pension and OPEB, and pension and OPEB income and expense, information about the net position of the Ohio Public Employees Retirement System (OPERS) and addition to/deductions from the OPERS's net position have been determined on the same basis as they are reported by the OPERS.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the current year presentation. There were no changes in net position as a result of these reclassifications.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Subsequent Events

The Hospital has evaluated subsequent events through July 28, 2025, the date the financial statements were available to be issued.

3. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2024, the Hospital implemented GASB Statement No. 101, *Compensated Absences* (GASB 101), which requires that liabilities for compensated absences be recognized for leave earned that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Compensated absences include vacation leave, sick leave, holidays, and parental leave. The adoption of GASB 101 did not have a material effect on the prior period financial statements of the Hospital. Therefore, no restatement of the prior period was necessary.

4. FUNCTIONAL EXPENSES AND OTHER – FOUNDATION

The Foundation performs fundraising services on behalf of the Hospital. Expenses related to providing these services for the year ended December 31, 2024 were as follows:

	Fundraising
Supplies and other expenses	\$ 41,013
Professional fees and services	35,000
Depreciation	34,163
	<u>\$ 110,176</u>

Expenses related to providing these services for the year ended December 31, 2023 were as follows:

	Fundraising
Supplies and other expenses	\$ 35,512
Depreciation	40,884
	<u>\$ 76,396</u>

Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of net position date for general expenditures for the years ended December 31 are as follows:

	2024	2023
Cash and cash equivalents	\$ 170,666	\$ 564,065
Investments	1,359,473	498,344
	<u>\$ 1,530,139</u>	<u>\$ 1,062,409</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of net position date. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

5. DEPOSITS AND INVESTMENTS

Deposits

State law requires insurance or collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits might not be recovered. Through December 31, 2024, Federal Deposit Insurance Corporation (FDIC) insurance for funds held in interest bearing accounts is \$250,000 per depositor per category of legal ownership. Ohio Revised Code requires that deposits in excess of FDIC insured amounts are collateralized. The Hospital's investment policy does not address custodial credit risk, but it believes that the Hospital's depository bank carries sufficient collateral to cover the total amount of public funds on deposit with the bank (after FDIC coverage) and is in compliance with the requirements specified in Sections 135.18 and 135.181 of the Ohio Revised Code.

The bank balances of the Hospital's deposits at December 31, 2024 and 2023 totaled \$3,387,793 and \$5,170,197, respectively, and were subject to the following categories of custodial credit risk:

	2024	2023
Collateral held by the counterparty's agent but not in the name of the Hospital	\$ 975,213	\$ 569,874
Total amount subject to custodial risk	975,213	569,874
Amount insured	2,412,580	4,600,323
Total bank balances	<u>\$ 3,387,793</u>	<u>\$ 5,170,197</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Investments – The Hospital

The Hospital has adopted an investment policy that is consistent with the allowable investments provided by the Auditor of State. The policy authorizes the Hospital to invest in the following:

- United States obligations or any other obligation guaranteed as to principal and interest by the United States.
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality.
- Interim deposits in the eligible institutions applying for interim monies as provided in Ohio Revised Code Section 135.08.
- Bonds or other obligations of the state of Ohio.
- The Ohio Subdivisions Fund (Star Ohio) as provided in Ohio Revised Code Section 135.45.
- Certificates of deposit.

The Hospital's investments generally are reported at fair value, as discussed in Note 2. At December 31, 2024 and 2023, the Hospital had the following investments, maturities and rates (per Standard & Poor's), all of which were held in the Hospital's name by custodial banks that are agents of the Hospital:

		2024	
		Investment Maturities	
	Carrying Amount	Less than 1 Year	1-5 Years
Money market funds			
AAA	\$ 2,147,156	\$ 2,147,156	\$ -
	<u>\$ 2,147,156</u>	<u>\$ 2,147,156</u>	<u>\$ -</u>
		2023	
		Investment Maturities	
	Carrying Amount	Less than 1 Year	1-5 Years
Money market funds			
AAA	\$ 4,335,260	\$ 4,335,260	\$ -
	<u>\$ 4,335,260</u>	<u>\$ 4,335,260</u>	<u>\$ -</u>

Interest Rate Risk

The Hospital's investment policies limit investment portfolios to maturities of five years or less. All of the Hospital's investments at December 31, 2024 and 2023 have effective maturity dates of less than five years.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Hospital's investment policy does not address custodial credit risk. For the years ended December 31, 2024 and 2023, the Hospital is not exposed to custodial credit risk as it relates to its investment portfolio.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investments in any issuer. This does not apply to obligations and agencies of the United States Treasury which are deemed to be "risk-free". The Hospital's investment policy requires that the portfolio be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific type of security. The Hospital believes that it is not exposed to any significant credit risk on investments.

Investments – The Foundation

As of December 31, the fair values of the Foundation's investments were as follows:

	2024	2023
Mutual funds	\$ 297,079	\$ 237,001
Exchange traded funds	195,751	186,779
Common stock	34,762	35,998
Money market funds	142	1,059
Certificates of deposit	1,049,791	505,559
	<u>\$ 1,577,525</u>	<u>\$ 966,396</u>

The Foundation's investment income for the year ended December 31 consisted of the following:

	2024	2023
Interest and dividends, net of investment management fees	\$ 43,414	\$ 24,127
Net unrealized/realized gains	61,689	43,964
	<u>\$ 105,103</u>	<u>\$ 68,091</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

6. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital and Foundation have the ability to access.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

- Money markets – Valued based at the subscription and redemption activity at a \$1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

- Exchange traded funds - Valued at the daily closing price as reported by the fund. Exchange traded funds held by the Foundation are funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The exchange traded funds held by the Foundation are deemed to be actively traded.
- Common stock – Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets at fair value as of December 31, 2024 and 2023. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

		2024			
		Level 1	Level 2	Level 3	Total
Money market funds					
AAA		\$ -	\$ 2,147,156	\$ -	\$ 2,147,156
		<u>\$ -</u>	<u>\$ 2,147,156</u>	<u>\$ -</u>	<u>\$ 2,147,156</u>
		2023			
		Level 1	Level 2	Level 3	Total
Money market funds					
AAA		\$ -	\$ 4,335,260	\$ -	\$ 4,335,260
		<u>\$ -</u>	<u>\$ 4,335,260</u>	<u>\$ -</u>	<u>\$ 4,335,260</u>

