



**South Central Regional Medical Center  
(Laurel, Mississippi)  
(A Component Unit of Jones County)**

**FINANCIAL STATEMENTS**

**For the Years Ended September 30, 2021 and 2020**

**South Central Regional Medical Center  
Laurel, Mississippi  
(A Component Unit of Jones County)**

**Board of Trustees**

**George Walters, Chairman**

**Victor Jones, Vice Chairman**

**Becky Brewer**

**Lewis Goins, Secretary**

**Jack M. Scoggin**

**Michael Lowe, Treasurer**

**Arthur L. Siggers**

**President and Chief Executive Officer  
G. Douglas Higginbotham**

**Chief Financial Officer  
J. Thomas Canizaro**



	Page
<b>REPORT</b>	
Independent Auditors' Report.....	1
<b>MANAGEMENT'S DISCUSSION ANALYSIS</b> .....	4
<b>FINANCIAL STATEMENTS</b>	
Statements of Net Position.....	16
Statements of Revenues, Expenses and Changes in Net Position.....	17
Statements of Cash Flows.....	18
Notes to Financial Statements.....	20
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Surety Bonds for Officers and Employees.....	50
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	51



# REPORT





**Carr, Riggs & Ingram, LLC**

400 West Parkway Place

Suite 300

Ridgeland, MS 39157

Mailing Address:

PO Box 2418

Ridgeland, MS 39158

601.853.7050

601.853.9331 (fax)

CRIcpa.com

## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
South Central Regional Medical Center  
Laurel, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of South Central Regional Medical Center (the Medical Center), a component unit of Jones County, Mississippi, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center, as of September 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Reporting Entity**

As discussed in Note 2 to the financial statements, the Medical Center adopted new accounting guidance, GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Medical Center's basic financial statements. The Schedule of Surety Bonds for Officers and Employees on page 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Surety Bonds for Officers and Employees is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Surety Bonds for Officers and Employees is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of the Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Medical Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Ridgeland, Mississippi  
November 23, 2021

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

This section of South Central Regional Medical Center's (Medical Center) annual financial report presents background information and our analysis of the Medical Center's financial performance during the fiscal years that ended on September 30, 2021 and 2020. Please read it in conjunction with the financial statements in this report.

**2021**

**FINANCIAL HIGHLIGHTS**

The Medical Center's total net position increased by \$3,873,000 or 3.2 percent, from the prior year. All of this increase results from the recognition of revenue over expenses.

At the end of the 2021 fiscal year, the assets of the Medical Center exceeded liabilities by \$123,755,000. Of this excess amount, \$93,502,000 (unrestricted) may be used to meet ongoing obligations to the Medical Center's employees, patients and creditors, \$28,160,000 is invested in capital assets, net of related debt and \$2,093,000 is restricted for debt service and for self-insurance. The Medical Center is self-insured for general and professional liability claims and has established a self-insurance fund in accordance with the requirements of the Mississippi Tort Claims Board. At September 30, 2021, the Medical Center had \$1,716,000 deposited into this restricted account to be used exclusively for general and professional liability claims and related claim defense expenses. All related liabilities and incurred but not reported (IBNR) amounts are recorded in the financial statements and further defined in the notes to the financial statements. At September 30, 2021, the Medical Center had a current ratio of 3.22.

Total operating revenue increased \$14.8 million or 8.3 percent. This was due primarily to an increase of \$15.4 million in net patient service revenue which consisted primarily of increases in inpatient and outpatient volumes primarily due to partial recovery from the COVID-19 pandemic. Operating expenses, excluding depreciation and amortization, increased by \$11.6 million from 2020 to 2021. This increase was due primarily to increases in salaries, supplies, maintenance and utilities.

**2020**

**FINANCIAL HIGHLIGHTS**

The Medical Center's total net position increased by \$3,203,000 or 2.8 percent, from the prior year. All of this increase results from the recognition of revenue over expenses.

At the end of the 2020 fiscal year, the assets of the Medical Center exceeded liabilities by \$119,882,000. Of this excess amount, \$89,636,000 (unrestricted) may be used to meet ongoing obligations to the Medical Center's employees, patients and creditors, \$28,089,000 is invested in capital assets, net of related debt and \$1,856,000 is restricted for debt service and for self-insurance. The Medical Center is self-insured for general and professional liability claims and has established a self-insurance fund in accordance with the requirements of the Mississippi Tort Claims Board. At September 30, 2020, the Medical Center had \$1,716,000 deposited into this restricted account to be used exclusively for general and professional liability claims and related claim defense expenses. All related liabilities and incurred but not reported (IBNR) amounts are recorded in the financial statements and further defined in the notes to the financial statements. At September 30, 2020, the Medical Center had a current ratio exceeding 2.73. Total operating revenue decreased \$7.9 million or 4.1 percent. This was due primarily to a decrease of \$7.5 million in net patient service revenue



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

which consisted primarily of decreases in inpatient and outpatient volumes primarily due to the COVID-19 pandemic. Operating expenses, excluding depreciation and amortization, decreased by \$2.2 million from 2019 to 2020. This decrease was due primarily to decreases in professional fees and maintenance.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four components - the Management's Discussion and Analysis of Financial Condition and Operating Results (this section), the Independent Auditor's Report, the Financial Statements and Supplementary Information.

*The Financial Statements* of the Medical Center report the financial position of the Medical Center and the results of its operations and its cash flows. The financial statements are prepared on the accrual basis of accounting. These statements offer short-term and long-term financial information about the Medical Center's activities.

*The Statements of Net Position* include all of the Medical Center's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Medical Center's creditors (liabilities) for both the current year and two prior years. They also provide the basis for evaluating the capital structure of the Medical Center, and assessing the liquidity and financial flexibility of the Medical Center.

All of the current year's revenues and expenses are accounted for in the *Statements of Revenues, Expenses and Changes in Net Position*. These statements measure the performance of the Medical Center's operations over the past two years and can be used to determine whether the Medical Center has been able to recover all of its costs through its patient service revenue and other revenue sources.

The primary purpose of the *Statements of Cash Flows* is to provide information about the Medical Center's cash from operations, investment and financial activities. The statements of cash flows outline where the cash comes from, what the cash is used for and the changes in the cash balance during the reporting period.

The annual report also includes *Notes to the Financial Statements* that are essential to gain a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report. Following the notes to the financial statements is a section containing supplementary information that provides additional information as required.

**FINANCIAL ANALYSIS OF THE MEDICAL CENTER**

The statements of net position and the statements of revenues, expenses and changes in net position report information about the Medical Center's activities. These statements report the net position of the Medical Center and changes in net position. Increases or improvements, as well as decreases or declines in the net position, are one indicator of the financial state of the Medical Center. Other non-financial factors that should also be considered include changes in economic conditions, population growth (including uninsured and working poor) and new or changed government legislation.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**2021**

**Net Position**

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

**Condensed Statements of Net Position  
(In Thousands)**

	Fiscal Year <b>2021</b>	Fiscal Year 2020	Dollar Change	Total Percent Change
Current and other assets	\$ <b>132,902</b>	\$ 138,007	\$ (5,105)	-3.7%
Capital assets	<b>96,584</b>	98,753	(2,169)	-2.2%
<b>Total assets</b>	<b>\$ 229,486</b>	\$ 236,760	\$ (7,274)	-3.1%
Long-term debt outstanding	\$ <b>68,424</b>	\$ 70,664	\$ (2,240)	-3.2%
Other liabilities	<b>37,307</b>	46,214	(8,907)	-19.3%
<b>Total liabilities</b>	<b>105,731</b>	116,878	(11,147)	-9.5%
Net investment in capital assets	<b>28,160</b>	28,089	71	0.3%
Restricted	<b>2,093</b>	1,856	236	12.7%
Unrestricted	<b>93,502</b>	89,937	3,565	4.0%
<b>Total net position</b>	<b>123,755</b>	119,882	3,873	3.2%
<b>Total liabilities and net position</b>	<b>\$ 229,486</b>	\$ 236,760	\$ (7,274)	-3.1%

Total assets decreased 3.0 percent due to a decrease in cash of \$12 million. The receivables increased by \$4 million with \$3 million related to patient accounts receivable and an increase of \$1 million related to third-party payer settlements.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**2020**

**Net Position**

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

**Condensed Statements of Net Position  
(In Thousands)**

<i>September 30,</i>	Fiscal Year 2020	Fiscal Year 2019	Dollar Change	Total Percent Change
Current and other assets	\$ 138,007	\$ 111,445	\$ 26,562	23.8%
Capital assets	98,753	96,517	2,236	2.3%
<b>Total assets</b>	<b>\$ 236,760</b>	<b>\$ 207,962</b>	<b>\$ 28,798</b>	<b>13.8%</b>
Long-term debt outstanding	\$ 70,664	\$ 72,299	\$ (1,635)	-2.3%
Other liabilities	46,214	18,154	28,060	154.6%
<b>Total liabilities</b>	<b>116,878</b>	<b>90,453</b>	<b>26,425</b>	<b>29.2%</b>
Net investment in capital assets	28,089	32,980	(4,891)	-14.8%
Restricted	1,856	2,601	(745)	-28.6%
Unrestricted	89,937	81,928	8,009	9.8%
<b>Total net position</b>	<b>119,882</b>	<b>117,509</b>	<b>2,373</b>	<b>2.0%</b>
<b>Total liabilities and net position</b>	<b>\$ 236,760</b>	<b>\$ 207,962</b>	<b>\$ 28,798</b>	<b>13.8%</b>

Total assets increased 13.8 percent due to an increase in cash of \$30 million which also correlates to the increase in other liabilities. The increase in capital assets is due to completion of the Medical Center expansion (the "Project"). The Project consists of a 67,980 square foot three-floor addition to the easterly end of the Medical Center to house a new emergency department and to shell in two floors for future expansion, the construction of a 67,815 square foot four-floor medical office building, new parking areas and drives, and a paved heliport. The cost of the Project is estimated at approximately \$42.4 million. The new expansion was placed into service in December 2019.