The Hospital's policy is to recognize transfers between levels as of the end of the reporting period.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Foundation assets measured at fair value on a recurring basis as of December 31, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Money market	\$ -	\$ 142	\$ -	\$ 142
Mutual funds:				
Money market	4,975	-	-	4,975
Fixed income	125,595	-	-	125,595
Foreign large blend	40,067	-	-	40,067
Foreign small/mid growth	9,479	-	-	9,479
Large growth	52,301	-	-	52,301
Large value	13,883	-	-	13,883
Mid-cap growth	29,875	-	-	29,875
Small value	20,904	-	-	20,904
Exchange traded funds:				
Fixed income	24,031	-	-	24,031
Foreign large blend	28,463	-	-	28,463
Large value growth	32,435	-	-	32,435
Large value growth	75,639	-	-	75,639
Mid-cap value	35,183	-	-	35,183
Common stock:				
Energy	34,762	-	-	34,762
	<u>\$ 527,592</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>527,734</u>
			Certificates of deposit	<u>1,049,791</u>
			Total investments	<u>\$ 1,577,525</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Foundation assets measured at fair value on a recurring basis as of December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Money market	\$ -	\$ 1,059	\$ -	\$ 1,059
Mutual funds:				
Money market	8,391	-	-	8,391
Fixed income	109,649	-	-	109,649
Foreign large blend	38,078	-	-	38,078
Foreign large growth	8,594	-	-	8,594
Foreign small/mid blend	8,363	-	-	8,363
Foreign small/mid growth	4,707	-	-	4,707
Large growth	42,578	-	-	42,578
Mid-cap growth	16,641	-	-	16,641
Exchange traded funds:				
Fixed income	29,577	-	-	29,577
Foreign large blend	38,482	-	-	38,482
Large value growth	42,362	-	-	42,362
Large value	42,469	-	-	42,469
Mid-cap blend	21,143	-	-	21,143
Small blend	12,746	-	-	12,746
Common stock:				
Energy	35,998	-	-	35,998
	<u>\$ 459,778</u>	<u>\$ 1,059</u>	<u>\$ -</u>	<u>460,837</u>
			Certificates of deposit	<u>505,559</u>
			Total investments	<u>\$ 966,396</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

7. CAPITAL ASSETS

The Hospital's capital asset additions, transfers, retirements, and balances as of and for the years ended December 31, were as follows:

	2024			
	Beginning Balance	Additions	Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,120	\$ -	\$ -	\$ 5,120
Construction in process	901,133	1,396,930	(1,763,616)	534,447
Total non-depreciable capital assets	906,253	1,396,930	(1,763,616)	539,567
Depreciable capital assets:				
Land improvements	559,611	-	-	559,611
Buildings and improvements	19,283,253	-	304,002	19,587,255
Equipment	23,628,504	324,510	1,661,903	25,614,917
Total depreciable capital assets	43,471,368	324,510	1,965,905	45,761,783
Less accumulated depreciation:				
Land improvements	(513,352)	(13,825)	-	(527,177)
Buildings and improvements	(13,309,325)	(627,555)	-	(13,936,880)
Equipment	(21,028,656)	(819,126)	(202,289)	(22,050,071)
Total accumulated depreciation	(34,851,333)	(1,460,506)	(202,289)	(36,514,128)
Total depreciable capital assets, net	8,620,035	(1,135,996)	1,763,616	9,247,655
Intangible right-to-use assets:				
Leased equipment	2,982,684	440,975	(202,289)	3,221,370
Leased building space	568,380	-	-	568,380
SBITA assets	5,279,763	-	(46,418)	5,233,345
Total intangible right-to-use assets	8,830,827	440,975	(248,707)	9,023,095
Less accumulated amortization:				
Leased equipment	(871,708)	(481,299)	202,289	(1,150,718)
Leased building space	(170,663)	(250,207)	-	(420,870)
SBITA assets	(3,606,124)	(540,887)	46,418	(4,100,593)
Total accumulated amortization	(4,648,495)	(1,272,393)	248,707	(5,672,181)
Total intangible right-to-use assets, net	4,182,332	(831,418)	-	3,350,914
Total capital assets, net	\$ 13,708,620	\$ (570,484)	\$ -	\$ 13,138,136

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

	2023				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Non-depreciable capital assets:					
Land	\$ 5,120	\$ -	\$ -	\$ -	\$ 5,120
Construction in process	728,352	699,696	(526,915)	-	901,133
Total non-depreciable capital assets	733,472	699,696	(526,915)	-	906,253
Depreciable capital assets:					
Land improvements	559,611	-	-	-	559,611
Buildings and improvements	18,213,010	248,183	822,060	-	19,283,253
Equipment	22,805,105	608,998	214,401	-	23,628,504
Total depreciable capital assets	41,577,726	857,181	1,036,461	-	43,471,368
Less accumulated depreciation:					
Land improvements	(488,452)	(24,900)	-	-	(513,352)
Buildings and improvements	(12,683,515)	(625,810)	-	-	(13,309,325)
Equipment	(20,145,403)	(883,253)	-	-	(21,028,656)
Total accumulated depreciation	(33,317,370)	(1,533,963)	-	-	(34,851,333)
Total depreciable capital assets, net	8,260,356	(676,782)	1,036,461	-	8,620,035
Intangible right-to-use assets:					
Leased equipment	2,958,315	238,770	(214,401)	-	2,982,684
Leased building space	466,019	568,380	(466,019)	-	568,380
SBITA assets	5,279,763	-	-	-	5,279,763
Total intangible right-to-use assets	8,704,097	807,150	(680,420)	-	8,830,827
Less accumulated amortization:					
Leased equipment	(579,482)	(292,226)	-	-	(871,708)
Leased building space	(147,573)	(193,964)	170,874	-	(170,663)
SBITA assets	(3,059,435)	(546,689)	-	-	(3,606,124)
Total accumulated amortization	(3,786,490)	(1,032,879)	170,874	-	(4,648,495)
Total intangible right-to-use assets, net	4,917,607	(225,729)	(509,546)	-	4,182,332
Total capital assets, net	\$ 13,911,435	\$ (202,815)	\$ -	\$ -	\$ 13,708,620

Total depreciation and amortization expense related to the Hospital's capital assets for 2024 and 2023 was \$2,732,899 and \$2,566,842, respectively.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

The Foundation's capital asset additions, transfers, retirements, and balances as of and for the years ended December 31, were as follows:

	2024				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	\$ 954,288	\$ -	\$ -	\$ -	\$ 954,288
Total non-depreciable capital assets	954,288	-	-	-	954,288
Depreciable capital assets:					
Buildings and improvements	1,694,990	-	-	-	1,694,990
Equipment	12,421	-	-	-	12,421
Total depreciable capital assets	1,707,411	-	-	-	1,707,411
Less accumulated depreciation:					
Buildings and improvements	(623,008)	(34,163)	-	-	(657,171)
Equipment	(12,421)	-	-	-	(12,421)
Total accumulated depreciation	(635,429)	(34,163)	-	-	(669,592)
Total depreciable capital assets, net	1,071,982	(34,163)	-	-	1,037,819
Total capital assets, net	<u>\$ 2,026,270</u>	<u>\$ (34,163)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,992,107</u>

	2023				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	\$ 954,288	\$ -	\$ -	\$ -	\$ 954,288
Total non-depreciable capital assets	954,288	-	-	-	954,288
Depreciable capital assets:					
Buildings and improvements	1,694,990	-	-	-	1,694,990
Equipment	12,421	-	-	-	12,421
Total depreciable capital assets	1,707,411	-	-	-	1,707,411
Less accumulated depreciation:					
Buildings and improvements	(582,124)	(40,884)	-	-	(623,008)
Equipment	(12,421)	-	-	-	(12,421)
Total accumulated depreciation	(594,545)	(40,884)	-	-	(635,429)
Total depreciable capital assets, net	1,112,866	(40,884)	-	-	1,071,982
Total capital assets, net	<u>\$ 2,067,154</u>	<u>\$ (40,884)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,026,270</u>

Total depreciation expense related to the Foundation's capital assets for 2024 and 2023 was \$34,163 and \$40,884, respectively.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Intangible Right-to-Use Assets

Leased Equipment and Building Space

In 2022, the Hospital implemented the guidance in GASB Statement No. 87 – *Leases* (GASB 87) and recognized the value of equipment leased under long-term contracts. At December 31, 2024 and 2023, the Hospital has various lease agreements in place for equipment and building space. The values of these intangible right-to-use assets are amortized straight-line over the lease terms, including renewal options the Hospital is reasonably certain to exercise. The amortization periods conclude at various times through 2029. The terms of the lease agreements are addressed in Note 8.

Subscription-Based Information Technology Arrangement (SBITA) Assets

In 2023, the Hospital adopted the guidance in GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* (GASB 96) and recognized the value of SBITAs under long-term contracts in the statement of net position. As of December 31, 2024 and 2023, the Hospital had one agreement and two agreements in place for SBITAs, respectively. The values of the SBITA intangible right-to-use asset are amortized straight-line over the arrangement term, including renewal periods the Hospital is reasonably certain to exercise. The amortization periods conclude at various times through 2027. The terms of the SBITA agreements are addressed in Note 8.

8. LEASE AND SBITA LIABILITIES

In 2022, the Hospital implemented the guidance of GASB 87 for accounting and reporting leases that had previously been reported as operating leases. In 2023, the Hospital implemented the guidance of GASB 96 for accounting and reporting SBITAs that had previously not been reported on the statement of net position. Under these GASB statements, the Hospital recognized intangible right-to-use assets and corresponding lease and SBITA liabilities in the statements of net position.

GASB 87

Medical and Office Equipment Leases

The Hospital has a variety of leases related to medical and office equipment. Terms of these leases range between 36 and 84 months and carry monthly minimum payments from \$2,155 to \$29,965. For purposes of discounting future payments on leases, the Hospital uses the incremental borrowing rate, unless an interest rate is explicitly stated on the agreement related to corresponding leases. The discount rates as of December 31, 2024 and 2023 range from 3.33% to 8.43%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 7.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Building Leases

The Hospital leases building space from the Foundation and Hocking Valley Medical Group, Inc. for use as commercial medical space. Terms of the leases range between 24 and 36 months and carry monthly payments from \$6,000 to \$15,841. For purposes of discounting future payments on leases, the Hospital uses the incremental borrowing rate, unless an interest rate is explicitly stated on the agreement related to corresponding leases. The discount rates as of December 31, 2024 and 2023 range from 3.78% to 4.08%. The leased building space and accumulated amortization of the right-to-use assets are outlined in Note 7.

Remaining payments on lease liabilities include:

Lease Payments to Maturity						
	Equipment			Building Space		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 502,085	\$ 85,435	\$ 587,520	\$ 116,429	\$ 4,050	\$ 120,479
2026	474,479	62,463	536,942	35,607	2,026	37,633
2027	463,732	40,950	504,682	-	-	-
2028	454,698	20,304	475,002	-	-	-
2029	235,912	3,546	239,458	-	-	-
Totals	<u>\$ 2,130,906</u>	<u>\$ 212,698</u>	<u>\$ 2,343,604</u>	<u>\$ 152,036</u>	<u>\$ 6,076</u>	<u>\$ 158,112</u>

The progressions for lease liabilities for 2024 and 2023 are as follows:

December 31, 2023	Additions	Reductions	December 31, 2024	Current Portion
\$ 2,577,547	\$ 440,975	\$ (735,580)	\$ 2,282,942	\$ 618,514

December 31, 2022	Additions	Reductions	December 31, 2023	Current Portion
\$ 2,743,439	\$ 807,150	\$ (973,042)	\$ 2,577,547	\$ 685,707

GASB 96

As of December 31, 2024, the Hospital's only SBITA agreement relates to its electronic health records (EHR) system. As of December 31, 2023, the Hospital's SBITA agreements also included a health care education system, which was renewed in 2024; however, under the terms of the renewal, the subscription does not meet the criteria to be classified as a SBITA under GASB 96. The EHR SBITA agreement requires monthly payments in the amount of \$62,138 through February 2027. For purposes of discounting future payments on SBITAs, the Hospital uses the incremental borrowing rate unless an interest rate is explicitly stated on the agreement related to the corresponding SBITA. The discount rate used for outstanding agreements was 7.5% as of December 31, 2024 and 2023.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Remaining payments on SBITA liabilities include:

	Principal	Interest	Total
2025	\$ 656,399	\$ 89,257	\$ 745,656
2026	707,357	38,299	745,656
2027	123,121	1,156	124,277
	<u>\$ 1,486,877</u>	<u>\$ 128,712</u>	<u>\$ 1,615,589</u>

The progressions for SBITA liabilities for 2024 and 2023 are as follows:

December 31, 2023	Additions	Reductions	December 31, 2024	Current Portion
\$ 2,095,989	\$ -	\$ (609,112)	\$ 1,486,877	\$ 656,399

December 31, 2022	Additions	Reductions	December 31, 2023	Current Portion
\$ 2,684,359	\$ -	\$ (588,370)	\$ 2,095,989	\$ 609,112

9. LINE OF CREDIT

The Hospital has a \$1,000,000 line of credit with a bank that is collateralized by all patient accounts receivable. The line of credit is due on demand. Interest is payable at a variable rate of prime plus 1.04% (8.54% and 9.54% at December 31, 2024 and 2023, respectively). The Hospital did not have any amounts outstanding as of December 31, 2024 or 2023.