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Management's Discussion and Analysis**  
**September 30, 2021 and 2020**

**2021**

**Summary of Revenue and Expenses**

The following table presents a summary of the Medical Center's historical revenues and expenses for each of the fiscal years ended September 30, 2021 and 2020:

**Condensed Statements of Revenues and Expenses**  
**(In Thousands)**

<i>September 30,</i>	<b>Fiscal Year 2021</b>	Fiscal Year 2020	Dollar Change	Total Percent Change
Net patient service revenue	\$ 192,119	\$ 176,727	\$ 15,392	8.7%
Other operating revenue excluding interest income	2,156	2,716	(560)	-20.6%
<b>Total operating revenue</b>	<b>194,274</b>	179,442	14,832	8.3%
Salaries and benefits	119,663	113,063	6,600	5.8%
Professional fees, supplies, maintenance, other	68,201	63,186	5,015	7.9%
<b>Total operating expenses before depreciation / amortization</b>	<b>187,864</b>	176,249	11,616	6.6%
Earnings before interest depreciation and amortization (EBITDA)	6,410	3,194	3,216	100.7%
Depreciation and amortization expense	8,616	8,469	147	1.7%
<b>Operating income (loss)</b>	<b>(2,206)</b>	(5,274)	3,069	-58.2%
Investment and grant income	1,311	2,427	(1,116)	-46.0%
Income from joint ventures	137	493	(356)	-72.2%
Gain (loss) on sale of capital assets	4	(1,207)	1,210	-100%
CARES Act funding	6,696	8,215	(1,519)	100.0%
Interest expense	(2,070)	(1,450)	(620)	42.7%
<b>Total nonoperating revenues</b>	<b>6,079</b>	8,479	(2,400)	-28.3%
<b>Increase in net position</b>	<b>\$ 3,873</b>	\$ 3,203	\$ 669	20.9%

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**2021**

**Operating Revenue**

During fiscal year 2021, the Medical Center derived approximately 98.9 percent of its total operating revenues from net patient service revenues. Operating revenues include revenues from the Medicare and Medicaid programs, patients or their third-party carriers who pay for care in the Medical Center's facilities.

The following table represents the relative percentage of gross charges billed for patient services by payer for the fiscal years ended September 30, 2021 and 2020:

<i>September 30,</i>	<b>Fiscal Year 2021</b>	Fiscal Year 2020
Medicare	<b>50.6%</b>	50.7%
Medicaid	<b>16.0%</b>	16.9%
Other	<b>33.4%</b>	32.4%
	<b>100.0%</b>	100.0%

**2021**

**OPERATING AND FINANCIAL PERFORMANCE**

The following summarizes the changes in the Medical Center's statements of revenues, expenses and changes in net position for 2021 as compared to 2020:

- During 2021, the Medical Center had patient days and admissions of 37,577 and 7,518, respectively. As compared to 2020, patient days increased by 11.0 percent while admissions decreased by 1.2 percent.
- Outpatient and emergency registrations were 92,409 and 85,941, respectively, in 2021 which corresponds to an increase of 7.5 percent as compared to 2020.
- Surgical cases decreased by 8.9 percent to 2,779 in 2021 from 3,051 in 2020.
- Net patient service revenue increased as stated in the Financial Highlights. Net patient service revenue increased to \$192.1 million in 2021 from \$176.7 million in 2020.
- Salaries increased \$5.8 million to \$103.7 million in 2021 from \$97.9 million in 2020.

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Management's Discussion and Analysis**  
**September 30, 2021 and 2020**

**2020**

**Summary of Revenue and Expenses**

The following table presents a summary of the Medical Center's historical revenues and expenses for each of the fiscal years ended September 30, 2020 and 2019:

**Condensed Statements of Revenues and Expenses**  
**(In Thousands)**

<i>September 30,</i>	Fiscal Year 2020	Fiscal Year 2019	Dollar Change	Total Percent Change
Net patient service revenue	\$ 176,727	\$ 184,257	\$ (7,530)	-4.1%
Other operating revenue excluding interest income	2,716	3,119	(403)	-12.9%
<b>Total operating revenue</b>	<b>179,442</b>	<b>187,376</b>	<b>(7,934)</b>	<b>-4.2%</b>
Salaries and benefits	113,063	112,362	701	0.6%
Professional fees, supplies, maintenance, other	63,186	66,165	(2,979)	-4.5%
<b>Total operating expenses before depreciation / amortization</b>	<b>176,249</b>	<b>178,527</b>	<b>(2,278)</b>	<b>-1.3%</b>
Earnings before interest depreciation and amortization (EBITDA)	3,194	8,849	(5,655)	-63.9%
Depreciation and amortization expense	8,469	7,838	631	8.0%
<b>Operating income (loss)</b>	<b>(5,274)</b>	<b>1,011</b>	<b>(6,286)</b>	<b>-621.8%</b>
Investment and grant income	2,427	2,038	389	19.1%
Income from joint ventures	493	240	253	105.6%
Gain(loss) on sale of capital assets	(1,207)	3	(1,210)	-40318.2%
CARES Act Funding	8,215	-		
Distributions to minority interest	-	(100)	100	-100.0%
Interest expense	(1,450)	(496)	(954)	192.3%
<b>Total nonoperating revenues</b>	<b>8,479</b>	<b>1,685</b>	<b>(1,421)</b>	<b>-84.3%</b>
<b>Increase in net position</b>	<b>\$ 3,203</b>	<b>\$ 2,696</b>	<b>\$ (7,707)</b>	<b>-285.9%</b>

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**2020**

**Operating Revenue**

During fiscal year 2020, the Medical Center derived approximately 98.6 percent of its total operating revenues from net patient service revenues. Operating revenues include revenues from the Medicare and Medicaid programs, patients or their third-party carriers who pay for care in the Medical Center's facilities.

The following table represents the relative percentage of gross charges billed for patient services by payer for the fiscal years ended September 30, 2020 and 2019:

<i>September 30,</i>	Fiscal Year 2020	Fiscal Year 2019
Medicare	50.7%	52.8%
Medicaid	16.9%	17.8%
Other	32.4%	29.4%
	100.0%	100.0%

**2020**

**OPERATING AND FINANCIAL PERFORMANCE**

The following summarizes the changes in the Medical Center's statements of revenues, expenses and changes in net position for 2020 as compared to 2019:

- During 2020, the Medical Center had patient days and admissions of 33,829 and 7,614, respectively. As compared to 2019, patient days decreased by 7.7 percent while admissions decreased by 12.8 percent.
- Outpatient and emergency registrations were 85,941 and 89,819, respectively, in 2020 which corresponds to an increase of 4.3 as compared to 2019.
- Surgical cases decreased by 12.5 percent to 3,051 in 2020 from 3,485 in 2019.
- Net patient service revenue decreased as stated in the Financial Highlights. Net patient service revenue decreased to \$176.7 million in 2020 from \$184.3 million in 2019.
- Salaries increased \$860,000 to \$97.9 million in 2020 from \$92.7 million in 2019.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**2021**

**CAPITAL ASSETS**

<i>September 30,</i>	<b>Capital Assets (In Thousands)</b>			
	<b>Fiscal Year 2021</b>	Fiscal Year 2020	Dollar Change	Total Percent Change
Land and land improvements	\$ 7,990	\$ 7,944	\$ 46	0.6%
Building and leasehold improvements	107,691	106,555	1,136	1.1%
Equipment	75,813	82,536	(6,723)	-8.1%
Subtotal	191,493	197,035	(5,542)	-2.8%
Less: Accumulated depreciation	(99,936)	(101,191)	1,255	-1.2%
Construction in progress	91,557 5,026	95,843 2,910	(4,285) 2,116	-4.5% 72.7%
<b>Net capital asset</b>	<b>\$ 96,584</b>	<b>\$ 98,753</b>	<b>\$ (2,169)</b>	<b>-2.2%</b>

Net capital assets decreased approximately \$2.1 million or 2.2 percent due to the Medical Center's depreciation exceeding purchases. Before depreciation, capital assets decreased \$3.4 million due to construction on the Project partially offset by the fully depreciated equipment.