10. LONG-TERM DEBT

Debt – Hospital

Information regarding the Hospital's long-term debt activity and balances as of and for the year ended December 31, is as follows:

	2024				
	Beginning Balance	Additions	Payments/Reductions	Ending Balance	Due Within One Year
Direct borrowings:					
Notes payable, OAQDA	\$ 1,014,850	\$ -	\$ (138,562)	\$ 876,288	\$ 140,818
Note payable, Merchants National Bank	701,021	-	(92,657)	608,364	33,508
Total direct borrowings	<u>1,715,871</u>	<u>-</u>	<u>(231,219)</u>	<u>1,484,652</u>	<u>174,326</u>
Total debt	<u>\$ 1,715,871</u>	<u>\$ -</u>	<u>\$ (231,219)</u>	<u>\$ 1,484,652</u>	<u>\$ 174,326</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

	2023				
	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Due Within One Year
Direct borrowings:					
Notes payable, OAQDA	\$ 1,149,311	\$ -	\$ (134,461)	\$ 1,014,850	\$ 138,562
Note payable, Merchants National Bank	789,918	-	(88,897)	701,021	32,149
Total direct borrowings	1,939,229	-	(223,358)	1,715,871	170,711
Total debt	<u>\$ 1,939,229</u>	<u>\$ -</u>	<u>\$ (223,358)</u>	<u>\$ 1,715,871</u>	<u>\$ 170,711</u>

During 2016, the Hospital signed two direct borrowing notes payable with the Ohio Air Quality Development Authority (OAQDA) totaling \$1,918,748 to make energy efficient capital improvements to the Hospital. The first note, which totaled \$1,000,000, bears interest at 4.25%, with interest payments through December 1, 2030, due semi-annually. Annual principal payments begin December 1, 2024, with the final payment due December 1, 2030. The second note, which totaled \$918,748, yielded interest at 3.05% with annual principal and interest payments beginning December 1, 2016, through December 1, 2024. At December 31, 2024 and 2023, the balance outstanding under these notes payable totaled \$876,288 and \$1,014,850, respectively.

The OAQDA notes payable contain a provision that whenever an event of default occurs, the principal and interest outstanding is due and payable immediately. The notes are not secured by any assets owned by the Hospital.

During 2022, the Hospital signed a direct borrowing note payable with Merchants National Bank totaling \$818,741 to replace the roof of the Hospital building. Monthly payments of at least \$5,053 began in September 2022 and can continue through September 2032. The note bears interest through September 2027 at a rate of 4.15%, after which point the interest rate will adjust to the 5 Year Treasury rate as of September 2027, plus 3.5%, except that the interest rate on the note payable at September 2027 cannot fall below 4.15% or rise above 10.0%. A balloon payment of up to \$523,493 of interest and principal will be due September 2032 if the Hospital makes the minimum allowed monthly payment throughout the term of the loan. The Hospital has remitted payments in excess of the minimum payment amount each month in 2024 and 2023 and intends to continue doing so in future periods in order to avoid paying a balloon payment at the loan termination date. This note is not secured by any assets owned by the Hospital.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Long-term debt payment requirements for fiscal years subsequent to December 31, 2024, are as follows:

Notes from Direct Borrowings			
	Principal	Interest	Total
2025	\$ 174,326	\$ 63,870	\$ 238,196
2026	177,796	56,459	234,255
2027	184,768	48,885	233,653
2028	195,535	40,855	236,390
2029	199,728	32,546	232,274
Thereafter	552,499	69,637	622,136
	<u>\$ 1,484,652</u>	<u>\$ 312,252</u>	<u>\$ 1,796,904</u>

Debt – Foundation

Information regarding the Foundation's long-term debt activity and balances as of and for the year ended December 31, is as follows:

2024					
	Beginning Balance	Additions	Payments/Reductions	Ending Balance	Due Within One Year
Commercial loan	\$ 863,622	\$ -	\$ (35,764)	\$ 827,858	\$ 47,413
Total debt	<u>\$ 863,622</u>	<u>\$ -</u>	<u>\$ (35,764)</u>	<u>\$ 827,858</u>	<u>\$ 47,413</u>

2023					
	Beginning Balance	Additions	Payments/Reductions	Ending Balance	Due Within One Year
Commercial loan	\$ 896,258	\$ -	\$ (32,636)	\$ 863,622	\$ 45,661
Total debt	<u>\$ 896,258</u>	<u>\$ -</u>	<u>\$ (32,636)</u>	<u>\$ 863,622</u>	<u>\$ 45,661</u>

During 2018, the Foundation signed a note payable with Citizens Bank of Logan, now Merchants National Bank, totaling \$1,080,000 to purchase a new Medical Office Building. The note from direct borrowings has annual principal and interest payments beginning April 18, 2018, through April 18, 2038. Beginning on April 18, 2023, the interest rate is subject to change annually based on the weekly average yield of United States treasury securities. At December 31, 2024 and 2023, the interest rate was 5.16% and 6.27%, respectively. At December 31, 2024 and 2023, the balance outstanding under this note payable was \$827,858 and \$863,622, respectively. This note is not secured by any assets owned by the Foundation.

The Foundation is required to meet a minimum debt service coverage ratio. Management believes the Foundation was in compliance with this covenant as of December 31, 2024 and 2023.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Long-term debt obligation payment requirements for fiscal years subsequent to December 31, 2024, are as follows:

	Principal	Interest	Total
2025	\$ 47,413	\$ 29,560	\$ 76,973
2026	49,231	27,742	76,973
2027	51,120	25,853	76,973
2028	53,081	23,892	76,973
2029	55,117	21,856	76,973
Thereafter	571,896	91,722	571,896
	<u>\$ 827,858</u>	<u>\$ 220,625</u>	<u>\$ 956,761</u>

11. PATIENT ACCOUNTS RECEIVABLE

The details of patient accounts receivable are set forth below:

	2024	2023
Gross patient accounts receivable	\$ 25,556,976	\$ 28,257,813
Less allowance for:		
Uncollectible accounts	(1,276,165)	(973,812)
Contractual adjustments	(16,310,838)	(16,727,097)
Net patient accounts receivable	<u>\$ 7,969,973</u>	<u>\$ 10,556,904</u>

The Hospital provides services without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of net receivables from patients and third-party payors was as follows:

	2024		2023	
	Accounts Receivable	Gross Revenue	Accounts Receivable	Gross Revenue
Medicare	36%	53%	36%	52%
Medicaid	17%	20%	29%	23%
Commercial	36%	24%	28%	23%
Self-pay	11%	3%	7%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

12. ESTIMATED AMOUNTS DUE FROM THIRD-PARTY PAYORS

The Hospital has agreements with third-party payors that provide for payment to the Hospital at amounts different from its established rates. The Hospital is designated as a Critical Access Hospital (CAH) under the Medicare and Medicaid programs. CAHs receive payments on a reasonable cost basis, for inpatient and most outpatient services to eligible Medicare patients. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare: On October 4, 2006, the Hospital became a Critical Access Hospital. After October 4, 2006, inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Other outpatient services are reimbursed based on fee schedules.
- The Hospital and the Hospital's swing beds are 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 classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.
- Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge. Medicaid outpatient services are reimbursed based upon the lesser of the Hospital's charge or predetermined fee schedule amounts. Capital related expenditures are subject to annual cost report settlement.
- Other Payors: The Hospital has entered into agreements with certain commercial carriers. Reimbursement for services under these agreements includes discounts from established charges and other payment methodologies.

In 2024, approximately 53% of the Hospital's total gross patient revenue was derived from Medicare patients while 20% was derived from Medicaid. The remaining revenue was derived primarily from commercial insurance payments.

In 2023, approximately 52% of the Hospital's total gross patient revenue was derived from Medicare patients while 23% was derived from Medicaid. The remaining revenue was derived primarily from commercial insurance payments.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined. Management has determined that there was \$94,271 due from third party payors and \$956,203 due to third party payors as of December 31, 2024 and 2023, respectively. There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Differences between the estimated amounts accrued at interim and final settlements are reported in the statement of revenues, expenses, and changes in net position in the year of settlement. The Hospital recorded an unfavorable adjustment of \$201,772 and a favorable adjustment of \$25,604 in net patient service revenue on the statements of revenue, expenses, and changes in net position in 2024 and 2023, respectively.

13. NET PATIENT SERVICE REVENUES

Net patient service revenue consists of the following:

	2024	2023
Revenue:		
Inpatient	\$ 19,222,266	\$ 20,360,716
Outpatient	110,070,453	97,569,830
Total patient revenue	<u>129,292,719</u>	<u>117,930,546</u>
Revenue deductions:		
Contractual allowances	(80,276,812)	(71,305,137)
Provision for bad debts	(4,088,322)	(3,018,043)
Charity care	(791,542)	(677,369)
HCAP revenue	660,431	546,186
Total deductions	<u>(84,496,245)</u>	<u>(74,454,363)</u>
Total net patient service revenue	<u><u>\$ 44,796,474</u></u>	<u><u>\$ 43,476,183</u></u>

14. OTHER LIABILITIES

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disasters. The Hospital has purchased commercial insurance for malpractice, general liability, and employee medical claims.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Medical Malpractice

For medical malpractice, the Hospital has professional liability insurance with a commercial carrier. Coverage is \$1,000,000 per occurrence and \$3,000,000 in the annual aggregate. In addition, the Hospital has umbrella coverage of \$2,000,000 per occurrence. The policy also requires that certain members of the medical staff carry professional liability coverage of no less than \$1,000,000 per occurrence and \$3,000,000 in the annual aggregate. The Hospital's coverage is on a claims made basis. Settled claims for medical malpractice have not exceeded insurance coverage in any of the past five years. Losses from asserted and unasserted claims identified under the Hospital's incident reporting systems are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. There is no liability recorded for medical malpractice at December 31, 2024 and 2023.

Employee Health Insurance

The Hospital provides health insurance to participating employees under a plan that is partially self-insured. The plan is covered by a stop-loss policy that covers specific items over \$500,000. An estimate of incurred but unpaid claims has been determined as of December 31, 2024 and 2023 based on historical experience. The liability for estimated self-insured employee health claims includes estimates of the ultimate costs for both reported claims and incurred but not reported claims. Activity and balances as of and for the years ended December 31, 2024 and 2023 are as follows:

	Beginning Liability	Claims Incurred	Claims Paid	Ending Liability
2023	\$ 411,610	\$ 3,562,381	\$ 3,693,764	\$ 280,227
2024	\$ 280,227	\$ 3,405,904	\$ 3,313,259	\$ 372,872

15. BOARD DESIGNATED INVESTMENTS, ENDOWMENTS, AND RESTRICTED NET POSITION

Board Designated Investments

Board designated cash and investments of \$290,000 as of December 31, 2024 and 2023 are designated for future capital improvements at the Hospital.

Donor-Restricted – Expendable for Various Purposes

The Foundation has funds, which have been donated for specific purposes. The funds must be used for the donor specified purpose. Donor-restricted assets that are expendable for various purposes were \$38,816 as of December 31, 2024 and 2023.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Donor-Restricted – Nonexpendable Endowments

The Foundation maintains several permanent funds with donor-restricted endowments that totaled \$179,236 at December 31, 2024 and 2023. It is the Foundation's policy to transfer from the endowment funds to available funds an amount not to exceed 75% of the total return earned by the endowment. In this way, a portion of the total return will be added back to the principal of the fund to provide growth of the fund. The transfer of available funds shall also be limited in such a manner as to not decrease the designated principal of the fund. Available funds earned that are required to maintain the principal will not be transferred.

16. RETIREMENT PLANS

The Hospital contributed to the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Effective January 1, 2024, the Combined plan is no longer available for member selection and the Combined plan was consolidated into the Traditional Pension plan. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. Please see the Plan Statement in the OPERS 2023 Annual Comprehensive Financial Report for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Retirement Plans

In accordance with GASB Statements No. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities and assets of the plans. Although changes in the net pension liabilities and assets generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are applied against the net pension/OPEB asset/liability in the following year. Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 2 to 10 years).

The collective net pension asset and liability of the retirement systems (GASB 68) and the Hospital's proportionate share of the net pension asset and liability as of December 31 are as follows:

	2024	2023
Net pension liability - all employers	\$ 26,180,409,664	\$ 29,540,043,780
Proportion of the net pension asset - Hospital	0.100335%	0.093723%
	<u>\$ 26,268,114</u>	<u>\$ 27,685,815</u>

	2024	2023
Net pension asset - all employers	\$ 307,381,524	\$ 235,689,691
Proportion of the net pension asset - Hospital	0.037463%	0.051846%
	<u>\$ 115,154</u>	<u>\$ 122,196</u>

In relation to GASB 68, an expense of \$1,254,612 and \$2,261,915 is included in employee benefits expense for the years ended December 31, 2024 and 2023, respectively.