**2021**

**LONG-TERM DEBT**

At year-end, the Medical Center had \$68.4 million in long-term debt. Total long-term debt represents 60.5 percent of the Medical Center's total liabilities as of year-end. More detailed information about the long-term debt is presented in the notes to the financial statements.



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**2020**

**CAPITAL ASSETS**

	<b>Capital Assets (In Thousands)</b>			
<i>September 30,</i>	Fiscal Year 2020	Fiscal Year 2019	Dollar Change	Total Percent Change
Land and land improvements	\$ 7,944	\$ 7,668	\$ 275	3.6%
Building and leasehold improvements	106,555	68,324	38,231	56.0%
Equipment	82,536	74,253	8,283	11.2%
Subtotal	197,035	150,245	46,790	31.1%
Less: Accumulated depreciation	(101,191)	(93,406)	(7,785)	8.3%
Construction in progress	95,843 2,910	56,839 38,756	39,004 (35,846)	68.6% -92.5%
<b>Net capital asset</b>	<b>\$ 98,753</b>	<b>\$ 95,595</b>	<b>\$ 3,158</b>	<b>3.3%</b>

Net capital assets increased approximately \$3.1 million or 3.3 percent due to the Medical Center's purchases exceeding depreciation. Before depreciation, capital assets increased \$10.9 million due to construction on the Project partially offset by the fully depreciated equipment.

**2020**

**LONG-TERM DEBT**

At year-end, the Medical Center had \$70.7 million in long-term debt. Total long-term debt represents 60.5 percent of the Medical Center's total liabilities as of year-end. More detailed information about the long-term debt is presented in the notes to the financial statements.

**THE MEDICAL CENTER'S CASH FLOWS**

Changes in the Medical Center's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

While the annual budget of the Medical Center is not presented within these financial statements, the Medical Center's Board and management considered many factors when setting the fiscal year 2022 budget. Although the financial outlook for the Medical Center is outstanding, of primary importance in setting the 2022 budget is the status of the economy and the healthcare environment, which takes into account market forces and environmental factors such as:

- Medicare reimbursement changes;
- Medicaid reimbursement changes, as well as the continuation at the current or increased level of the MHAP, Disproportionate Share and Upper Payment Limit programs;
- Increased number of uninsured and working poor;
- Ongoing competition for services;
- Cost of supplies, primarily pharmaceuticals;
- Ability to recruit Medical Center personnel
- Ability to continue recruiting medical staff physicians to maintain the high level of services offered to our service area;
- Continued growth of service levels in the ancillary departments;
- Continuation of the excellent working relationship between the Medical Staff, the Board and the Medical Center administration;

**IMPACT OF COVID-19**

South Central Regional Medical Center, as have all of the healthcare facilities in the United States, has been and continues to be significantly impacted by the spread of the Coronavirus Disease 2019 (Covid- 19) pandemic. Since the Public Health Emergency declaration by the President of the United States on March 13, 2020, the Medical Center has experienced and continues to experience a significant reduction in services provided in our hospital, physician clinics, home care agencies and nursing homes. Elective surgeries were suspended for a period of time and have yet achieved the service levels of the prior fiscal year. Health care professionals have raised concerns that patients are forgoing important care, such as chronic disease management, which can further jeopardize their health and as an additional consequence, reductions in revenue for health systems are anticipated in the future until the pandemic subsides.

While we are currently adequately stocked with personal protective equipment and other supplies, we anticipate shortages and increased costs if the pandemic continues into 2022.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Management's Discussion and Analysis  
September 30, 2021 and 2020**

**IMPACT OF COVID-19 (Continued)**

In 2020, the Medical Center received under the CARES Act \$14 million, which has reduced the negative financial impact of the pandemic. In addition, the Medical Center received \$19.8 million in Medicare accelerated payments. These payments are currently being repaid and accordingly, the amount outstanding is recorded as a current liability in the financial statements.

For more detail on the Covid-19 pandemic, see the notes to the financial statements.



# FINANCIAL STATEMENTS



**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Statements of Net Position**

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 38,607,794	\$ 50,446,556
Investments	19,893,503	20,071,515
Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$23,496,534 in 2021 and \$20,753,565 in 2020	51,321,354	48,054,085
Estimated third-party payer settlements	1,091,485	-
Inventories	6,925,141	6,435,984
Other current assets	3,265,017	1,969,700
<b>Total current assets</b>	<b>121,104,294</b>	<b>126,977,840</b>
Assets limited as to use, net of amount required for current liabilities	2,092,796	1,856,424
Capital assets, net	96,584,201	98,753,553
Other assets	9,704,808	9,172,633
<b>Total assets</b>	<b>\$ 229,486,099</b>	<b>\$ 236,760,450</b>
<b>Liabilities and Net Position</b>		
Current liabilities		
Current maturities of long-term debt	\$ 1,995,020	\$ 2,331,427
Accounts payable, trade	9,498,406	8,774,024
Estimated third-party payer settlements	-	273,058
Accrued salaries and compensated absences	7,433,450	6,859,095
Other current liabilities	988,347	913,676
Unearned revenue	17,670,887	27,678,062
<b>Total current liabilities</b>	<b>37,586,110</b>	<b>46,829,342</b>
Accrued self-insurance costs	1,715,944	1,715,944
Long-term debt, less current maturities	66,429,107	68,332,960
<b>Total liabilities</b>	<b>105,731,161</b>	<b>116,878,246</b>
Net position		
Net investment in capital assets	28,160,074	28,089,166
Restricted - expendable for		
Debt service	376,852	140,480
Use in self-insurance programs	1,715,944	1,715,944
Unrestricted	93,502,068	89,936,614
<b>Total net position</b>	<b>123,754,938</b>	<b>119,882,204</b>
<b>Total liabilities and net position</b>	<b>\$ 229,486,099</b>	<b>\$ 236,760,450</b>

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

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Statements of Revenues, Expenses and Changes in Net Position**

<i>For the years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Operating Revenue</b>		
Net patient service revenue, net of provision for bad debts of \$24,648,864 in 2021 and \$18,412,574 in 2020	\$ 192,118,501	\$ 176,726,521
Other operating revenue	2,155,509	2,715,663
<b>Total operating revenue</b>	<b>194,274,010</b>	<b>179,442,184</b>
<b>Operating Expenses</b>		
Salaries and wages	103,716,848	97,836,275
Professional fees	8,350,131	7,780,262
Employee benefits	15,946,156	15,226,533
Supplies and other	46,475,291	43,578,921
Maintenance and utilities	13,375,833	11,826,688
Depreciation and amortization	8,615,921	8,468,789
<b>Total operating expenses</b>	<b>196,480,180</b>	<b>184,717,468</b>
<b>Operating loss</b>	<b>(2,206,170)</b>	<b>(5,275,284)</b>
<b>Nonoperating Revenue (Expenses)</b>		
Interest expense	(2,069,622)	(1,449,960)
Unrestricted gifts and bequests	71,139	207,755
Gain (loss) on sale of capital assets	3,771	(1,206,545)
Joint venture income	137,184	493,361
Investment income	1,240,168	2,219,262
CARES Act funding	6,696,264	8,214,907
<b>Total nonoperating revenue</b>	<b>6,078,904</b>	<b>8,478,780</b>
<b>Increase in net position</b>	<b>3,872,734</b>	<b>3,203,496</b>
<b>Net Position - beginning of year</b>	<b>119,882,204</b>	<b>117,509,392</b>
Restatement for change in reporting entity	-	(830,684)
<b>Restated net position beginning of year</b>	<b>119,882,204</b>	<b>116,678,708</b>
<b>Net Position - end of year</b>	<b>\$ 123,754,938</b>	<b>\$ 119,882,204</b>

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

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Statements of Cash Flows**

<i>For the years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Receipts from and on behalf of patients	\$ 183,412,712	\$ 175,344,922
Payments to suppliers and contractors	(69,718,851)	(63,887,535)
Payments to employees	(119,088,649)	(112,527,765)
Other receipts and payments, net	2,155,509	2,475,239
<b>Net cash provided by (used in) operating activities</b>	<b>(3,239,279)</b>	<b>1,404,861</b>
<b>Noncapital Financing Activities</b>		
Noncapital grants and contributions	71,139	207,755
Proceeds from CARES Act funding	900,250	33,848,325
Distributions to minority interest	-	36,210
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>971,389</b>	<b>34,092,290</b>
<b>Capital and Related Financing Activities</b>		
Principal payments on long-term debt	(2,240,260)	(1,824,821)
Proceeds from issuance of long-term debt	-	561,792
Interest paid on long-term debt	(2,069,622)	(1,449,960)
Purchase of capital assets	(6,446,569)	(12,834,195)
Proceeds from sales of capital assets	3,771	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(10,752,680)</b>	<b>(15,547,184)</b>
<b>Investing Activities</b>		
Maturities of assets limited as to use	-	1,532,204
Investment income	1,418,180	1,377,282
<b>Net cash provided by (used in) investing activities</b>	<b>1,418,180</b>	<b>2,909,486</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,602,390)</b>	<b>22,859,453</b>
<b>Cash and Cash Equivalents - beginning of year</b>	<b>52,302,980</b>	<b>29,443,527</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 40,700,590</b>	<b>\$ 52,302,980</b>