The collective net OPEB asset/liability of the retirement systems (GASB 75) and the Hospital's proportionate share of the net OPEB asset as of December 31 are as follows:

	2024	2023
Net OPEB asset/(liability) - all employers	\$ 902,523,892	\$ (630,519,175)
Proportion of the net OPEB asset/(liability) - Hospital	0.096672%	0.090428%
	<u>\$ 872,488</u>	<u>\$ (570,166)</u>

In relation to GASB 75, a gain of \$131,254 and \$868,667 is included in employee benefits expense for the years ended December 31, 2024 and 2023, respectively.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

At December 31, 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:

Difference between expected and actual experience	\$ 433,997
Net difference between projected and actual earnings on pension plan assets	5,320,754
Assumption changes	4,274
Change in proportionate share	858,482
Difference between Hospital contributions and proportionate share of contributions	491
Employer contributions subsequent to the measurement date	2,459,795
Total	<u><u>\$ 9,077,793</u></u>

Deferred inflows of resources:

Difference between expected and actual experience	\$ 11,389
Change in proportionate share	24,887
Difference between Hospital contributions and proportionate share of contributions	3,918
Total	<u><u>\$ 40,194</u></u>

At December 31, 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:

Difference between expected and actual experience	\$ 927,119
Net difference between projected and actual earnings on pension plan assets	7,935,860
Assumption changes	300,571
Change in proportionate share	218,922
Difference between Hospital contributions and proportionate share of contributions	926
Employer contributions subsequent to the measurement date	2,370,674
Total	<u><u>\$ 11,754,072</u></u>

Deferred inflows of resources:

Difference between expected and actual experience	\$ 17,460
Change in proportionate share	30,245
Difference between Hospital contributions and proportionate share of contributions	3,497
Total	<u><u>\$ 51,202</u></u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

At December 31, 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources for OPEB from the following sources:

Deferred outflows of resources:

Net difference between projected and actual earnings	
on OPEB plan assets	\$ 523,979
Assumption changes	224,622
Change in proportionate share	281
Employer contributions subsequent to the	
measurement date	19,613
Total	<u>\$ 768,495</u>

Deferred inflows of resources:

Difference between expected and actual experience	\$ 124,180
Assumption changes	375,057
Change in proportionate share	39,134
Difference between Hospital contributions and	
proportionate share of contributions	13,610
Total	<u>\$ 551,981</u>

At December 31, 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources for OPEB from the following sources:

Deferred outflows of resources:

Net difference between projected and actual earnings	
on OPEB plan assets	\$ 1,132,370
Assumption changes	556,894
Change in proportionate share	20,110
Employer contributions subsequent to the	
measurement date	18,600
Total	<u>\$ 1,727,974</u>

Deferred inflows of resources:

Difference between expected and actual experience	\$ 142,222
Assumption changes	45,823
Difference between Hospital contributions and	
proportionate share of contributions	12,015
Total	<u>\$ 200,060</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending December 31 as follows:

2025	\$	(1,889,876)
2026		(2,024,786)
2027		(3,401,865)
2028		752,507
2029		(5,350)
Thereafter		(8,434)
Total	\$	<u>(6,577,804)</u>

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the years ending December 31 as follows:

2025	\$	56,955
2026		(22,914)
2027		(407,871)
2028		176,929
Total	\$	<u>(196,901)</u>

Statutory Authority

Ohio Revised Code (ORC) Chapter 145

Benefit Formula

Pension: Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit vests in upon receipt of the initial benefit payment.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

OPEB: The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the connector and may be eligible for monthly allowances deposited to a health reimbursement account to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses, and prescription drugs. The OPERS determines the amount, if any, of the associated health care costs that will be absorbed by the OPERS and attempts to control costs by using managed care, case management, and other programs. Effective January 1, 2022, eligible non-Medicare retirees are part of a connector program similar to Medicare-enrolled members.

Contribution Rates

The ORC provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024 and 2023, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to healthcare for members in the Traditional Pension Plan was 0.0% during calendar years 2024 and 2023. For the Combined Plan, which was closed to new entrants during calendar year 2024, the portion of employer contributions allocated to healthcare was 2% from July 1, 2022, to December 31, 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2024 and 2023 was 4.0%.

**HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Cost-of-Living Adjustments

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment is provided on the member's base pension benefit at the date of retirement and is not compounded. For those members retiring under the Combined Plan, they will receive a 3% cost-of-living adjustment for the defined benefit portion of their pension benefit. Current law provides for a 3% cost-of-living adjustment for benefit recipients retiring prior to January 7, 2013. For those benefit recipients retiring subsequent to January 7, 2013, current law provides that the cost-of-living adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Measurement Date

December 31, 2023 (OPEB is rolled forward from December 31, 2022 actuarial valuation date).

Actuarial Assumptions

Valuation Date: December 31, 2023 for pension and December 31, 2022 for OPEB

Rolled Forward Measurement Date: December 31, 2023 for OPEB

Actuarial Cost Method: Individual entry age

Investment Rate of Return: 6.90% for pension and 6.00% for OPEB

Inflation: 2.75%

Projected Salary Increases: 2.75% to 10.75% for Traditional Plan and OPEB, 2.75% to 8.25% for Combined Plan

Cost-of-Living Adjustments: 3.00% Simple – for those retiring before January 7, 2013, 2.30% Simple for those retiring after January 7, 2013, through 2024, then 2.05% Simple.

Health Care Cost Trends: 5.5% initial, 3.5% ultimate in 2038

Mortality Rates

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality Tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality Tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For the previously described tables, the base year is 2010 and the mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Date of Last Experience Study

December 31, 2020

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Investment Return Assumptions

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2024 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return *
Fixed income	24%	2.9%
Domestic equity	21%	4.3%
Real estate	13%	4.5%
Private equity	15%	7.5%
International equity	20%	5.2%
Risk parity	2%	4.4%
Other investments	5%	3.5%
Total	100%	

* Returns presented as arithmetic means

The following table displays the OPERS Board-approved asset allocation policy for health care assets for 2024 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return *
Fixed income	37%	2.8%
Domestic equity	25%	4.3%
Real estate	5%	4.7%
International equity	25%	5.2%
Risk parity	3%	4.4%
Other investments	5%	2.4%
Total	100%	

* Returns presented as arithmetic means

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Discount Rate

Pension: The discount rate used to measure the total pension asset and liability was 6.9% for the Traditional Pension Plan, the Combined Plan, and the Member Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension assets and pension liabilities.

OPEB: A discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contribution for use with the long-term expected rate were not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projected cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contributions rate. Based on those assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which health care payments are fully funded.

Health Care Cost Trend Rate

A health care cost trend rate of 5.5% was used to measure the total OPEB asset on the measurement date of December 31, 2023. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.5%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project minimum rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.5% in the most recent valuation.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Sensitivity of Net Pension Liability to Changes in Discount Rate

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
\$ 41,353,070	\$ 26,268,114	\$ 13,721,815

Sensitivity of Net Pension Asset to Changes in Discount Rate

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
\$ 69,681	\$ 115,154	\$ 150,976

Sensitivity of Net OPEB Asset/(Liability) to Changes in Discount Rate

1% Decrease (4.70%)	Current Rate (5.70%)	1% Increase (6.70%)
\$ (479,493)	\$ 872,488	\$ 1,992,410

Sensitivity of Net OPEB Asset to Changes in Health Care Cost Trend Rate

1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
\$ 908,717	\$ 872,488	\$ 831,379

The amount of contributions recognized by the Hospital relating to the pensions for the years ending December 31, 2024 and 2023 were approximately \$2,460,000 and \$2,371,000, respectively.

The amount of contributions recognized by the Hospital relating to the OPEB plan for the years ending December 31, 2024 and 2023 were approximately \$20,000 and \$19,000, respectively.

17. RELATED PARTIES

Hocking Valley Community Hospital Memorial Fund, Inc.

The Hospital is the primary beneficiary of the Hocking Valley Community Hospital Memorial Fund, Inc. (Foundation). The Foundation is a separate not-for-profit entity organized for the purpose of soliciting funds for the benefit of the Hospital.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Hocking Valley Medical Group, Inc. (HVMG)

HVMG is organized as a separate not-for-profit stock professional corporation. The purpose of HVMG is to engage in the practice and to render the professional services of medicine and to further the charitable purposes of the Foundation and the Hospital. The financial activities of HVMG are not consolidated with that of the Foundation because of the absence of the criteria, control, and economic interest, that would require consolidation.

During the years ended December 31, 2024 and 2023, the Hospital disbursed funds totaling \$2,665,170 and \$2,848,380 on behalf of the Foundation to fund operating deficits, respectively. These amounts were paid to the Foundation who, acting as fiscal agent, remitted the funds to HVMG.

18. RENTAL AGREEMENTS

In November 2019, the Foundation entered into an agreement with the Hospital to rent property to be used as office space from November 2019 to October 2023 at \$5,000 per month. This agreement was amended in 2023 and now carries rent of \$6,000 per month. This agreement is subject to automatic one-year extensions and includes a 3% increase to base rent each year the lease is renewed. The agreement has been extended through April 2026.

In May 2018, the Foundation entered into an agreement with Dr. Blankenbeckler to rent property to be used as office space from May 2018 to April 2023 at \$3,000 per month. This agreement was amended in 2023 and now carries rent of \$3,500 per month. This agreement is subject to automatic one-year extensions. The agreement has been extended through April 2026.

During 2024 and 2023, \$114,000 and \$110,000, respectively, was recognized as rental income. A schedule of the remaining minimum rental payments is below:

Year ended December 31,		
2025	\$	114,000
2026		38,000
	\$	<u>152,000</u>

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

The related cost and accumulated depreciation for the leased asset as of December 31, 2024 and 2023 is as follows:

	2024	2023
Land	\$ 858,951	\$ 858,951
Building	916,499	916,499
Less: Accumulated Depreciation	(148,964)	(126,004)
	<u>\$ 1,626,486</u>	<u>\$ 1,649,446</u>

19. CONTINGENCY

Compliance Risks

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance that have not been provided for in the financial statements; however, the possible future financial effects of this matter on the Hospital, if any, are not presently determinable.

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

20. GOING CONCERN ISSUES ARISING FROM RECURRING LOSSES AND MANAGEMENT'S PLANS

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Hospital as a going concern. The Hospital had a decrease in net position of \$3,725,289 in 2024. The Hospital's days cash on hand decreased from 43 days as of December 31, 2023, to 21 days as of December 31, 2024. These factors could be indicative of the Hospital's inability to continue as a going concern.

The Hospital has identified the following opportunities to increase cash flows:

- The Hospital is looking to be involved in a local coalition of hospitals on creating a local tax pilot program through the Ohio Department of Medicaid. This will run independently of the statewide franchise fee. Hocking County is currently written in to the Ohio state fiscal year 2026 budget for this program. In preliminary talks with the firm that is helping the coalition set the tax pilot program up, it could mean a net benefit of \$3,000,000 to \$4,000,000 to the Hospital.
- Within the state fiscal year 2026 Ohio budget, there is a proposed increase to the franchise fee program and other healthcare initiatives that would have a net impact for the Hospital of \$1,083,132 for the state fiscal year of 2026 and \$1,539,906 for the state fiscal year of 2027.

The accompanying financial statements have been prepared assuming that the Hospital will continue as a going concern; however, the above conditions raise substantial doubt about the Hospital's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Hospital be unable to continue as a going concern.

REQUIRED
SUPPLEMENTARY INFORMATION

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

REQUIRED SUPPLEMENTARY INFORMATION ON GASB 68 PENSION ASSETS, PENSION LIABILITIES,
AND PENSION CONTRIBUTIONS (UNAUDITED)
DECEMBER 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, AND 2015