(Continued)

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

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Statements of Cash Flows (Continued)**

<i>For the years ended September 30,</i>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 38,607,794	\$ 50,446,556
Assets limited as to use, net of amount required for current liabilities	2,092,796	1,856,424
<b>Total cash and cash equivalents</b>	<b>\$ 40,700,590</b>	<b>\$ 52,302,980</b>
<b>Reconciliation of Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Income (loss) from operations	\$ (2,206,170)	\$ (5,515,708)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Joint venture income	137,184	347,918
Depreciation and amortization	8,615,921	8,468,789
Provision for bad debts	24,648,864	18,412,574
Changes in assets and liabilities:		
Receivables	(27,916,133)	(20,748,112)
Inventories	(489,157)	(1,039,794)
Other current and noncurrent assets	(1,827,492)	(780,129)
Accounts payable, trade	724,382	139,823
Estimated third-party payer settlements	(1,364,543)	(593,357)
Accrued salaries and compensated absences	574,355	535,043
Other liabilities	74,671	133,170
Unearned revenue	(4,211,161)	2,044,644
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (3,239,279)</b>	<b>\$ 1,404,861</b>
<b>Supplemental disclosures of noncash investing and financing activities</b>		
Unrealized gains (losses) on investments	\$ (178,012)	\$ 1,082,402

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



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 1: DESCRIPTION OF MEDICAL CENTER**

***Nature of Operations and Reporting Entity***

South Central Regional Medical Center (the Medical Center) is a regional healthcare provider established by Jones County as a special purpose government entity under the laws of the State of Mississippi. The Medical Center is owned by Jones County and is governed by a Board of Trustees pursuant to Sections 41-13-15 et. Seq. of Mississippi Code of 1972, as amended. Because of the relationship between the Medical Center and Jones County, the Medical Center has been defined as a component unit of the county.

The Medical Center provides inpatient, outpatient, emergency care services and long-term care primarily for residents of Jones County and the surrounding primary service area. Comfort Care Home Health and Hospice, multiple physician clinics, and EmServ Ambulance Services are also a part of the Medical Center's operations. Admitting physicians are primarily practitioners in the same area. The Medical Center is currently licensed to provide 285 Medical Center beds, 248 nursing home beds and 12 assisted living beds.

***Blended Component Unit***

The financial statements include the accounts of the Medical Center and the South Central Health Care Foundation (the Foundation), an entity over which the Medical Center exerts control and there is a financial benefit relationship with this entity. This entity is presented as a blended component unit due to the governing body being substantially the same as the governing body of the Medical Center and having operational responsibility of this component unit. All material intercompany accounts and transactions have been eliminated.

**Note 2: CHANGE IN REPORTING ENTITY**

During the year ended September 30, 2021, the Medical Center implemented GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*. As a result of implementing this pronouncement, the Medical Center no longer reports the Open MRI as a component unit. Under GASB Statement No. 90, organizations that meet the definition of an investment that were previously included as a component unit are no longer reported as a component unit but as an investment. Net position on the Statement of Net Position as of October 1, 2019, has been reduced by \$830,684.

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Medical Center prepares its financial statements in conformity with the applicable pronouncements of the Governmental Accounting Standards Board (GASB). The accompanying financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenue, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates***

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

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payer settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

***Risk Management***

The Medical Center is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. The Medical Center is self-funded for workers compensation, health and dental, and general and professional liabilities.

The Medical Center records liabilities for self-insured claims. The provision for estimated claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

***Cash and Cash Equivalents***

Cash and cash equivalents and assets limited as to use include investments in highly liquid debt instruments with an original maturity of three months or less.

***Investments***

The Medical Center's investments consist of external investment pools and are reported at net asset value per share which approximates fair value. Interest, dividends and gains and losses on investments, both realized and unrealized, are included in nonoperating income when earned.

***Investment in Joint Ventures***

The Medical Center has a 51 percent financial ownership interest in the Laurel Surgical and Endoscopy Center and Open MRI. These investment are accounted for using the equity method.

***Assets Limited as to Use***

Assets limited as to use include assets held by trustees under indenture agreements, assets set aside by the Board of Trustees under the Medical Center's self-insured malpractice insurance program, and assets designated for further capital improvements. Amounts that are required for obligations classified as current liabilities are reported as current assets, with the excess reported as noncurrent assets.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fair Value Measurements***

The Medical Center categorizes its fair value measurements, if any, within the fair value hierarchy established by generally accepted accounting principles. The guidance establishes a hierarchy of inputs to valuation techniques used to measure fair value into three levels.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Medical Center has 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.

***Patient Accounts Receivable, Net***

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payer sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Medical Center has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2021 and did not have significant write-offs from third-party payers related to collectability in fiscal years 2021 or 2020.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Inventories***

Inventories, which consist primarily of medical supplies and drugs, are stated at the lower of cost (based on the first-in, first-out method), or net realizable value.

***Prepaid Expenses***

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

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Capital assets are defined as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of the assets, as determined utilizing “*Estimated Useful Lives of Depreciable Medical Center Assets, Revised 2018 Edition*” published by the American Medical Center Association.

<b>Asset Class</b>	<b>Year</b>
Land improvements	5 - 20
Buildings and improvements	5 - 40
Medical equipment	3 - 20
Furniture and fixtures	3 - 20

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

***Cost of Borrowing***

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Premiums or discounts incurred in connection with the issuance of bonds and indentures are amortized over the life of the obligations on the interest method, and the unamortized amount is included in the balance of the outstanding debt.

***Impairment of Long-Lived Assets***

The Medical Center evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Impairment of Long-Lived Assets (continued)***

the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. Based on management's evaluations, no long-lived assets impairments were recognized during the years ended September 30, 2021 and 2020.

***Compensated Absences***

Medical Center employees can accumulate earned time off, which is vested with the employee and upon termination is payable under certain circumstances. Sick leave is credited each month to eligible employees, but is not payable upon termination. Any employee who accumulates 720 hours of sick leave may be paid for excess sick leave up to a ceiling of \$1,000. All vested compensated absences are recorded as of the statements of net position date.

***Net Position***

Net position of the Medical Center is classified in three components, as follows:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted net position – made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Medical Center, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted net position – the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position described above.

The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

***Operating Revenue and Expenses***

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

***Net Patient Service Revenue***

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Patient Service Revenue (continued)***

estimated net realizable amounts from patients, third-party payers, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payers.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor ("RAC") and Medicaid Integrity Contractor ("MIC") programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

***Charity Care***

The Medical Center provides care without charge, or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Medical Center's charity care policy was approximately \$17,905,000 and \$13,508,000 for the years ended September 2021 and 2020, respectively, and estimated costs and expenses incurred to provide charity care totaled approximately \$6,983,000 and \$5,268,000, respectively. The estimated costs and expenses incurred to provide charity care were determined by applying the Medical Center's cost to charge ratio from its latest filed Medicare cost report to its charges foregone for charity care, at established rates.

***Grants and Contributions***

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

***Budgetary Information***

The Medical Center is required by statute of the State of Mississippi to prepare a non-appropriated annual budget. The budget is not subject to the appropriation and is, therefore, not required to be presented as supplementary information.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Current Healthcare Environment***

The Medical Center monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Medical Center in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may arise in the future, could have a material adverse impact on the Medical Center's financial position and operating results.

***Income Taxes***

The Medical Center's operation is a governmental entity and, as such, is exempt from federal and state income taxes. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

***Pronouncements Issued But Not Yet Effective***

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Medical Center upon implementation. Management has not yet evaluated the effect of implementation of these standards.

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). This statement provides guidance for lease contracts for nonfinancial assets – including vehicles, heavy equipment and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). The lease definition now focuses on a contract that conveys control of the right to use another entity's nonfinancial assets, which is referred to in the new Statement as the underlying asset. Under GASB 87, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The requirements of the Statement are effective for reporting periods beginning after June 15, 2021 with early adoption permitted. The Medical Center has not adopted this Statement early. The Medical Center is still assessing the impact of GASB 87 on its financial statements.



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not Yet Effective (continued)***

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 31, 2021.

In January 2020, the GASB issued statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The purpose of this statement is to address accounting and financial reporting implications that result from the replacement of interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). This statement achieves this objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of the interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not Yet Effective (continued)***

conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements for this statement are effective for reporting periods beginning after June 15, 2021.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 23, 2021 and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS**

As of September 30, 2021 and 2020, the deposits and investments of the Medical Center consisted of the following:

<i>September 30,</i>	<b>2021</b>	2020
Petty cash and deposited cash	\$ 11,000	\$ 11,000
Cash deposits with financial institutions	<b>38,596,794</b>	50,435,556
MHA external investment pools	<b>21,986,299</b>	21,927,939
<b>Total deposits and investments</b>	<b>\$ 60,594,093</b>	<b>\$ 72,374,495</b>

Deposits and investments are included in the following statement of net position captions:

<i>September 30,</i>	<b>2021</b>	2020
Cash and cash equivalents	\$ 38,607,794	\$ 50,446,556
Investments	<b>19,893,503</b>	20,071,515
Assets limited as to use, net of amount required for current liabilities	<b>2,092,796</b>	1,856,424
<b>Total</b>	<b>\$ 60,594,093</b>	<b>\$ 72,374,495</b>

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Medical Center's deposits might not be recovered. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the Medical Center's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The bank balance of the collateralized and insured balances was \$37,573,464 and \$52,837,836 at September 30, 2021 and 2020, respectively.

The Medical Center also has cash deposits held by a trustee. The use of these funds is restricted for capital improvements and debt service related to the Medical Center's long-term debt. The carrying value of these deposits was \$376,852 and \$140,480 at September 30, 2021 and 2020, respectively.

***Investments***

The statutes of the State of Mississippi restrict the authorized investments of the Medical Center to obligations of the U. S. Treasury, agencies and instrumentalities of the United States and certain other types of investments. The Medical Center's investments consists of the MHA external investment

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

***Investments (continued)***

investment pool. The MHA investment pool is an investment program developed for member hospitals of the MHA. The external investment pools do not have a credit rating on the overall pool and they are not insured.

Interest Rate Risk - The Medical Center does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Medical Center limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements.

Concentration of Credit Risk - The Medical Center has not established asset allocation limits for their investment portfolio to reduce concentrations of credit risk. However, Mississippi Code 27- 105-365 limits the amount of investments in U.S. government agency and instrumentalities to 50% and the amount of investments in open-end and closed-end management-type investment companies and trusts to 20% for all monies invested with maturities of 30 days or longer.

Fair Value - Following is a description of the valuation methodologies used for investments measured at fair value.

- MHA Investment Pool – Valued at the net asset value of shares held by the investment pool.

**Note 5: ASSETS LIMITED AS TO USE**

Assets limited as to use consisted of the following as of September 30, 2021 and 2020:

<u>September 30,</u>	<u>2021</u>	<u>2020</u>
Trustee-held funds		
USDA debt service reserve	\$ 376,852	\$ 140,480
Self-insurance fund	<b>1,715,944</b>	1,715,944
Total cash and investments limited as to use	<b>2,092,796</b>	1,856,424
Total noncurrent cash and investments, net of amount required for current liabilities	<b>\$ 2,092,796</b>	\$ 1,856,424

Amounts classified as current assets represent those assets that are anticipated to be used to satisfy current liabilities at each statement of net position date.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 6: CAPITAL ASSETS**

A summary of capital assets at September 30, 2021 and 2020 is set forth below:

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Land improvements	\$ 2,224,026	\$ 2,222,073
Building	107,690,872	106,555,263
Equipment	75,812,528	82,535,937
	<b>185,727,426</b>	191,313,273
Less accumulated depreciation and amortization	<b>(99,935,780)</b>	(101,191,222)
	<b>85,791,646</b>	90,122,051
Land	5,766,650	5,721,650
Construction in progress	5,025,905	2,909,852
Capital assets, net	<b>\$ 96,584,201</b>	<b>\$ 98,753,553</b>

Depreciation expense for the years ended September 30, 2021 and 2020 totaled \$8,615,921 and \$8,468,789, respectively.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 6: CAPITAL ASSETS (Continued)**

Capital asset additions, retirements and balances for the year ended September 30, 2021, were as follows:

<i>September 30,</i>	Balance September 30, 2020	Additions	Reductions	Transfers	Balance September 30, 2021
Capital assets not being depreciated					
Land	\$ 5,721,650	\$ 45,000	\$ -	-	\$ 5,766,650
Construction in progress	2,909,852	3,212,966	-	(1,096,913)	5,025,905
<b>Total capital assets not being depreciated</b>	<b>8,631,502</b>	<b>3,257,966</b>	<b>-</b>	<b>(1,096,913)</b>	<b>10,792,555</b>
Capital assets being depreciated					
Land improvements	2,222,073	3,142	(1,189)	-	2,224,026
Buildings	106,555,263	800,511	(695,185)	1,030,283	107,690,872
Equipment	82,535,937	2,384,950	(9,174,989)	66,630	75,812,528
<b>Total capital assets being depreciated</b>	<b>191,313,273</b>	<b>3,188,603</b>	<b>(9,871,363)</b>	<b>1,096,913</b>	<b>185,727,426</b>
Less accumulated depreciation for					
Land improvements	(1,302,094)	(121,366)	1,189	-	(1,422,271)
Buildings	(39,430,776)	(3,140,922)	695,185	-	(41,876,513)
Equipment	(60,458,352)	(5,353,633)	9,174,989	-	(56,636,996)
<b>Total accumulated depreciation</b>	<b>(101,191,222)</b>	<b>(8,615,921)</b>	<b>9,871,363</b>	<b>-</b>	<b>(99,935,780)</b>
<b>Capital assets being depreciated, net</b>	<b>90,122,051</b>	<b>(5,427,318)</b>	<b>-</b>	<b>1,096,913</b>	<b>85,791,646</b>
<b>Capital assets, net</b>	<b>\$ 98,753,553</b>	<b>\$ (2,169,352)</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 96,584,201</b>

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Notes to Financial Statements**

**Note 6: CAPITAL ASSETS (Continued)**

Capital asset additions, retirements and balances for the year ended September 30, 2020, were as follows:

<i>September 30,</i>	Balance September 30, 2019	Additions	Reductions	Transfers	Balance September 30, 2020
Capital assets not being depreciated					
Land	\$ 5,717,010	\$ 4,640	\$ -		\$ 5,721,650
Construction in progress	38,755,989	9,886,206	-	(45,732,343)	2,909,852
<b>Total capital assets not being depreciated</b>	<b>44,472,999</b>	<b>9,890,846</b>	<b>-</b>	<b>(45,732,343)</b>	<b>8,631,502</b>
Capital assets being depreciated					
Land improvements	1,951,240	5,872	-	264,961	2,222,073
Buildings	68,324,154	72,710	(1,879,564)	40,037,963	106,555,263
Equipment	74,252,593	2,864,766	(10,841)	5,429,419	82,535,937
<b>Total capital assets being depreciated</b>	<b>144,527,987</b>	<b>2,943,348</b>	<b>(1,890,405)</b>	<b>45,732,343</b>	<b>191,313,273</b>
Less accumulated depreciation for					
Land improvements	(1,184,289)	(117,805)	-		(1,302,094)
Buildings	(37,225,039)	(2,882,769)	677,032		(39,430,776)
Equipment	(54,996,965)	(5,468,215)	6,828		(60,458,352)
<b>Total accumulated depreciation</b>	<b>(93,406,293)</b>	<b>(8,468,789)</b>	<b>683,860</b>		<b>(101,191,222)</b>
<b>Capital assets being depreciated, net</b>	<b>51,121,694</b>	<b>(5,525,441)</b>	<b>(1,206,545)</b>		<b>90,122,051</b>
<b>Capital assets, net</b>	<b>\$ 95,594,693</b>	<b>\$ 4,365,405</b>	<b>\$ (1,206,545)</b>		<b>\$ 98,753,553</b>

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Notes to Financial Statements**

**Note 7: OTHER ASSETS**

The composition of other noncurrent assets at September 30, 2021 and 2020 was as follows:

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Morris & Dickson deposit	\$ 528,796	\$ 528,796
CON - 60 nursing home beds	637,500	637,500
City of Laurel, lease rights	12,042	12,316
Premier Healthcare Solutions, Inc., common stock	4,014,567	3,400,367
Investment in Workers Compensation Public Pool	89,580	408,123
Investment in Laurel Surgical and Endoscopy Center	414,633	624,548
Investment in Open MRI	336,367	268,436
Clinic acquisitions - medical records	29,706	29,706
Insurance receivable	3,241,189	2,630,688
Non-current portion of note receivable	400,428	632,153
<b>Total other assets</b>	<b>\$ 9,704,808</b>	<b>\$ 9,172,633</b>

The Medical Center's group purchasing organization, Premier Healthcare Solutions, Inc. (PHSI), completed an initial public offering on September 26, 2013. This resulted in the Medical Center's shares of PHSI stock being converted into 103,575 shares of Class B units in the public company. The Medical Center's initial ownership interest in PHSI was recorded as an equity-based investment of \$171,000 at September 30, 2013. The Class B shares were exchangeable pro rata over seven years into Class A common shares or to retain as Class B shares. As the Class B common shares are exchanged, the Class A common share value is based on the quoted market price and thus is measured using level 1 inputs. The carrying value of the Premier investment was approximately \$4,014,000 and \$3,400,000 as of September 30, 2021 and 2020, respectively.

**Note 8: LONG-TERM DEBT**

A summary of long-term debt, inclusive of capital lease obligations, at September 30, 2021 and 2020 follows:

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Note Payable, interest rate of 3.67%, monthly payments of \$51,749, maturing March 2037, collateralized by the Medical Center's capital assets.	\$ 7,308,232	\$ 7,647,373
Note Payable, interest rate of 4.8%, monthly payments of \$36,887, maturing January 2034. Unsecured.	4,098,299	4,335,222

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 8: LONG-TERM DEBT (Continued)**

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Capital lease obligation, zero interest, monthly payments of \$43,900, maturing December 2021, collateralized by leased equipment.	<b>131,700</b>	658,500
Capital lease obligation, interest rate of 5.33%, monthly payments of \$12,309, maturing December 2022, collateralized by leased equipment.	<b>201,110</b>	334,214
Capital lease obligation, zero interest, monthly payments of \$12,332, maturing November 2023, collateralized by leased equipment.	<b>172,648</b>	320,632
Capital lease obligation, interest rate of zero interest, monthly payments of \$3,273, maturing November 2023, collateralized by leased equipment.	<b>45,827</b>	85,106
USDA Revenue Bonds Series 2020, original principal amount of \$57,745,000, bearing an interest rate of 2.75%. Principal and interest payments in the amount of \$198,644 are due monthly beginning on March 19, 2020 through February 19, 2060, collateralized by a pledge of the the Medical Center's revenues.	<b>56,466,311</b>	57,283,340
	<b>68,424,127</b>	70,664,387
Less: current portion	<b>1,995,020</b>	2,331,427
	<b>\$ 66,429,107</b>	<b>\$ 68,332,960</b>

During 2017, the Medical Center issued Medical Center Revenue notes, Series 2017, in the amount of \$57,745,000 and a promissory note with a local bank in the amount of \$8,755,000 through the United States Department of Agriculture ("USDA") direct loan program and the USDA guaranty loan program, respectively. The debt proceeds were used to refund the Mississippi Medical Center Equipment and Facilities Authority bonds dated September 7, 2006, payoff the outstanding bank loans and capital lease obligations, and fund Medical Center expansion (the "Project"). The Project consists of a 67,980 square foot three-floor addition to the easterly end of the Medical Center to house a new emergency department and to shell in two floors for future expansion, the construction of a 67,815 square foot four-floor medical office building, new parking areas and drives and a paved heliport. The Project was completed February 2020 and USDA redeemed the Series 2017 Medical Center Revenue notes.



**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT (Continued)**

The maturities on long-term debt are as follows:

Year ending September 30,	Loans & Notes Payable		Capital Lease Obligation		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 603,926	\$ 459,699	\$ 551,285	\$ 7,326	\$ 839,809	\$ 1,543,919
2023	629,749	433,877	-	812	863,223	1,520,505
2024	655,554	408,071	-	-	883,125	1,500,603
2025	684,770	378,855	-	-	911,912	1,471,816
2026	714,657	348,968	-	-	937,337	1,446,391
2027-2031	3,175,028	1,079,474	-	-	4,013,972	5,520,940
2032-2036	4,035,165	545,230	-	-	5,681,344	6,237,296
2037-2041	907,682	26,916	-	-	6,516,236	5,402,404
2042-2046	-	-	-	-	7,480,655	4,437,985
2047-2051	-	-	-	-	8,583,728	3,334,912
2052-2056	-	-	-	-	9,849,480	2,069,160
2057-2061	-	-	-	-	9,905,490	626,379
	<b>\$ 11,406,531</b>	<b>\$ 3,681,090</b>	<b>\$ 551,285</b>	<b>\$ 8,138</b>	<b>\$ 56,466,311</b>	<b>\$ 35,112,310</b>

The Medical Center leases equipment with a historical cost and accumulated depreciation of \$2,673,191 and \$922,702, respectively, under capital lease arrangements.

A schedule of changes in the Medical Center's long-term debt for 2021 follows:

	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
USDA 2020 revenue bonds	\$ 57,283,340	\$ -	\$ (817,029)	\$ 56,466,311	\$ 839,809
Notes payable	11,982,595	-	(576,064)	11,406,531	603,926
Capital lease obligations	1,398,452	-	(847,167)	551,285	551,285
<b>Total long-term debt</b>	<b>\$ 70,664,387</b>	<b>\$ -</b>	<b>\$ (2,240,260)</b>	<b>\$ 68,424,127</b>	<b>\$ 1,995,020</b>

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT (Continued)**

A schedule of changes in the Medical Center's long-term debt for 2020 follows:

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
2017 revenue notes	\$ 57,745,000	\$ -	\$ (57,745,000)	\$ -	\$ -
USDA 2020 revenue bonds	-	57,745,000	(461,660)	57,283,340	817,029
Notes payable	12,536,695	-	(554,100)	11,982,595	579,180
Capital lease obligations	1,710,939	561,792	(874,279)	1,398,452	935,218
<b>Total long-term debt</b>	<b>\$ 71,992,634</b>	<b>\$ 58,306,792</b>	<b>\$ (59,635,039)</b>	<b>\$ 70,664,387</b>	<b>\$ 2,331,427</b>

**Note 9: NET INVESTMENT IN CAPITAL ASSETS**

The Medical Center's net investment in capital assets, as presented on the accompanying statements of net position is calculated as follows:

<i>September 30,</i>	<b>2021</b>	2020
Capital assets	<b>\$ 196,519,981</b>	\$ 199,944,775
Less accumulated depreciation	<b>(99,935,780)</b>	(101,191,222)
Less debt outstanding related to capital assets	<b>(68,424,127)</b>	(70,664,387)
<b>Net investment in capital assets</b>	<b>\$ 28,160,074</b>	\$ 28,089,166

**Note 10: NET PATIENT SERVICE REVENUE**

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to the patient classification system that is based on clinical, diagnostic and other factors. Outpatient services related to Medicare beneficiaries are reimbursed through a prospective payment system commonly known as Ambulatory Payment Classification (APC). Under the APC system, certain medical devices and drugs are reimbursed at cost or average wholesale price. Long-term care services are reimbursed under a prospective payment system that considers the Medicare beneficiaries severity of illness among other clinical factors. Inpatient nonacute services are paid based on a prospective payment system. The Medical Center is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission and review by the fiscal intermediary of annual cost reports.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 10: NET PATIENT SERVICE REVENUE (Continued)**

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a prospective reimbursement methodology known as an APR-DRG system. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a prospective reimbursement methodology known as an APC system.

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

Mississippi Intergovernmental Transfer Program - The Medical Center participates in the Mississippi Intergovernmental Transfer Program as a Medicaid Disproportionate Share Medical Center (DSH), and in the Mississippi Medical Center Access Payment (MHAP). Under these programs, the Medical Center receives enhanced reimbursement through a matching mechanism.

The MHAP Program is administered by the Division of Medicaid (DOM) through the Mississippi CAN coordinated care organizations (CCO). The CCO's subcontract with Medical Centers throughout the state for distribution of MHAP payments for the purpose of protecting patient access to Medical Center care. DSH and MHAP payments and associated tax are distributed and collected in equal monthly installments. MHAP amounts are shown as a reduction of contractual adjustments and are recorded net of related taxes paid.

The Medical Center participates in the Mississippi Nursing Home Upper Payment Limit (UPL) Program. This program is funded by Intergovernmental Transfers (IGTs) from participating providers to the DOM. Under this program, the Medical Center receives enhanced reimbursement for nursing home services offered to the community. Unlike the Medical Center UPL Program, the Nursing Home UPL Program does not prescribe specific payment timelines, therefore, creating uncertainties about both the timing and estimation of such UPL payments. Due to these uncertainties, Nursing Home UPL payments are recorded only when notified by the DOM of the imminence of such payments. UPL amounts are shown as a reduction of contractual adjustments and are recorded net of IGTs paid.

Under the Medical Center and Nursing Home MHAP and UPL programs, the Medical Center received enhanced reimbursement for 2021 and 2020 as follows:

<i>September 30,</i>	<b>2021</b>	2020
UPL revenue, gross	<b>\$ 1,568,116</b>	\$ 2,534,441
MHAP revenue, gross	<b>7,896,000</b>	8,262,663
UPL assessment	<b>251,526</b>	426,293
MHAP assessment	<b>1,296,000</b>	2,988,911
MHAP and UPL revenue, net of assessment	<b>\$ 7,916,590</b>	\$ 7,381,900

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 10: NET PATIENT SERVICE REVENUE (Continued)**

Medicare and Medicaid Laws and Regulations - Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result of those interpretations, the 2021 and 2020 net patient service revenue increased (decreased) approximately \$371,000 and \$170,000, respectively, due to prior year retroactive adjustments in excess of amounts previously estimated.

The composition of net patient service revenue was as follows:

<i>September 30,</i>	<b>2021</b>	2020
Gross patient service revenue	<b>\$ 495,637,907</b>	\$ 451,156,713
Less provisions for		
Contractual adjustments under third-party reimbursement programs and other deductions	<b>278,870,542</b>	255,996,023
Provision for bad debts	<b>24,648,864</b>	18,434,169
Net patient service revenue	<b>\$ 192,118,501</b>	\$ 176,726,521

***Nonoperating Income***

Additional funding for the Public Health and Social Services Emergency Fund (“Relief Fund”) was among the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which was signed into law on March 27, 2020, and other legislation. In the year ended September 30, 2021 and 2020, the Medical Center received cash payments and recognized nonoperating income of \$6.7 million and \$8.3 million, respectively, due to grants from the Relief Fund and state grant programs, which is reported as nonoperating income in the Medical Center’s accompanying statement of revenues, expenses, and changes in net position at September 30, 2021 and 2020 . The Medical Center has deferred \$15.6 million and \$25 million of payments, which is recorded in unearned revenue on the statement of net position at September 30, 2021 and 2020, respectively. Payments from the Relief Fund are not loans and, therefore, they are not subject to repayment. However, as a condition to receiving distributions, providers must agree to certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related costs, and that the providers will not seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. The Medical Center recognizes grant payments as income when there is reasonable assurance of compliance with the conditions associated with the grant. The Medical Center’s estimates could change materially in the future based on the Medical Center’s operating performance or COVID-19 activities at individual locations, as well as the evolving grant compliance guidance provided by the government.

***The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation***

The CARES Act and the Paycheck Protection Program and Health Care Enhancement Act (“Paycheck Protection Program”), which was signed into law on April 24, 2020, authorized up to \$2 trillion in government spending to mitigate the economic effects of the COVID-19 pandemic. Below is a brief overview of certain provisions of the CARES Act and related legislation that have impacted and are expected to continue to impact the Medical Center’s business. Please note that this summary is not

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 10: NET PATIENT SERVICE REVENUE (Continued)**

***The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation (continued)***

exhaustive, and additional legislative action and regulatory developments may evolve rapidly. There is no assurance that the Medical Center will continue to receive or remain eligible for funding or assistance under the CARES Act or similar measures.

Public Health and Social Services Emergency Fund - To address the fiscal burdens on healthcare providers created by the COVID-19 public health emergency, the CARES Act and the Paycheck Protection Program authorized \$175 billion for the Relief Fund. During the year ended September 30, 2020, HHS commenced distribution of Relief Fund monies, later increased by subsequent legislation.

Medicare and Medicaid Payment Policy Changes - The CARES Act and subsequent legislation also alleviates some of the financial strain on Medical Centers, physicians, and other healthcare providers and states through a series Medicare and Medicaid payment policies that temporarily increase Medicare and Medicaid reimbursement and allow for added flexibility, as described below.

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act suspended the sequestration payment adjustment percentage of 2% applied to all Medicare Fee-for-Service (FFS) claims from May 1 through December 31, 2020. The Consolidated Appropriations Act, 2021, extended the suspension period to March 31, 2021. An Act to prevent across-the-board direct spending cuts, and for other purposes, signed into law on April 14, 2021, extends the suspension period to December 31, 2021.
- The CARES Act instituted a 20% increase in the Medicare MS-DRG payment for COVID-19 hospital admissions for the duration of the public health emergency (set to expire on December 31, 2021) as declared by the Secretary of HHS.
- The scheduled reduction of \$4 billion in federal Medicaid DSH allotments in FFY 2020, as mandated by the Affordable Care Act, is suspended until October 1, 2024. Also, the federal DSH allotment reduction for FFY 2024 is set at \$8 billion for each year through termination in FFY 2027.
- The CARES Act expanded the Medicare Accelerated and Advance payments program, which provides prepayment of claims to providers in certain circumstances, such as national emergencies or natural disasters. Under this measure, providers could request accelerated and advance payments for Medicare Part A and Part B suppliers. Under the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment began one year from the issuance date of each provider or supplier's accelerated or advance payment. After the first 12 months, Medicare will automatically recoup 25 percent of Medicare payments otherwise owed to the provider or supplier for eleven months. At the end of the eleven-month period, recoupment will increase to 50 percent for another six months. If the provider or supplier is unable to repay the total amount of the accelerated or advance payment during this time-period (a total of 29 months), CMS will issue demand letters requiring repayment of any outstanding balance, subject to an interest rate of four percent consistent with the Continuing Appropriations Act, 2021. As of September 30, 2021, the Medical Center had repaid \$4.2 million in accelerated and advance payments with a balance of \$15.6 million remaining in unearned revenue on the statements of net position.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 10: NET PATIENT SERVICE REVENUE (Continued)**

***The Coronavirus Aid, Relief, and Economic Security Act of 2020 and Related Legislation (continued)***

- A 6.2% increase in the Federal Medical Assistance Percentage (“FMAP”) matching funds was instituted to help states respond to the COVID-19 pandemic. The additional funds are available to states from January 1, 2020 through the quarter in which the public health emergency period ends, provided that states meet certain conditions. An increase in states’ FMAP leverages Medicaid’s existing financing structure, which allows federal funds to be provided to states more quickly and efficiently than establishing a new program or allocating money from a new funding stream. Increased federal matching funds support states in responding to the increased need for services, such as testing and treatment during the COVID-19 public health emergency, as well as increased enrollment as more people lose income and qualify for Medicaid during the economic downturn.

Because of the uncertainty associated with various factors that may influence the Medical Center’s future Medicare and Medicaid payments, including future legislative, legal or regulatory actions, or changes in volumes and case mix, there is a risk that the Medical Center’s estimates of the impact of the aforementioned payment and policy changes will be incorrect and that actual payments received under, or the ultimate impact of, these programs may differ materially from the Medical Center’s expectations.

**Note 11: INSURANCE PROGRAMS**

***Risk Management***

The Medical Center is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial liability insurance is purchased for most of these risks. However, employee health and dental insurance, workers’ compensation and certain general and professional liability risks are self-funded as further explained below. The Medical Center has accrued for the estimate of self-funded claims incurred but not paid.

***Self-Funded Workers Compensation***

Effective July 1, 2010, the Medical Center began an individual self-funded plan for workers’ compensation claims. Prior to July 1, 2010, the Medical Center participated in the Mississippi Medical Center Association Public Medical Center’s workers’ compensation pool. A liability is recorded when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities for claims incurred are reevaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors. The Medical Center purchased commercial insurance that provides coverage for workers’ compensation claims in excess of the self-funded limits. As of September 30, 2021 and 2020, the Medical Center accrued \$100,000 for potential claim liabilities. Claims and related activity were not significant for the years ended September 30, 2021 and 2020.

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 11: INSURANCE PROGRAMS (Continued)**

***Self-Funded Health Insurance***

The Medical Center provides health and dental insurance coverage to its employees under a self-funded plan. Health claims are paid by the Medical Center as they are incurred and filed by the employee. An estimated liability for claims incurred but not reported or paid is included in other current liabilities and accrued self-insurance costs and operating expenses in the financial statements.

The claims liability at September 30, 2021 and 2020 is based on the requirements of GASB, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Medical Center's claims liability amount in fiscal years, 2021 and 2020 were:

	Balance September 30,	Current Year Claims and Changes in Estimates	Current Year Payments	Balance September 30,
2021	\$ 1,020,000	\$ 9,797,682	\$ (9,667,112)	\$ 1,150,570
2020	\$ 1,021,780	\$ 8,460,864	\$ (8,462,644)	\$ 1,020,000

***Medical Malpractice Program***

The Medical Center maintains a professional and general liability insurance program under a self-funded plan. At year-end, the Medical Center accrues for the estimate of losses for malpractice claims outstanding. As of September 30, 2021 and 2020, this accrual totaled \$1,550,000. The future assertion of claims for occurrences prior to year-end is reasonably possible and may occur, although it is not anticipated.

Changes in the Medical Center's claims liability amount, including related legal fees, for the years 2021 and 2020 were as follows:

	Balance September 30,	Current Year Claims and Changes in Estimates	Current Year Payments	Balance September 30,
2021	\$ 1,550,000	\$ 644,141	\$ (644,141)	\$ 1,550,000
2020	\$ 1,250,000	\$ 1,033,234	\$ (733,234)	\$ 1,550,000

The Mississippi Tort Claims Act provides a cap on the amount of damages recoverable against government entities, including governmental medical centers. For claims filed, the amount recoverable is the greater of \$500,000 or the amount of liability insurance coverage that has been retained.



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 12: RETIREMENT PLAN**

The Medical Center has established a 403(b) tax deferred retirement plan for the benefit of all full-time employees. Effective November 1, 2007, the Medical Center matches 100 percent of each contribution as follows: less than 10 years of participation, the Medical Center will match 100 percent of contributions up to 1.5 percent of eligible compensation; 10-15 years of participation, the Medical Center will match 167 percent of contributions up to 2.5 percent of eligible compensation; 15-20 years of participation, the Medical Center will match 200 percent of contributions up to 3 percent of eligible compensation; and greater than 20 years of participation, the Medical Center will match 233 percent of contributions up to 3.5 percent of eligible compensation. Participants are immediately vested in their salary reduction contributions plus earnings thereon. Participants gain 100 percent vesting in Medical Center matching contributions after 5 years of participation based on a tiered schedule. The Medical Center's matching contributions for the years ended September 30, 2021 and 2020 were approximately \$897,000 and \$940,000, respectively.

**Note 13: SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Allowance for Net Patient Service Revenue Adjustments***

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 10.

***Litigation***

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

***Accounts Receivable***

The Medical Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The percentage mix of accounts receivable, at net, from patients and major third-party payers at September 30 was as follows:

<i>September 30,</i>	<b>2021</b>	2020
Medicare	<b>28.5%</b>	32.3%
Medicaid	<b>11.7%</b>	12.2%
Commercial	<b>27.5%</b>	28.1%
Other	<b>32.3%</b>	27.4%
<b>Total</b>	<b>100.0%</b>	100.0%



**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 13: SIGNIFICANT ESTIMATES AND CONCENTRATIONS (Continued)**

***Patient Service Revenue Under Contract***

A summary of revenue for gross patient services under contract with significant third-party payers follows:

	September 30, 2021		September 30, 2020	
	Amount	Percent of Total Gross Patient Revenue	Amount	Percent of Total Gross Patient Revenue
Medicare	\$ 250,552,000	50.6%	\$ 228,942,000	50.7%
Medicaid	79,338,000	16.0%	76,080,000	16.9%
Other	165,747,907	33.4%	146,134,713	32.4%
Total	\$ 495,637,907	100.0%	\$ 451,156,713	100.0%

**Note 14: COMMITMENTS AND CONTINGENCIES**

***Operating Leases***

The Medical Center leases various equipment and facilities under operating leases expiring at various dates through 2024. Total rental expense for the years ended September 30, 2021 and 2020 for all operating leases was \$2,241,406 and \$2,377,266, respectively.

The following is a schedule, by year of expiration, of the approximate future minimum lease payments under non-cancelable operating leases as of September 30, 2021 that have initial or remaining lease terms in excess of one year:

<i>Year ending September 30,</i>	<b>Amount</b>
2022	\$ 1,151,071
2023	1,151,071
2024	1,151,071
2025	1,151,071
2026	1,150,071
Total	\$ 5,754,355

***Guaranty of Joint Venture Debt***

The Medical Center is guarantor for the debt for one of its joint ventures. In the event of default on the debt, the Medical Center will be required to pay to the joint venture's debt holder 110 percent of 51 percent of the outstanding joint venture debt. The potential total of this payment amounted to \$210,190 and \$37,506 at September 30, 2021 and 2020, respectively. No liability has been

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 14: COMMITMENTS AND CONTINGENCIES (Continued)**

***Guaranty of Joint Venture Debt (continued)***

recorded for this guarantee as of September 30, 2021 and 2020. In connection with the debt guarantee, the Medical Center pledged as collateral a certificate of need for the operation of an ambulatory surgery center. Substantially all of the assets of the joint venture have also been pledged as collateral for the debt.

**COVID-19**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**Note 15: BLENDED COMPONENT UNIT**

The Foundation is a tax-exempt, legally separate component unit of the Medical Center. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Medical Center.

The condensed statements of net position, condensed statements of revenues, expenses and changes in net position, and the condensed statements of cash flows as of and for the years ended September 30, 2021 and 2020 for the Foundation is as follows:

<i>September 30,</i>	<b>The Foundation</b>	
	<b>2021</b>	<b>2020</b>
<b>Condensed Statements of Net Position</b>		
<b>Assets</b>		
Current assets	\$ 107,929	\$ 111,272
<b>Total assets</b>	<b>\$ 107,929</b>	<b>\$ 111,272</b>
<b>Net position</b>		
Unrestricted	\$ 107,929	111,272
<b>Total net position</b>	<b>\$ 107,929</b>	<b>\$ 111,272</b>

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Notes to Financial Statements**

**Note 15: BLENDED COMPONENT UNIT (Continued)**

<i>For the years ended September 30,</i>	<b>The Foundation</b>	
	<b>2021</b>	<b>2020</b>
<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>		
<b>Operating Revenue</b>		
Other operating revenue	\$ 71,139	\$ 207,755
Total operating revenue	71,139	207,755
<b>Operating Expenses</b>		
Other operating expenses	74,482	161,494
Total operating expenses	74,482	161,494
Operating income (loss)	(3,343)	46,261
Increase (decrease) in net position	(3,343)	46,261
Net Position - beginning of year	111,272	65,011
<b>Net Position - end of year</b>	<b>\$ 107,929</b>	<b>\$ 111,272</b>

<i>For the years ended September 30,</i>	<b>The Foundation</b>	
	<b>2021</b>	<b>2020</b>
<b>Condensed Statements of Cash Flows</b>		
Cash provided by (used in) operating activities	\$ (3,343)	\$ 46,261
Increase (decrease) in cash and cash equivalents	(3,343)	46,261
<b>Cash and Cash Equivalents - beginning of year</b>	<b>111,272</b>	<b>65,011</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 107,929</b>	<b>\$ 111,272</b>

**Note 16: INVESTMENTS IN JOINT VENTURES**

The Medical Center has an ownership interest (51 percent) in a joint venture that provides surgical and endoscopy services. The Medical Center has an ownership interest (51 percent) in a joint venture that provides Open MRI services. There are no separately issued financial statements for the joint ventures.

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Notes to Financial Statements**

**Note 16: INVESTMENTS IN JOINT VENTURES (Continued)**

The Medical Center's investments in joint ventures is reflected in other assets on the accompanying statements of net position. The following is summarized unaudited financial information for the joint ventures as of and for the years ended September 30, 2021 and 2020, respectively.

<i>September 30,</i>	<b>Laurel Surgical and Endoscopy Center</b>	
	<b>2021</b>	<b>2020</b>
Cash	\$ 386,553	\$ 780,669
Patient accounts receivable, net	417,831	404,169
Capital assets, net	258,903	180,607
Other assets	195,428	184,259
Total assets	<b>\$ 1,258,715</b>	<b>\$ 1,549,704</b>
Current liabilities	\$ 268,825	\$ 239,792
Long-term liabilities	374,671	66,856
Members' capital	615,219	1,243,056
Total liabilities and capital	<b>\$ 1,258,715</b>	<b>\$ 1,549,704</b>
Net patient service and other revenues	\$ 4,466,791	\$ 4,803,278
Operating expenses	(4,454,201)	(4,152,187)
Net Income	<b>\$ 12,590</b>	<b>\$ 651,091</b>

**South Central Regional Medical Center**  
**(A Component Unit of Jones County)**  
**Notes to Financial Statements**

**Note 16: INVESTMENTS IN JOINT VENTURES (Continued)**

<i>September 30,</i>	<u>Open MRI</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 345,069	\$ 295,100
Patient accounts receivable, net	250,342	279,782
Capital assets, net	811,039	864,886
Other assets	1,433	1,433
<b>Total assets</b>	<b>\$ 1,407,883</b>	<b>\$ 1,441,201</b>
Current liabilities	\$ 100,051	\$ 171,394
Long-term liabilities	211,076	306,250
<b>Total liabilities</b>	<b>311,127</b>	<b>477,644</b>
<b>Members' capital</b>	<b>1,096,756</b>	<b>963,557</b>
<b>Total liabilities and members' capital</b>	<b>\$ 1,407,883</b>	<b>\$ 1,441,201</b>
Net patient service and other revenues	\$ 1,167,058	\$ 1,297,854
Operating expenses	(953,862)	(1,000,569)
<b>Increase in net position</b>	<b>\$ 213,196</b>	<b>\$ 297,285</b>



## SUPPLEMENTARY INFORMATION



## **SUPPLEMENTARY INFORMATION**

**South Central Regional Medical Center  
(A Component Unit of Jones County)  
Schedule of Surety Bonds for Officers and Employees  
September 30, 2021**

Name	Position	Company	Amount of Bond
Becky Brewer	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
Victor Jones, Jr.	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
Lewis Goins	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
Michael Lowe	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
Jack M. Scoggin	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
Arthur L. Siggers	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
George Walters	Trustee	Fidelity and Deposit Company of Maryland	\$ 100,000
G. Douglas Higginbotham	President & Chief Executive Officer	Fidelity and Deposit Company of Maryland	\$ 100,000
All Employees		Fidelity and Deposit Company of Maryland	\$ 250,000





**Carr, Riggs & Ingram, LLC**  
400 West Parkway Place  
Suite 300  
Ridgeland, MS 39157

Mailing Address:  
PO Box 2418  
Ridgeland, MS 39158

601.853.7050  
601.853.9331 (fax)  
CRlcpa.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
South Central Regional Medical Center  
Laurel, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Central Regional Medical Center (the Medical Center), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements, and have issued our report thereon dated November 23, 2021.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Ridgeland, Mississippi

November 23, 2021