Schedule of Proportionate Share of the Net Pension Assets, Pension Liabilities, and Pension Contributions (rounded to the nearest 1,000)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Hospital proportion of the collective net pension liability	0.10033%	0.09372%	0.09318%	0.08960%	0.08502%	0.08702%	0.09125%	0.09173%	0.09182%	0.09747%
Hospital proportionate share of the net pension liability	\$ 26,268,000	\$ 27,686,000	\$ 8,107,000	\$ 13,268,000	\$ 16,804,000	\$ 23,833,000	\$ 14,315,000	\$ 20,829,000	\$ 15,905,000	11,755,000
Hospital proportion of the collective net pension asset	0.03746%	0.05185%	0.04525%	0.04361%	0.06450%	0.04918%	0.07782%	0.08822%	0.98890%	0.10021%
Hospital proportionate share of the net pension asset	\$ 115,000	\$ 122,000	\$ 178,000	\$ 126,000	\$ 134,000	\$ 56,000	\$ 109,000	\$ 49,000	\$ 48,000	\$ 39,000
Hospital covered payroll	\$ 17,066,000	\$ 15,051,000	\$ 13,791,000	\$ 12,868,000	\$ 12,405,000	\$ 12,200,000	\$ 12,481,000	\$ 12,515,000	\$ 11,789,000	\$ 12,692,000
Hospital proportionate share of the net pension liability as a percentage of its covered payroll	153.9%	183.9%	58.8%	103.1%	135.5%	195.4%	114.7%	166.4%	134.9%	92.6%
Hospital proportionate share of the net pension asset as a percentage of its covered payroll	0.7%	0.8%	1.3%	1.0%	1.1%	0.5%	0.9%	0.4%	0.4%	0.3%
Plan fiduciary net position as a percentage of the total pension liability	79.4%	76.1%	93.0%	87.2%	82.4%	74.9%	84.9%	77.4%	81.2%	86.5%
Schedule of Hospital Contributions (rounded to the nearest 1,000)										
Contractually required contribution	\$ 2,460,000	\$ 2,371,000	\$ 2,094,000	\$ 1,923,000	\$ 1,795,000	\$ 1,730,000	\$ 1,708,000	\$ 1,623,000	\$ 1,502,000	\$ 1,415,000
Contributions in relation to the contractually required contribution	\$ 2,460,000	\$ 2,371,000	\$ 2,094,000	\$ 1,923,000	\$ 1,795,000	\$ 1,730,000	\$ 1,708,000	\$ 1,623,000	\$ 1,502,000	\$ 1,415,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 17,710,000	\$ 17,066,000	\$ 15,051,000	\$ 13,791,000	\$ 12,868,000	\$ 12,405,000	\$ 12,200,000	\$ 12,481,000	\$ 12,515,000	\$ 11,789,000
Contributions as a percentage of covered payroll	13.89%	13.89%	13.91%	13.94%	13.95%	13.95%	14.00%	13.00%	12.00%	12.00%

HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)

REQUIRED SUPPLEMENTARY INFORMATION ON GASB 75 OTHER POSTEMPLOYMENT BENEFIT ASSETS, LIABILITIES, AND
CONTRIBUTIONS (UNAUDITED)

DECEMBER 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, AND 2015

Schedule of Proportionate Share of the Net OPEB Asset/Liability (rounded to the nearest 1,000)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Hospital proportion of the collective net OPEB liability	0.00000%	0.09043%	0.00000%	0.00000%	0.08211%	0.08411%	0.08932%	*	*	*
Hospital proportionate share of the net OPEB liability	\$ -	\$ 570,166	\$ -	\$ -	\$ 11,342,000	\$ 10,966,000	\$ 9,699,000	*	*	*
Hospital proportion of the collective net OPEB asset	0.09667%	0.00000%	0.89270%	0.08592%	0.00000%	0.00000%	0.00000%	*	*	*
Hospital proportionate share of the net OPEB asset	\$ 872,488	\$ -	\$ 2,796,000	\$ 1,531,000	\$ -	\$ -	\$ -	*	*	*
Hospital covered payroll	\$ 17,066,000	\$ 15,051,000	\$ 13,791,000	\$ 12,868,000	\$ 12,405,000	\$ 12,200,000	\$ 12,481,000	\$ 12,515,000	\$ 11,789,000	\$ 12,692,000
Hospital proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%	3.8%	0.0%	0.0%	91.4%	89.9%	77.7%	*	*	*
Hospital proportionate share of the net OPEB asset as a percentage of its covered payroll	5.1%	0.0%	20.3%	11.9%	0.0%	0.0%	0.0%	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability/asset	107.8%	94.8%	128.2%	115.6%	47.8%	46.3%	54.1%	*	*	*
Schedule of Hospital Contributions										
Contractually required OPEB contribution	\$ 20,000	\$ 19,000	\$ 13,000	\$ 7,000	\$ 7,000	\$ 6,000	\$ -	\$ 125,000	\$ 250,000	\$ 236,000
Contributions in relation to the contractually required contribution	\$ 20,000	\$ 19,000	\$ 13,000	\$ 7,000	\$ 7,000	\$ 6,000	\$ -	\$ 125,000	\$ 250,000	\$ 236,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 17,710,000	\$ 17,066,000	\$ 15,051,000	\$ 13,791,000	\$ 12,868,000	\$ 12,405,000	\$ 12,200,000	\$ 12,481,000	\$ 12,515,000	\$ 11,789,000
Contributions as a percentage of covered payroll	0.11%	0.11%	0.09%	0.06%	0.05%	0.05%	0.00%	1.00%	2.00%	2.00%

*: This information was not available prior to 2018.

**HOCKING VALLEY COMMUNITY HOSPITAL
(A COMPONENT UNIT OF HOCKING COUNTY, STATE OF OHIO)**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Defined Benefit Pension Plans

Changes of Benefit Terms

There were no changes of benefit terms in 2024 and 2023.

Changes of Assumptions

In 2021, the OPERS' Board of Trustees' actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions for the actuarial valuation as of December 31, 2020, used for the Hospital's 2021 fiscal year and subsequently. Amounts reported in the Hospital's 2024 fiscal year for the OPERS plans reflect the following change of assumptions for the amounts reported in the 2020 fiscal year based on the experience study:

- Actuarially assumed expected rate of investment return remained consistent at 6.9%.
- Projected salary remained consistent at 2.75% to 10.75% for the Traditional Pension Plan and at 2.75% to 8.25% for the Combined Plan.

2. Defined Benefit Postemployment Benefits other than Pensions

Changes of Benefit Terms

There were no changes of benefit terms in 2024 and 2023.

Changes of Assumptions

Amounts reported in 2024 for OPERS reflect the following changes in assumptions based on an experience study for the five year period ending December 31, 2020:

- Actuarially assumed discount rate increased from 5.22% in 2023 to 5.70% in 2024.
- Health care cost trend rate changed from 5.5% initial, 3.5% ultimate in 2036 for 2023 to 5.5% initial, 3.5% ultimate in 2038 for 2024.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

Hocking Valley Community Hospital
Hocking County
601 OH-664 N
Logan, Ohio 43138

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Hocking Valley Community Hospital (the "Hospital"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated July 28, 2025. Our report included an emphasis of matter paragraph discussing substantial doubt about the Hospital's ability to continue as a going concern.

Report on Internal Control Over Financial Reporting

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

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

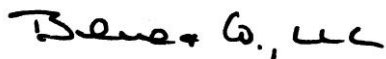
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Westerville, Ohio
July 28, 2025

OHIO AUDITOR OF STATE KEITH FABER



HOCKING VALLEY COMMUNITY HOSPITAL

HOCKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/13/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov