

**NESHOBA COUNTY GENERAL HOSPITAL
AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
PHILADELPHIA, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2022**

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
September 30, 2022

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Independent Auditors' Report

The Board of Trustees
Neshoba County General Hospital and
Neshoba County Nursing Home and
its Component Unit
Philadelphia, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the years ended September 30, 2022, and 2021, and the related notes to financial statements, which collectively comprise Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, as of September 30, 2022, and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit and do not purport to, and do not, present fairly the financial position of Neshoba County, Mississippi as of September 30, 2022, and 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (pages 5 to 9) 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Surety Bonds for Officials and Employees (page 44) are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Awards (page 45) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Surety Bonds for Officials and Employees and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2022, and 2021 (pages 40 to 43), but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, on our consideration of Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit's, internal control over financial reporting and on our test 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 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 Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit's, internal control over financial reporting and compliance.

Eupora, Mississippi
July 10, 2023

Watkins Ward and Stafford, P.C.

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021**

Our discussion and analysis of Neshoba County General Hospital and Neshoba County Nursing Home's financial performance provides an overview of the facility's financial activities for the fiscal years ended September 30, 2022, and 2021. Please read it in conjunction with the facility's financial statements, which begin on page 10. This discussion and analysis presents only the activity of Neshoba County General Hospital and Neshoba County Nursing Home and does not present the activity of any discretely presented component units.

FINANCIAL HIGHLIGHTS

- ◆ The facility's net position decreased by \$2,195,848 in 2022, and increased by \$11,014,244 in 2021.
- ◆ The facility reported an operating loss of \$7,140,911 in 2022, and \$5,218,325 in 2021.
- ◆ Nonoperating revenues and expenses decreased by \$11,287,506 from 2021 to 2022.

USING THIS ANNUAL REPORT

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

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

Our analysis of the facility's finances begins on page 5. One of the most important questions asked about the facility's finances is, "Is the facility as a whole better or worse off as a result of the year's activities?" The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position report information about the facility's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021**

USING THIS ANNUAL REPORT (Continued)

The Statement of Cash Flows

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

THE FACILITY'S NET POSITION

The facility's net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 10 and 11. The facility's net position decreased in 2022 by \$2,195,848, or 3.45%.

Table 1: Assets, Liabilities and Net Position

	<u>2022</u>	<u>2021</u> (As Restated)
Assets:		
Current assets	\$ 39,581,675	\$ 47,383,554
Capital assets, net	28,924,989	30,659,866
Lease assets, net	312,089	111,183
Other noncurrent assets	<u>1,173,902</u>	<u>1,067,987</u>
Total Assets	<u>\$ 69,992,655</u>	<u>\$ 79,222,590</u>
Liabilities:		
Current liabilities	\$ 5,586,793	\$ 11,594,994
Noncurrent liabilities	<u>2,922,661</u>	<u>3,948,547</u>
Total Liabilities	<u>8,509,454</u>	<u>15,543,541</u>
Net Position:		
Invested in capital assets, net of related debt	24,905,174	24,842,534
Unrestricted	<u>36,578,027</u>	<u>38,836,515</u>
Total Net Position	<u>61,483,201</u>	<u>63,679,049</u>
Total Liabilities and Net Position	<u>\$ 69,992,655</u>	<u>\$ 79,222,590</u>

The change in the facility's net position is due to several factors. Cash and cash equivalents decreased by \$7,506,116 for 2022, compared to an decrease of \$5,213,178 for 2021. Patient accounts receivable decreased by \$2,533,106 for 2022, compared to a decrease of \$1,422,098 for 2021. Other receivables decreased by \$503,989 for 2022, compared to an decrease of \$871,580 for 2021. The facility's estimated third party payor settlements increased by \$14,014 in 2022, compared to an decrease of \$113,775 for 2021. The facility acquired capital assets in the amounts of \$1,039,347 and \$810,824 for the years 2022, and 2021, respectively. Depreciation and amortization expenses amounted to \$2,898,271 in 2022, and \$2,810,025 in 2021. Medicare advance payments decreased by \$3,884,518 for 2022, compared to an decrease of \$1,519,645 in 2021. Deferred revenue decreased by \$210,871 for 2022, compared to an increase of \$10,917,578 in 2021.

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021**

OPERATING RESULTS AND CHANGES IN THE FACILITY'S NET POSITION

Table 2: Operating Results

	2022	2021 (As Restated)
Operating Revenues:		
Net patient service revenues	\$ 47,274,323	\$ 44,562,046
Other revenues	2,782,817	2,853,949
Total Operating Revenues	50,057,140	47,415,995
Operating Expenses:		
Salaries and benefits	37,604,702	33,102,040
Supplies and drugs	6,068,957	7,187,044
Other operating expenses	10,175,200	9,093,383
Insurance	450,921	441,828
Depreciation and amortization	2,898,271	2,810,025
Total Operating Expenses	57,198,051	52,634,320
Operating Loss	(7,140,911)	(5,218,325)
Nonoperating Revenues (Expenses):		
Interest income	140,866	147,211
Investment loss	(213,088)	(5,895)
Donations	29,390	55,760
Grants and contributions	202,108	-
Gain on sale of equipment	1,976	-
COVID-19 funds	4,895,352	16,186,709
Interest expense	(111,541)	(151,216)
Total Nonoperating Revenues (Expenses)	4,945,063	16,232,569
Excess of Revenues Over (Under) Expenses	(2,195,848)	11,014,244
Net Position Beginning of Year	63,679,049	52,664,805
Net Position End of Year	\$ 61,483,201	\$ 63,679,049

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021**

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

Operating Loss

The first component of the overall change in the facility's net position is its operating loss – generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The facility reported an operating loss of \$7,140,911 in 2022, and \$5,218,325 in 2021. The operating loss increased by \$1,922,586 from 2021 to 2022.

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

- ◆ An increase in net patient service revenues of \$2,712,277, or 6.09%.
- ◆ An increase in salaries and benefits of \$4,502,662, or 13.60%.
- ◆ A decrease in supplies and drugs of \$1,118,087, or 15.56%.
- ◆ An increase in other operating expenses of \$1,081,817, or 11.90%.
- ◆ An increase in depreciation and amortization of \$88,246, or 3.14%.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of interest income, donations, gain on sale of equipment, and COVID-19 Funds. The facility had interest income, primarily from checking accounts and certificates of deposit of \$140,866 for the year ended September 30, 2022, and \$147,211 for the year ended September 30, 2021. The facility received donations of \$29,390 during the year ended September 30, 2022, and \$55,760 for the year ended September 30, 2021. The facility had a gain on sale of equipment of 1,976 during the year ended 2022. The facility recognized revenue from COVID-19 Funds of \$4,895,352 for the year ended September 30, 2022, and \$16,186,709 for the year ended September 30, 2021.

Nonoperating expenses consist of interest expense and investment loss. The facility had interest expense in the amount of \$111,541 for the year ended September 30, 2022, and \$151,216 for the year ended September 30, 2021. The facility had investment loss from the Mississippi Hospital Association Investment Pool of \$213,088 in 2022, and \$5,895 in 2021.

THE HOSPITAL'S CASH FLOWS

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

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2022, and 2021**

CAPITAL ASSETS, LEASE ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the facility's investment in capital assets net of accumulated depreciation was \$28,924,989. In 2022, the facility's net capital assets decreased by \$1,734,877. In 2021, the facility's net capital assets decreased by \$1,876,939. See Note 7 for a detailed analysis of capital assets.

Lease Assets

At the end of 2022, the facility's investment in lease assets net of accumulated amortization was \$312,089. In 2022, the facility's net lease assets increased by \$200,906. In 2021, the facility's net lease assets increased by \$111,183. See Note 8 for a detailed analysis of capital assets.

Long-Term Debt, Including Current Portion

At the end of 2022, the facility had \$4,019,815 in long-term debt (including current portion) outstanding. The facility did not issue any new debt in 2022, and made \$1,797,517 in principal payments. At the end of 2021, the facility had \$5,817,332 in long-term debt (including current portion) outstanding. The facility did not issue any new debt in 2021, made \$1,943,702 in principal payments and received Paycheck Protection Loan forgiveness of \$4,817,110. See Note 9 for a detailed analysis of long-term debt.

Lease Liability Obligations

At the end of 2022, the facility had \$313,639 in lease liability obligations (including current portion) outstanding. The facility issued new lease liability obligations of \$320,876 in 2022, and made \$119,906 in principal payments. At the end of 2021, the facility had \$112,669 lease liability obligation (including current portion) outstanding. The facility issued new lease liability obligations of \$233,445 in 2021, and made \$120,776 in principal payments. See Note 10 for a detailed analysis of lease liability obligations.

CONTACTING THE FACILITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the facility's finances and to show the facility's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Neshoba County General Hospital and Neshoba County Nursing Home's administrative offices at (601) 663-1200.

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Net Position
September 30, 2022, and 2021

	2022		2021 (As Restated)	
	Primary	Component Unit	Primary	Component Unit
	Government - Audited	Ambulance Enterprise - Audited	Government - Audited	Ambulance Enterprise - Audited
Assets				
Current Assets:				
Cash	\$ 26,998,614	\$ 141,835	\$ 34,468,823	\$ 388,713
MHA investment pool	2,494,269	-	2,707,357	-
Patient accounts receivable	13,526,783	1,675,503	16,059,889	1,888,183
Less estimated uncollectables and allowances	(5,482,061)	(1,134,486)	(8,536,228)	(1,482,297)
Other receivables	258,379	-	762,368	55,001
Nursing home residents' funds	82,100	-	118,007	-
Estimated third party payor settlements	486,400	-	472,386	-
Inventories	664,105	-	796,733	-
Prepaid expenses	551,586	5,940	486,859	7,261
Deferred expense	1,500	-	47,360	-
Total Current Assets	<u>39,581,675</u>	<u>688,792</u>	<u>47,383,554</u>	<u>856,861</u>
Capital Assets:				
Property and equipment	62,789,111	50,694	61,783,885	50,694
Less accumulated depreciation	(33,864,122)	(14,484)	(31,124,019)	(7,242)
Total Capital Assets, Net of Accumulated Depreciation	<u>28,924,989</u>	<u>36,210</u>	<u>30,659,866</u>	<u>43,452</u>
Lease Assets:				
Lease Assets	362,577	-	233,445	68,175
Less accumulated amortization	(50,488)	-	(122,262)	(54,540)
Total Lease Assets, Net of Accumulated Amortization	<u>312,089</u>	<u>-</u>	<u>111,183</u>	<u>13,635</u>
Other Assets:				
Investment in Mississippi True	800,000	-	800,000	-
Deferred expense	364,926	-	257,720	-
Physician loan receivable	8,976	-	10,267	-
Total Other Assets	<u>1,173,902</u>	<u>-</u>	<u>1,067,987</u>	<u>-</u>
Total Assets	<u>\$ 69,992,655</u>	<u>\$ 725,002</u>	<u>\$ 79,222,590</u>	<u>\$ 913,948</u>

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Net Position
September 30, 2022, and 2021

	2022		2021 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 1,280,393	\$ 9,677	\$ 1,483,144	\$ -
Accelerated payments	555,163	-	4,439,681	91,781
Accrued expenses and payroll withholdings	2,106,741	-	3,049,490	-
Accounts receivable credit balances	151,603	4,566	312,347	11,323
Nursing home residents' funds	82,100	-	118,007	-
Due to Neshoba County General Hospital	-	32,638	-	214,216
Current portion of lease liability obligations	110,624	-	103,361	14,018
Current portion of notes payable	1,300,169	-	1,878,093	-
Deferred revenue	-	-	210,871	-
Total Current Liabilities	5,586,793	46,881	11,594,994	331,338
Long-Term Debt:				
Lease liability obligations	203,015	-	9,308	-
Notes payable	2,719,646	-	3,939,239	-
Total Long-Term Liabilities	2,922,661	-	3,948,547	-
Total Liabilities	8,509,454	46,881	15,543,541	331,338
Net Position:				
Invested in capital assets, net of related debt	24,905,174	36,210	24,842,534	43,452
Unrestricted	36,578,027	641,910	38,836,515	539,158
Total Net Position	61,483,201	678,121	63,679,049	582,610
Total Liabilities and Net Position	\$ 69,992,655	\$ 725,002	\$ 79,222,590	\$ 913,948

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2022, and 2021

	2022		2021 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Operating Revenues:				
Net patient services revenue (net of provision for bad debts of \$5,889,353 in 2022, and \$7,173,540 in 2021)	\$ 47,274,323	\$ 1,988,078	\$ 44,562,046	\$ 1,903,497
Other revenue	2,782,817	-	2,853,949	55,001
Total Operating Revenues	<u>50,057,140</u>	<u>1,988,078</u>	<u>47,415,995</u>	<u>1,958,498</u>
Operating Expenses:				
Salaries and benefits	37,604,702	-	33,102,040	-
Supplies and drugs	6,068,957	85,109	7,187,044	65,841
Other operating expenses	10,175,200	1,827,547	9,093,383	1,878,034
Insurance	450,921	-	441,828	-
Depreciation and amortization	2,898,271	20,877	2,810,025	61,782
Total Operating Expenses	<u>57,198,051</u>	<u>1,933,533</u>	<u>52,634,320</u>	<u>2,005,657</u>
Operating Income (Loss)	<u>(7,140,911)</u>	<u>54,545</u>	<u>(5,218,325)</u>	<u>(47,159)</u>
Nonoperating Revenues (Expenses):				
Interest income	140,866	-	147,211	-
Investment loss	(213,088)	-	(5,895)	-
Donations	29,390	-	55,760	-
Grants and contributions	202,108	31,048	-	76,241
Gain on sale of equipment	1,976	-	-	-
Insurance Proceeds	-	9,996	-	-
COVID-19 funds	4,895,352	-	16,186,709	-
Interest expense	(111,541)	(78)	(151,216)	(1,445)
Total Nonoperating Revenues (Expenses)	<u>4,945,063</u>	<u>40,966</u>	<u>16,232,569</u>	<u>74,796</u>
Excess of Revenues Over (Under) Expenses	<u>(2,195,848)</u>	<u>95,511</u>	<u>11,014,244</u>	<u>27,637</u>
Net Position Beginning of Year	<u>63,679,049</u>	<u>582,610</u>	<u>52,664,805</u>	<u>554,973</u>
Net Position End of Year	<u>\$ 61,483,201</u>	<u>\$ 678,121</u>	<u>\$ 63,679,049</u>	<u>\$ 582,610</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Cash Flows
Years Ended September 30, 2022, and 2021

	2022		2021 (As Restated)	
	Primary	Component Unit	Primary	Component Unit
	Government - Audited	Ambulance Enterprise - Audited	Government - Audited	Ambulance Enterprise - Audited
Cash Flows From Operating Activities:				
Receipts from and on behalf of patients	\$ 42,329,747	\$ 1,846,190	\$ 42,315,918	\$ 1,926,812
Payments to suppliers and contractors	(15,956,171)	(2,083,236)	(14,873,926)	(1,895,069)
Payments to and on behalf of employees	(38,612,582)	-	(33,153,422)	-
Other receipts and payments, net	2,746,910	55,001	2,890,629	(55,001)
Net Cash Used by Operating Activities	<u>(9,492,096)</u>	<u>(182,045)</u>	<u>(2,820,801)</u>	<u>(23,258)</u>
Cash Flows From Noncapital Financing Activities:				
Donations and grants	231,498	31,048	55,760	15,426
Insurance proceeds	-	9,996	-	-
COVID-19 funds	4,684,481	-	431,969	-
Accelerated payments	-	(91,781)	-	(73,036)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,915,979</u>	<u>(50,737)</u>	<u>487,729</u>	<u>(57,610)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of property and equipment	(1,041,448)	-	(810,824)	(50,694)
Principal payment on lease liability obligations	(119,906)	-	(120,776)	(1,445)
Principal payment of notes payable	(1,797,517)	(14,018)	(1,943,702)	(54,157)
Interest paid on long term debt	(111,994)	(78)	(152,015)	-
Net Cash Used by Capital and Related Financing Activities	<u>(3,070,865)</u>	<u>(14,096)</u>	<u>(3,027,317)</u>	<u>(106,296)</u>
Cash Flows From Investing Activities:				
Interest income	140,866	-	147,211	-
Net Cash Provided by Investing Activities	<u>140,866</u>	<u>-</u>	<u>147,211</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	<u>(7,506,116)</u>	<u>(246,878)</u>	<u>(5,213,178)</u>	<u>(187,164)</u>
Cash and Cash Equivalents at Beginning of Year	<u>34,586,830</u>	<u>388,713</u>	<u>39,800,008</u>	<u>575,877</u>
Cash and Cash Equivalents at End of Year	<u>\$ 27,080,714</u>	<u>\$ 141,835</u>	<u>\$ 34,586,830</u>	<u>\$ 388,713</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Cash Flows
Years Ended September 30, 2022, and 2021

	2022		2021 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:				
Operating Income (Loss)	\$ (7,140,911)	\$ 54,545	\$ (5,218,325)	\$ (47,159)
Adjustment to Reconcile Operating Income (Loss) to Net Cash				
Flows Used by Operating Activities:				
Depreciation and amortization	2,898,271	20,877	2,810,025	61,782
Provision for uncollectible accounts	5,889,353	549,022	7,173,540	729,446
Changes in:				
Patient accounts receivable	(6,571,158)	(690,910)	(6,947,362)	(761,132)
Supplies and other current assets	571,889	1,321	639,939	7,163
Physician loan receivable	1,291	-	4,976	-
Other receivable	-	55,001	-	(55,001)
Deferred expense	(61,345)	-	(32,690)	-
Accounts payable, accrued expenses, and other current liabilities	(5,065,472)	9,677	(1,364,679)	(15,490)
Estimated third-party payor payments	(14,014)	-	113,775	-
Due to Neshoba County General Hospital and Neshoba County Nursing Home	-	(181,578)	-	57,133
Net Cash Used by Operating Activities	\$ (9,492,096)	\$ (182,045)	\$ (2,820,801)	\$ (23,258)

Capital and Financing Activities:

The facility did not enter into any new financed purchase notes payable during the years ended September 30, 2022, and 2021. These financed purchase notes payable were considered capital leases prior to the implementation of GASB 87.

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

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

a. Reporting Entity – Neshoba County General Hospital and Neshoba County Nursing Home, the Primary Government, is licensed for 38 acute short-term care hospital beds, 10 geriatric psychiatric unit beds and 160 skilled nursing home beds, and is owned by Neshoba County, Mississippi. Neshoba County General Hospital and Neshoba County Nursing Home provides inpatient, outpatient, emergency, psychiatric, and long-term care services for residents of Neshoba County, Mississippi, and surrounding areas. Neshoba County General Hospital and Neshoba County Nursing Home is governed by a Board of Trustees appointed by the Board of Supervisors of Neshoba County, Mississippi.

Neshoba County Ambulance Enterprise operates a public ambulance service for the benefit of the citizens of Neshoba County, Mississippi and the surrounding area, as authorized by law. The Ambulance Enterprise has been established as a separate county enterprise maintaining its own books and records of its expenses and revenues and billing directly for ambulance services according to the Ambulance Enterprise joint venture agreement stipulations. The Ambulance Enterprise staffing needs for the operation of the ambulance services is provided by Neshoba County General Hospital and Neshoba County Nursing Home in accordance with the Management Services Agreement entered into between Neshoba County Ambulance Enterprise and Neshoba County General Hospital and Neshoba County Nursing Home. The Ambulance Enterprise uses vehicles and certain equipment owned by Neshoba County (the County), and uses the management and personnel services of Neshoba County General Hospital and Neshoba County Nursing Home's (the Primary Government's) employees. The Ambulance Enterprise is governed by an Enterprise Management Committee consisting of five voting members: Primary Government CEO, Primary Government CFO, Primary Government Director of Ambulance Services, County Emergency Management Director, and County Administrator.

Under *Governmental Accounting Standards Board Statement Number 14: The Financial Reporting Entity*, the Primary Government is defined as a component unit of Neshoba County, Mississippi. The Ambulance Enterprise is defined as a joint venture of Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home. The Neshoba County Ambulance Enterprise was determined to be a component unit of Neshoba County General Hospital and Neshoba County Nursing Home, the Primary Government, and is included in these financial statements as a discretely presented component unit. These financial statements present only the financial position and results of operations and cash flows of Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit.

The summary of significant accounting policies applies to Neshoba County General Hospital and Neshoba County Nursing Home and the discretely presented component units as applicable.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

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

Neshoba County General Hospital and Neshoba County Nursing Home considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Primary Government are such that exclusion would cause the Primary Government's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Primary Government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Primary Government.

The component unit column in the financial statements includes information for Neshoba County Ambulance Enterprise, a Mississippi entity. It is reported as a discretely presented component unit to emphasize that it is legally separate from the Primary Government.

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

c. Basis of Accounting and Presentation – The facilities prepare their financial statements as business-type activities in conformity with applicable pronouncements of Governmental Accounting Standards Board ("GASB") using the economic resources measurement and focus. The financial statements of the facilities 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 or voluntary nonexchange transactions (principally federal and state grants and county contribution, if any) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as county contributions), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The facilities first apply restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

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

d. Cash and Cash Equivalents – For purposes of the statements of cash flows, cash and cash equivalents include all cash on hand, checking accounts and certificates of deposit. The following tables provide a reconciliation of cash and cash equivalents reported within the statements of net position that sum to the total of the same such amounts shown in the statements of cash flows:

		2022	
		Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Cash		\$ 26,998,614	\$ 141,835
Nursing home residents' funds		82,100	-
		\$ 27,080,714	\$ 141,835
		2021	
		Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Cash		\$ 34,468,823	\$ 388,713
Nursing home residents' funds		118,007	-
		\$ 34,586,830	\$ 388,713

e. Capital Assets – The Primary Government’s policy is to capitalize acquisition and construction costs greater than \$5,000 which will provide benefit to future periods. Capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation, using the following asset lives:

Land improvements	5 to 20 years
Building and building improvements	5 to 40 years
Equipment, computers, and furniture	3 to 20 years
Equipment under financed purchases	* years

(*) The useful lives will correspond with the amounts for the asset classifications, as listed.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

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

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

g. Lease Liability – The facilities are lessees for noncancellable leases. The facilities recognizes a lease liability and an intangible right-to-use asset (lease asset) in the financial statements. At the commencement of a lease, the facilities initially measure the lease liability at the present value of payments expected to be made during the lease term. Leases that were in effect prior to the implementation date are recognized in the year of transition based on the present value of the remaining payments at the implementation date. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The facilities monitor changes in circumstances that would require a remeasurement of their leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

h. Grants and Contributions – From time to time, Neshoba County General Hospital and Neshoba County Nursing Home receives grants from Neshoba County and the State of Mississippi, as well as contributions from individuals and private organizations. From time to time, Neshoba County Ambulance Enterprise receives grants 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.

i. Restricted Resources – When the facilities have both restricted and unrestricted resources available to finance a particular program, the facilities' policies are to use restricted resources before unrestricted resources.

j. Net Position – Net position of Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise is classified in two components. *Net position invested in capital assets net of related debt* consists of capital assets net of accumulated depreciation and is reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Unrestricted net position* is the remaining net position that does not meet the definition of *invested in capital assets net of related debt*.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

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

k. Operating Revenues and Expenses – Neshoba County General Hospital and Neshoba County Nursing Home’s statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Neshoba County General Hospital and Neshoba County Nursing Home’s operating revenues result from exchange transactions associated with providing health care services – the Primary Government’s principal activity. Neshoba County Ambulance Enterprise’s operating revenues result from exchange transactions associated with providing ambulance services – the Ambulance Enterprise’s principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital assets acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services and ambulance services, other than financing costs.

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

m. Compensated Absences – Neshoba County Hospital and Neshoba County Nursing Home’s employees earn PTO time at varying rates depending on years of service. PTO time earned may be taken at any time after the first six months of employment. PTO time may, to the extent of the amount earned annually, be carried from one year to the next. Employees may be paid for accumulated PTO time.

n. Risk Management – The facilities are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Neshoba County General Hospital and Neshoba County Nursing Home purchases coverage of risks of loss related to torts and malpractice up to \$500,000 per case from Healthcare Providers Insurance Company which covers the Primary Government and the Ambulance Enterprise. Neshoba County General Hospital and Neshoba County Nursing Home purchase coverage of risks of loss related to theft of, damage to, and destruction of assets from various commercial insurance carriers. Neshoba County General Hospital and Neshoba County Nursing Home purchases coverage of risk of loss related to workers’ compensation claims from Healthcare Providers Insurance Company. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three years.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

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

n. Risk Management (Continued) – Under *Governmental Accounting Standards Board Statement Number 10: Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, a liability for a claim must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The facilities have not been exposed to any risk of loss above the applicable insurance coverage amounts at September 30, 2022; therefore, no liability has been accrued at this time.

o. Income Taxes – As a political subdivision of the State of Mississippi, the facilities qualify as tax-exempt organizations under existing provisions of the Internal Revenue Code, and their income is not subject to federal or state income taxes.

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

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

Note 2: Changes in Accounting Principle

On October 1, 2021 (the effective date), Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise adopted GASB Statement No. 87, *Leases*, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the earliest period presented which was October 1, 2020. The statement requires lessees to recognize a lease liability, measured at the present value of payments expected to be made during the lease term, and an intangible asset. The 2021 financial statements and disclosures were restated to reflect the impact of the adoption.

During the fiscal year ended September 30, 2022, Neshoba County General Hospital and Neshoba County Nursing Home changed its accounting policy in relation to what is considered a cash and cash equivalent. Under the new policy, funds invested in the MHA Investment Pool program are no longer considered cash and cash equivalents. This change was made retrospective to the beginning of the earliest period presented in the financial statements, October 1, 2020.

The effect of the changes made to the accompanying statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows as of and for the year ended September 30, 2021, for the Primary Government are as follows:

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

Note 2: Changes in Accounting Principle (Continued)

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
Statement of Net Position			
Lease Assets:			
Lease assets, Net	\$ -	\$ 111,183	\$ 111,183
Total Assets	<u>79,111,407</u>	<u>111,183</u>	<u>79,222,590</u>
Current Liabilities:			
Current portion of lease liabilities	-	103,361	103,361
Total Current Liabilities	<u>11,491,633</u>	<u>103,361</u>	<u>11,594,994</u>
Long-Term Liabilities			
Long-term lease liabilities	-	9,308	9,308
Total Long-Term Liabilities	<u>3,939,239</u>	<u>9,308</u>	<u>3,948,547</u>
Total Liabilities	<u>15,430,872</u>	<u>112,669</u>	<u>15,543,541</u>
Net Position:			
Unrestricted	38,838,001	(1,486)	38,836,515
Total Net Position	<u>63,680,535</u>	<u>(1,486)</u>	<u>63,679,049</u>
Total Liabilities and Net Position	<u>\$ 79,111,407</u>	<u>\$ 111,183</u>	<u>\$ 79,222,590</u>
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses:			
Other operating expenses	\$ 9,218,171	\$ (124,788)	\$ 9,093,383
Depreciation and amortization	2,687,763	122,262	2,810,025
Total Operating Expenses	<u>52,636,846</u>	<u>(2,526)</u>	<u>52,634,320</u>
Operating Loss	<u>(5,220,851)</u>	<u>2,526</u>	<u>(5,218,325)</u>
Nonoperating Revenues (Expenses)			
Interest expense	(147,204)	(4,012)	(151,216)
Total Nonoperating Revenues (Expenses)	<u>16,236,581</u>	<u>(4,012)</u>	<u>16,232,569</u>
Excess of Revenues Over (Under) Expenses	11,015,730	(1,486)	11,014,244
Net Position End of the Year	<u>\$ 63,680,535</u>	<u>(1,486)</u>	<u>\$ 63,679,049</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

Note 2: Changes in Accounting Principle (Continued)

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
Statement of Cash Flows			
Cash Flows From Operating Activities:			
Payments to suppliers and contractors	\$ (14,998,714)	\$ 124,788	\$ (14,873,926)
Net Cash Used by Operating Activities	<u>(2,945,589)</u>	<u>124,788</u>	<u>(2,820,801)</u>
Cash Flows From Capital and Related Financing Activities:			
Principal payments on lease obligations	-	(120,776)	(120,776)
Interest paid on long-term debt	(148,003)	(4,012)	(152,015)
Net Cash Used by Capital and Related Financing Activities	<u>(2,902,529)</u>	<u>(124,788)</u>	<u>(3,027,317)</u>
Cash Flows From Investing Activities:			
Change in MHA Investment Pool	54,223	(54,223)	-
Net Cash Provided by Investing Activities	<u>201,434</u>	<u>(54,223)</u>	<u>147,211</u>
Net Decrease in Cash and Cash Equivalents	(5,158,955)	(54,223)	(5,213,178)
Cash and Cash Equivalents at Beginning of Year	<u>42,451,257</u>	<u>(2,651,249)</u>	<u>39,800,008</u>
Cash and Cash Equivalents at End of Year	<u><u>37,292,302</u></u>	<u><u>(2,705,472)</u></u>	<u><u>34,586,830</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating Loss	(5,220,851)	2,526	(5,218,325)
Depreciation and amortization	2,687,763	122,262	2,810,025
Net Cash Provided by Operating Activities	<u>\$ (2,945,589)</u>	<u>\$ 124,788</u>	<u>\$ (2,820,801)</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

Note 2: Changes in Accounting Principle (Continued)

The effect of the changes made to the accompanying statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows as of and for the year ended September 30, 2021, for the Ambulance Enterprise are as follows:

	<u>2021 (As Previously Reported)</u>	<u>Effect of Adoption</u>	<u>2021 (As Restated)</u>
Statement of Net Postion			
Lease Assets:			
Lease assets, Net	\$ -	\$ 13,635	\$ 13,635
Total Assets	<u>900,313</u>	<u>13,635</u>	<u>913,948</u>
Current Liabilities:			
Current portion of lease liabilities	-	14,018	14,018
Total Liabilities	<u>317,320</u>	<u>14,018</u>	<u>331,338</u>
Net Position:			
Unrestricted	<u>539,541</u>	<u>(383)</u>	<u>539,158</u>
Total Net Position	<u>582,993</u>	<u>(383)</u>	<u>582,610</u>
Total Liabilities and Net Position	<u>\$ 900,313</u>	<u>\$ 13,635</u>	<u>\$ 913,948</u>
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses:			
Other operating expenses	\$ 1,933,636	\$ (55,602)	\$ 1,878,034
Depreciation and amortization	7,242	54,540	61,782
Total Operating Expenses	<u>2,006,719</u>	<u>(1,062)</u>	<u>2,005,657</u>
Operating Loss	<u>(48,221)</u>	<u>1,062</u>	<u>(47,159)</u>
Nonoperating Revenues (Expenses):			
Interest expense	-	(1,445)	(1,445)
Total Nonoperating Revenues (Expenses)	<u>76,241</u>	<u>(1,445)</u>	<u>74,796</u>
Excess of Revenues Over Expenses	28,020	(383)	27,637
Net Position End of Year	<u>\$ 582,993</u>	<u>\$ (383)</u>	<u>\$ 582,610</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

Note 2: Changes in Accounting Principle (Continued)

	2021 (As Previously Reported)	Effect of Adoption	2021 (As Restated)
Statement of Cash Flows			
Cash From Operating Activitis:			
Payments to sippliers and contractors	\$ (1,950,671)	\$ 55,602	\$ (1,895,069)
Net Cash Used by Operating Activities	<u>(78,860)</u>	<u>55,602</u>	<u>(23,258)</u>
Cash From Capital and Related Financing Activities:			
Principal payments on lease obligations	-	(54,157)	(54,157)
Interest paid on long term debt	-	(1,445)	(1,445)
Net Cash Used by Capital and Related Financing Activities	<u>(50,694)</u>	<u>(55,602)</u>	<u>(106,296)</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Opearing loss	(48,221)	1,062	(47,159)
Depreciation and amortization	7,242	54,540	61,782
Net Cash Used by Operating Activities	<u>\$ (78,860)</u>	<u>\$ 55,602</u>	<u>\$ (23,258)</u>

Note 3: Cash and Other Deposits

a. Bank Deposits – Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise deposit funds in financial institutions selected by their Boards of Trustees and invest excess funds in investment instruments that are allowed by statutes. Various restrictions on deposits and investments are imposed by statutes.

The collateral for public entities deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under the program, the facilities' funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2022.

b. Custodial Credit Risk – Deposits – Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the facility will not be able to recover deposits or collateral securities that are in the possession of an outside party. The facility does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the facility. As of September 30, 2022, and 2021, none of the facility's bank balance was exposed to custodial credit risk.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Financial Statements

Note 3: Cash and Other Deposits (Continued)

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

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

Note 4: Charity Care

The Primary Government provides care to patients who meet certain criteria under its charity care policy. Because the Primary Government does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The cost of charity care provided in 2022, and 2021, approximated \$368,000, and \$626,000, respectively.

Note 5: Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. In the absence of actively quoted prices and observable inputs, the Primary Government estimates prices based on available historical data and near-term future pricing information that reflects its market assumptions. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

Fair values of assets measured on a recurring basis at September 30, 2022, and 2021, are as follows:

<u>September 30, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ <u>2,494,269</u>	\$ <u>-</u>	\$ <u>2,494,269</u>	\$ <u>-</u>
<u>September 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ <u>2,707,357</u>	\$ <u>-</u>	\$ <u>2,707,357</u>	\$ <u>-</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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Note 5: Fair Value Measurements (Continued)

Mississippi Hospital Association Investment Pool

The Primary Government participates in the Mississippi Hospital Association Investment Pool program. The funds are invested for the benefit of the Primary Government by a third-party investment company which is responsible for the management of the pool. A summary of the investments at September 30, 2022, and 2021, follows:

	2022	2021
MHA Investment Pool A	\$ 2,741,009	\$ 2,705,472
Unrealized gain (loss) on investments	(246,740)	1,885
Net value	\$ 2,494,269	\$ 2,707,357

The Primary Government has funds invested in the Mississippi Hospital Association investment pool program, which are not collateralized. However, the funds are invested in accordance with Section 27-105-365 Miss. Code Ann. (1972).

Note 6: Accounts Receivable – Estimated Uncollectibles and Allowances

Primary Government

The balance in the Primary Government's estimated uncollectibles and allowances accounts at September 30, 2022, and 2021, is composed of the following:

	2022	2021
Provision for uncollectible accounts	\$ 3,073,577	\$ 4,844,561
Allowance for Medicare adjustment	711,040	796,169
Allowance for Medicaid adjustment	703,003	1,026,811
Allowance for commercial insurance adjustment	994,441	1,868,686
	\$ 5,482,061	\$ 8,536,228

Ambulance Enterprise

The balance in the Ambulance Enterprise's estimated uncollectibles and allowances accounts at September 30, 2022, and 2021, is composed of the following:

	2022	2021
Provision for uncollectible accounts	\$ 352,902	\$ 692,008
Allowance for Medicare adjustment	267,859	303,779
Allowance for Medicaid adjustment	26,225	21,845
Allowance for commercial insurance adjustment	487,500	464,665
	\$ 1,134,486	\$ 1,482,297

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
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Note 7: Capital Assets

The Primary Government's Capital asset additions, retirements and balances for the years ended September 30, 2022, and 2021, were as follows:

	Balance September 30, 2021	Additions	Retirements and Other	Balance September 30, 2022
Land	\$ 1,493,489	-	-	\$ 1,493,489
Land improvements	566,887	49,965	-	616,852
Buildings and improvements	29,627,753	9,545	-	29,637,298
Fixed equipment	7,758,039	22,915	-	7,780,954
Major movable equipment				
Financed purchases	121,000	-	-	121,000
Other	21,914,990	775,246	(34,121)	22,656,115
Automobiles	215,935	-	-	215,935
Construction in progress	85,792	181,676	-	267,468
Total Historical Cost	<u>61,783,885</u>	<u>1,039,347</u>	<u>(34,121)</u>	<u>62,789,111</u>
Less: Accumulated Depreciation and Amortization for:				
Land improvements	(415,518)	(35,939)	-	(451,457)
Buildings and improvements	(9,298,135)	(1,100,439)	-	(10,398,574)
Fixed equipment	(4,464,415)	(384,132)	-	(4,848,547)
Major movable equipment				
Financed purchases	(45,375)	(30,250)	-	(75,625)
Other	(16,716,881)	(1,213,386)	36,938	(17,893,329)
Automobiles	(183,695)	(12,895)	-	(196,590)
Total Accumulated Depreciation and Amortization	<u>(31,124,019)</u>	<u>(2,777,041)</u>	<u>36,938</u>	<u>(33,864,122)</u>
Capital Assets, Net	<u>\$ 30,659,866</u>	<u>(1,737,694)</u>	<u>2,817</u>	<u>\$ 28,924,989</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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Note 7: Capital Assets (Continued)

	Balance September 30, 2020	Additions and Other	Retirements and Other	Balance September 30, 2021
Land	\$ 1,493,489	-	-	\$ 1,493,489
Land improvements	566,887	-	-	566,887
Buildings and improvements	29,569,358	-	58,395	29,627,753
Fixed equipment	7,720,789	37,250	-	7,758,039
Major movable equipment				
Financed purchases	121,000	-	-	121,000
Other	21,239,283	737,676	(61,969)	21,914,990
Automobiles	215,935	-	-	215,935
Construction in progress	108,289	35,898	(58,395)	85,792
Total Historical Cost	61,035,030	810,824	(61,969)	61,783,885
Less: Accumulated Depreciation and Amortization for:				
Land improvements	(381,413)	(34,105)	-	(415,518)
Buildings and improvements	(8,188,537)	(1,109,598)	-	(9,298,135)
Fixed equipment	(4,075,050)	(389,365)	-	(4,464,415)
Major movable equipment				
Financed purchases	(15,125)	(30,250)	-	(45,375)
Other	(15,667,300)	(1,111,550)	61,969	(16,716,881)
Automobiles	(170,800)	(12,895)	-	(183,695)
Total Accumulated Depreciation and Amortization	(28,498,225)	(2,687,763)	61,969	(31,124,019)
Capital Assets, Net	\$ 32,536,805	(1,876,939)	-	\$ 30,659,866

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
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Note 7: Capital Assets (Continued)

The Ambulance Enterprise's Capital asset additions, retirements and balances for the years ended September 30, 2022, and 2021, were as follows:

	Balance September 30, 2021	Additions	Retirements	Balance September 30, 2022
Major moveable equipment	\$ 50,694	-	-	\$ 50,694
Total Historical Cost	<u>50,694</u>	<u>-</u>	<u>-</u>	<u>50,694</u>
Less Accumulated Depreciation for:				
Major moveable equipment	(7,242)	(7,242)	-	(14,484)
Total Accumulated Depreciation	<u>(7,242)</u>	<u>(7,242)</u>	<u>-</u>	<u>(14,484)</u>
Capital Assets, Net	<u>\$ 43,452</u>	<u>(7,242)</u>	<u>-</u>	<u>\$ 36,210</u>
	Balance September 30, 2020	Additions	Retirements	Balance September 30, 2021
Major moveable equipment	\$ -	50,694	-	\$ 50,694
Total Historical Cost	<u>-</u>	<u>50,694</u>	<u>-</u>	<u>50,694</u>
Less Accumulated Depreciation for:				
Major moveable equipment	-	(7,242)	-	(7,242)
Total Accumulated Depreciation	<u>-</u>	<u>(7,242)</u>	<u>-</u>	<u>(7,242)</u>
Capital Assets, Net	<u>\$ -</u>	<u>43,452</u>	<u>-</u>	<u>\$ 43,452</u>

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
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Note 8: Lease Assets

The Primary Government's Lease Asset additions, terminations and balances for the years ended September 30, 2022, and 2021, were as follows:

	<u>Balance September 30, 2021 Restated</u>	<u>Additions</u>	<u>Terminations</u>	<u>Balance September 30, 2022</u>
Lease Assets Being Amortized Equipment	\$ 233,445	320,876	(191,744)	\$ 362,577
Less Accumulated Amortization Equipment	(122,262)	(119,970)	191,744	(50,488)
Lease Assets, Net	<u>\$ 111,183</u>	<u>200,906</u>	<u>-</u>	<u>\$ 312,089</u>
	<u>Balance September 30, 2020</u>	<u>Additions</u>	<u>Terminations</u>	<u>Balance September 30, 2021 Restated</u>
Lease Assets Being Amortized Equipment	\$ -	233,445	-	\$ 233,445
Less Accumulated Amortization Equipment	-	(122,262)	-	(122,262)
Lease Assets, Net	<u>\$ -</u>	<u>111,183</u>	<u>-</u>	<u>\$ 111,183</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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Notes to Financial Statements

Note 8: Lease Assets (Continued)

The Ambulance Enterprise's Lease Asset additions, terminations and balances for the years ended September 30, 2022, and 2021, were as follows:

	Balance September 30, 2021 Restated	Additions	Terminations	Balance September 30, 2022
Lease Assets Being Amortized Ambulances	\$ 68,175	-	(68,175)	\$ -
Less Accumulated Amortization Ambulances	(54,540)	(13,635)	68,175	-
Lease Assets, Net	<u>\$ 13,635</u>	<u>(13,635)</u>	<u>-</u>	<u>\$ -</u>
	Balance September 30, 2020	Additions	Terminations	Balance September 30, 2021 Restated
Lease Assets Being Amortized Ambulances	\$ -	68,175	-	\$ 68,175
Less Accumulated Amortization Ambulances	-	(54,540)	-	(54,540)
Lease Assets, Net	<u>\$ -</u>	<u>13,635</u>	<u>-</u>	<u>\$ 13,635</u>

Note 9: Long-Term Debt

A schedule of changes in the Primary Government's long-term debt for 2022, and 2021, follows:

	Balance 2021	Additions	Reductions	Balance 2022	Amounts Due Within One Year
Notes Payable	\$ <u>5,817,332</u>	<u>-</u>	<u>(1,797,517)</u>	<u>\$ 4,019,815</u>	<u>\$ 1,300,169</u>
	Balance 2020	Additions	Reductions	Balance 2021	Amounts Due Within One Year
Notes Payable	\$ <u>12,578,144</u>	<u>-</u>	<u>(6,760,812)</u>	<u>\$ 5,817,332</u>	<u>\$ 1,878,093</u>

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
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Note 9: Long-Term Debt (Continued)

A summary of the Primary Government's long-term debt at September 30, 2022, and 2021, follows:

	2022	2021
CAP loan payable to Neshoba County due in 240 monthly installments of \$20,304.21 with 2.00% interest, secured by a building.	\$ 2,272,364	\$ 2,468,714
Cerner note due in 6 quarterly installments of \$174,170 and 35 monthly installments of \$41,801 with 0% interest, secured by EHR system.	174,170	675,784
Central Electric Power Association Rural Development Loan due in 108 monthly installments of \$18,518.52 with 0% interest, secured by \$2,000,000 certificate of deposit.	592,592	814,815
Citizens Bank Loan due in 48 monthly installments of \$9,052.01 with 2.25% interest, secured by certificate of deposit #10032311.	-	96,991
Citizens Bank Loan due in 60 monthly installments of \$55,978.43 with 4.5% interest, secured by certificate of deposit #10035421.	917,295	1,530,919
Citizens Bank Loan due in 36 monthly installments of \$10,702.53 with 2.25% interest, secured by certificate of deposit #10036261.	42,625	168,521
LAB, Inc. financed purchase due in 36 monthly installments of \$ 3,485 with 2.330% interest, secured by equipment.	20,769	61,588
Less: Current portion of notes payable	(1,300,169)	(1,878,093)
	\$ 2,719,646	\$ 3,939,239

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

Year Ended Sept. 30:	Notes Payable	
	Principal	Interest
2023	\$ 1,300,169	\$ 75,042
2024	702,822	42,943
2025	356,283	35,515
2026	212,336	31,314
2027	216,622	27,028
Thereafter	1,231,583	68,116
Total	\$ 4,019,815	\$ 279,958

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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Note 10: Lease Liability Obligations

The facilities are lessees for various noncancellable leases of ambulances and equipment, the terms of which expire in various years through 2025. For leases that have a maximum possible term of 12 months or less at commencement, the facilities recognize expense based on the provisions of the lease contract. For all other leases, other than shorth term, the facilities recognized a lease liability and an intangible right-to-use lease asset.

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

The facilities use their incremental borrowing rate as the discount rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

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

A schedule of changes in the Primary Government's lease liability obligations for 2022, and 2021, follows:

	Balance September 30, 2021 Restated	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One year
Lease liability obligations \$	112,669	320,876	(119,906)	\$ 313,639	\$ 110,624
	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021 Restated	Amounts Due Within Within One year
Lease liability obligations \$	-	233,445	(120,776)	\$ 112,669	\$ 103,361

A schedule of changes in the Ambulance Enterprise's lease liability obligations for 2022, and 2021, follows:

	Balance September 30, 2021 Restated	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Lease liability obligations \$	14,018	-	(14,018)	\$ -	\$ -
	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021 Restated	Amounts Due Within One Year
Lease liability obligations \$	-	68,175	(54,157)	\$ 14,018	\$ 14,018

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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Note 11: Net Patient Service Revenue

Primary Government

The Primary Government's net patient service revenue for the years ended September 30, 2022, and 2021, is detailed in the accompanying schedule of operating revenues.

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

a. Medicare – Inpatient acute care services, outpatient services, nonacute inpatient services and geriatric psychiatric services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Primary Government is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Primary Government and audits thereof by the Medicare fiscal intermediary. The Primary Government's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2018.

b. Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Primary Government is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Primary Government and audits thereof by the Medicaid fiscal intermediary. Nursing home services are reimbursed under a cost-based case mix reimbursement system.

c. Medicaid Mississippi Hospital Access Payments – The Primary Government received net Medicaid Mississippi hospital access payments of \$1,301,766, and \$989,990 for the years ended September 30, 2022, and 2021. The Medicaid Mississippi hospital access program is a program whereby the hospital qualifies for Mississippi hospital access program funds in addition to regular funds. The Mississippi Division of Medicaid administers the program through the MississippiCAN coordinated care organizations, and the continuation of the programs rest with the federal government.

d. Medicaid Upper Payment Limit Payments – The Primary Government received net Medicaid upper payment limit payments of \$61,268 and \$381,258, for the years ended September 30, 2022, and 2021, respectively. The Medicaid upper payment limit program is a program whereby the facility qualifies for upper payment limit funds in addition to regular funds. The Mississippi Division of Medicaid is currently administering the upper payment limit program, and the continuation of the program rests with the federal government.

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Note 11: Net Patient Service Revenue (Continued)

Ambulance Enterprise

The Ambulance Enterprise's net patient service revenue for the years ended September 30, 2022, and 2021, is as follows:

	2022	2021
Gross Patient Service Revenue	\$ 5,657,288	\$ 6,087,734
Less provisions for contractual and other adjustments	(3,120,188)	(3,454,791)
Less provisions for bad debts	(549,022)	(729,446)
Net Patient Service Revenue	\$ 1,988,078	\$ 1,903,497

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

e. Medicare – Under the ambulance fee schedule, the Medicare program pays for transportation services for Medicare beneficiaries when other means of transportation are contraindicated. Ambulance services are classified into different levels of ground services based on the medically necessary treatment provided during transport. These services include the following levels of service:

- Basic Life Support (BLS)
- Advanced Life Support, Level 1 (ALS1)
- Advanced Life Support, Level 2 (ALS2)
- Specialty Care Transport (SCT)
- Paramedics ALS Intercept (PI)

f. Medicaid – Ambulance services are reimbursed from a statewide uniform fixed fee schedule based on seventy percent (70%) of the rate established under Medicare (Title XVIII of the Social Security Act), as amended.

Note 12: Medical Benefit Plan

The Primary Government provides health insurance coverage to its employees through a self-funded medical benefit plan that covers substantially all of its employees and certain dependents of the employees. The total medical benefit expense for the self-funded medical benefit plan for the years ended September 30, 2022, and 2021, amounted to \$3,625,006, and \$2,626,411, respectively. The Primary Government's policy is to fund the estimated medical benefit claims that will be filed against the plan less the contributions made by employees covered by the plan. In addition, an allowance representing the write-off of charges applicable to in-house claims of the employees and their dependents for the years ended September 30, 2022, and 2021, was provided in the amounts of \$1,183,890, and \$573,578, respectively.

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Note 13: Pension Plan

The facility, through the Mississippi Public Employees' Retirement System (PERS), offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full-time facility employees with one year of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The total employee contribution to the deferred compensation plan for the years ended September 30, 2022, and 2021, amounted to \$446,630, and \$432,196, respectively. The facility made contributions to the deferred compensation plan of \$11,826, and \$563,036 during the year ended September 30, 2022, and 2021.

Note 14: Commitments and Contingencies

a. Mississippi True Provider-Sponsored Health Plan – Neshoba County General Hospital and Neshoba County Nursing Home has an investment in Mississippi True. Mississippi True is an entity that was created for the purpose to be a contractor for the Mississippi CAN program. MS True is looking into getting into being the contractor for MHEBT claims and forming a Medicaid/Medicare advantage plan for citizens of Mississippi. The amount of the facility's investment was \$800,000 as of 2022, and 2021. The facility has elected to report this investment at cost since there is not a market for the ownership interest in the company. The facility's Board of Trustees approved a total contribution of \$2,000,000 toward the Mississippi True Provider-Sponsored Health Plan. On August 10, 2022, MS True was awarded a Medicaid MCO Contract. The effect of the award will not be known until the contract has been implemented. At this time, management has determined that an impairment on the investment is not applicable as of September 30, 2022.

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

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Note 15: Concentrations of Credit Risk

The facilities grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2022, and 2021, was as follows:

<u>Primary Government</u>	<u>2022</u>	<u>2021</u>
Medicare	14%	15%
Medicaid	20%	19%
Patients and other third-party payors	<u>66%</u>	<u>67%</u>
	<u>100%</u>	<u>100%</u>
<u>Ambulance Enterprise</u>	<u>2022</u>	<u>2021</u>
Medicare	25%	24%
Medicaid	4%	4%
Patients and other third-party payors	<u>73%</u>	<u>73%</u>
	<u>100%</u>	<u>100%</u>

Note 16: Litigation

The Primary Government is a defendant in lawsuits and claims arising from normal business activities. At this time, management and legal representatives are expressing no opinion on the ultimate outcome of the litigation. However, state statutes limit the Primary Government's liability exposure to the amount of insurance coverage

Note 17: Ambulance Enterprise Management Agreement

On April 1, 2012, Neshoba County Ambulance Enterprise entered into a management services agreement with Neshoba County General Hospital and Neshoba County Nursing Home to provide various management and administrative services and incur all operational expenses necessary for the establishment and continued operation of a public ambulance service. The Ambulance Enterprise agrees to reimburse Neshoba County General Hospital and Neshoba County Nursing Home for its actual compensation costs incurred for the employees for their time spent, as well as any other direct out of pocket costs incurred in performance of the ambulance services. The Ambulance Enterprise incurred \$1,880,612, and \$1,959,550, in expenses that were paid by Neshoba County General Hospital and Neshoba County Nursing Home during the years ended September 30, 2022, and 2021, respectively. The Ambulance Enterprise had a payable due to Neshoba County General Hospital and Neshoba County Nursing Home of \$32,638, and \$214,216, as of September 30, 2022, and 2021, respectively. Under the terms of this agreement the Ambulance Enterprise shall operate and continue according to the Joint Venture Agreement until terminated pursuant to the Joint Venture Agreement between, Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home.

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Note 18: Accelerated Payments

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Section 3719 expanded the Accelerated and Advance Payments Program to ease the financial strain experienced by Medicare Part A providers and Part B suppliers during the COVID-19 pandemic. The expansion allowed the Centers for Medicare and Medicaid Services to accept applications of a broader group of eligible providers and suppliers and issue advance payments based on up to six months of historical payments, prior claims data, and other financial information.

As enacted through the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment began 12 months after the date of issuance and was automatically recouped from Medicare payments otherwise owed to the facility at 25 percent for the first 11 months and 50 percent for the succeeding 6 months. If the accelerated payments are not recouped within the 29 months, a demand letter will be issued requiring repayment of any outstanding balance. If a letter requiring reimbursement is issued, providers and suppliers will have 30 days from the date of the letter to repay the balance in full. If payment is not received within 30 days, interest will accrue at the rate of 4% from the date the letter was issued, and will be assessed for each full 30-day period that the balance remains unpaid. Neshoba County General Hospital and Neshoba County Nursing Home's accelerated payments were not fully recouped by September 30, 2022. A demand letter dated September 26, 2022, was received by Neshoba County General Hospital and Neshoba County Nursing Home in the amount of \$555,163. Neshoba County Ambulance Enterprise's accelerated payments were fully recouped by September 30, 2022. The facilities showed current liabilities for accelerated payments of \$4,439,681, and \$91,781, respectively, for the year ended September 30, 2021.

Note 19: COVID-19 Funds

Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise reported COVID-19 funds on the Statements of Revenues, Expenses, and Changes in Net Position of \$4,895,352 and \$-0- respectively during the year ended September 30, 2022, and \$16,186,709 and \$-0- respectively during the year ended September 30, 2021. These funds were disbursed by the Health Resources and Services Administration (HRSA) in accordance with the CARES Act of 2020. The CARES Act appropriated the COVID-19 funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The facilities' acceptance of these funds requires compliance with reporting requirements as specified by the Secretary of Health and Human Services. The reporting requirements include submitting healthcare related expenses attributable to COVID-19 and lost revenue calculations to HRSA for review and eligibility approval.

Neshoba County General Hospital and Neshoba County Nursing Home completed their Provider Relief Funds portal reporting for reporting period two in March 2022. Neshoba County General Hospital and Neshoba County Nursing Home did not have funds that required completion of the Provide Relief Funds portal reporting for reporting period three. The facility reported total healthcare related expenses attributable to COVID-19 not reimbursed by other sources of \$2,425,322. Neshoba County Ambulance Enterprise did not receive any provider relief funds during the years ended September 30, 2022, or 2021.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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Note 20: Prior Period Restatement

A prior period adjustment has been made to properly reflect the settlement of a Nursing Home Medicaid Assessment in the amount of \$458,648. As a result; accounts payable, total current liabilities, and total liabilities decreased by \$458,648 and unrestricted net position and total net position increased by \$458,648 on the Statements of Net Position at September 30, 2021.

Note 21: Subsequent Events

Events that occur after the Statement of Net Position date but before the consolidated financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the facilities through July 10, 2023, (the date the financial statements were available to be issued), and determined that there were no subsequent events requiring disclosures in the notes to the financial statements.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT

Primary Government
Detailed Schedules of Operating Revenues
Years Ended September 30, 2022, and 2021

	2022	2021
Inpatient:		
Nursing Services:		
Routine care	\$ 1,301,282	\$ 1,785,189
Geriatric-psych program	947,694	948,438
Skilled nursing facility	11,055,896	9,771,964
Hospitalist	434,204	542,895
Other Nursing Services:		
Operating and recovery rooms	4,939	26,723
Central service and supply	17,859	34,765
Emergency service	942,424	1,029,460
Total Nursing Services Revenue	14,704,298	14,139,434
Other Professional Services:		
Laboratory	1,270,031	1,678,394
Blood bank	128,990	136,066
Electrocardiology	85,666	96,814
Radiology	938,534	1,020,956
Pharmacy	1,356,659	2,387,015
Pharmacy - SNF	717,929	695,429
Anesthesiology	2,590	17,538
Infusion therapy	3,762	3,158
Inhalation therapy	1,017,434	1,500,907
Rehabilitation services	894,112	583,942
Wound care	3,989	3,116
Total Other Professional Services Revenue	6,419,696	8,123,335
Total Inpatient Revenue	21,123,994	22,262,769
Outpatient:		
Nursing Services:		
IOP	-	(1,300)
Hospitalist	188,377	167,659
Other Nursing Services:		
Operating and recovery rooms	5,124,266	4,691,008
Observation room	501,059	680,247
Central service and supply	157,234	161,461
Emergency service	15,621,177	14,822,176
Total Nursing Services Revenue	\$ 21,592,113	\$ 20,521,251

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT

Primary Government
Detailed Schedules of Operating Revenues
Years Ended September 30, 2022, and 2021

	2022	2021
Outpatient: (Continued)		
Other Professional Services:		
Laboratory	\$ 9,196,232	\$ 9,026,789
Blood	210,894	203,070
Electrocardiology	535,000	559,010
Radiology	10,492,856	10,021,084
Pharmacy	7,930,638	7,359,346
Anesthesiology	1,880,927	1,643,749
Infusion therapy	622,785	806,637
Inhalation therapy	852,145	786,518
Rehabilitation services	3,743,726	3,782,262
Wound care	624,858	565,485
Clinic	10,839,013	10,520,719
Total Other Professional Services Revenue	46,929,074	45,274,669
 Total Outpatient Revenue	 68,521,187	 65,795,920
 Total Patient Services Revenue	 89,645,181	 88,058,689
 Deductions from Patient Service Revenue:		
Contractual adjustments and allowances	37,577,185	37,347,187
Mississippi hospital access	(1,301,766)	(989,990)
Upper payment limit payments	(61,268)	(381,258)
Charity	267,354	347,164
Total Deductions from Patient Service Revenue	36,481,505	36,323,103
 Provision for Uncollectible Accounts	 5,889,353	 7,173,540
 Net Patient Services Revenue	 \$ 47,274,323	 \$ 44,562,046

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT

Primary Government
Detailed Schedules of Operating Revenues
Years Ended September 30, 2022, and 2021

	2022	2021
Other Revenue:		
Medical records transcripts	\$ 7,999	\$ 5,656
Employee and other meals	724,473	494,381
Beauty shop - SNF	75	70
Services to Neshoba County Ambulance Enterprise *	1,594,160	1,710,741
Miscellaneous revenue	417,011	608,864
Lease income	29,099	24,237
Trauma care grant	10,000	10,000
Total Other Revenue	2,782,817	2,853,949
 Total Revenue	 \$ 50,057,140	 \$ 47,415,995

* - These are charges by the Primary Government for providing staffing, management, maintenance, and billing and collection services to Neshoba County Ambulance Enterprise.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT

Primary Government
Detailed Schedules of Operating Expenses
Years Ended September 30, 2022, and 2021

	2022			2021		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Salaries	Supplies and Drugs	Other
Nursing Services:						
Routine services	\$ 1,638,334	104,780	33,291	\$ 1,500,135	154,171	18,027
Geriatric-psych services	950,556	26,622	95,397	784,572	20,450	94,249
IOP	-	-	-	-	47	-
Operating and recovery rooms	473,338	176,573	345,813	363,921	269,823	256,270
Central service and supply	44,378	(61,453)	879	39,014	149,244	542
Emergency room	4,719,066	129,461	17,235	4,271,476	183,909	8,451
Skilled nursing facility	4,546,015	734,393	1,548,473	3,761,766	673,587	972,535
Nursing administration	564,609	410,319	283,163	706,729	1,101,454	173,885
Other Professional Services:						
Laboratory	1,121,144	421,885	322,050	933,516	519,525	276,462
Blood bank	-	60,152	8,801	-	60,670	9,153
Electrocardiology	12,644	-	14,730	24,200	-	51,536
Radiology	1,123,349	198,464	717,712	948,547	181,074	741,848
Pharmacy	302,413	23,458	32,222	256,629	31,934	40,279
Pharmacy-SNF	288,634	534,007	-	260,497	676,132	148
Anesthesiology	-	-	85,093	-	-	91,181
Infusion therapy	143,209	1,257,839	238	117,079	1,262,313	3,834
Inhalation therapy	434,193	73,645	6,031	332,562	81,555	14,232
Rehabilitation services	1,234,458	30,863	81,313	1,092,338	32,824	84,508
Ambulance	1,704,005	-	-	1,478,790	-	-
Medical records	548,241	7,251	204,021	502,531	6,137	322,738
Medical records-SNF	33,272	-	485	28,333	-	150
PSRO	185,802	3,011	324,733	179,956	1,200	143,892
Sleep Center	79,883	4,484	78,405	102,996	8,263	30,055
Wound Care	316,031	12,832	19,937	237,551	9,592	20,441
Social services-SNF	272,046	6,364	1,305	267,566	1,337	955
Clinic	6,060,300	639,419	702,574	5,328,257	517,807	727,746
General Services:						
Dietary	454,182	367,785	12,520	395,559	344,672	17,746
Dietary-SNF	357,520	427,319	11,251	366,506	437,786	13,343
Maintenance	116,773	66,995	853,240	99,649	60,610	908,374
Maintenance-SNF	146,252	287	7,798	140,726	206	13,784
Housekeeping	-	127,053	593,204	-	126,918	611,532
Housekeeping-SNF	-	-	370,108	-	-	365,505
Laundry and linen	-	1,775	52,458	-	7,564	52,668
Laundry and linen-SNF	-	1,652	62,053	-	-	61,677
Security	211,122	1,638	317	203,703	878	-
Security-SNF	44,366	174	-	34,844	-	-
Beauty shop-SNF	27,753	519	280	20,077	-	-
Administrative and Fiscal Services:						
Administrative	3,325,085	279,391	2,656,512	2,939,819	265,362	2,345,075
Administrative-SNF	-	-	631,558	-	-	620,562
Employee benefits	3,468,492	-	-	3,020,735	-	-
Employee benefits-SNF	2,657,237	-	-	2,361,461	-	-
Total Operating Expenses	\$ 37,604,702	6,068,957	10,175,200	\$ 33,102,040	7,187,044	9,093,383

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
 AND ITS COMPONENT UNIT
 Primary Government
 Schedule of Surety Bonds for Officials and Employees
 September 30, 2022

Name	Position	Company	Amount of Bond
Lee McCall	Chief Executive Officer	Travelers Casualty and Surety Company of America	\$ 10,000
Scott McNair	Chief Financial Officer	Travelers Casualty and Surety Company of America	\$ 10,000
Kenneth Posey	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Oliver Jolly	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Jean Brazzle	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Jo Helen Daly	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Dale Joyner	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBE COUNTY NURSING HOME
 AND ITS COMPONENT UNIT
 Schedule of Expenditures of Federal Awards
 September 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Pass-Through Grantor's Number	Passed Through to Sub-Recipients	Federal Expenditures
Department of Health and Human Services:				
Direct Programs:				
COVID-19 Provider Relief Funds	93.498	N/A	\$ -	2,425,322
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	N/A	-	99,058
Total Federal Awards			\$ -	\$ 2,524,380

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Neshoba County General Hospital and Neshoba County Nursing Home under programs of the federal government for the year ended September 30, 2022. The Schedule also includes Provider Relief Funds received during the period of July 1, 2020 through June 30, 2021 with a deadline for use of June 30, 2022 in accordance with HRSA guidelines. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Neshoba County General Hospital and Neshoba County Nursing Home, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Neshoba County General Hospital and Neshoba County Nursing Home.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Costs

Neshoba County General Hospital and Neshoba County Nursing Home has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Other Information

Expenditures reported on the Schedule as COVID-19 – Provider Relief Funds are based upon the Provider Relief Fund reporting portal submission two (2) which covers Provider Relief Fund payments received by Neshoba County General Hospital and Neshoba County Nursing Home from July 1, 2020 December 31, 2020. The facility did not receive funds that required them to report during the Provider Relief Fund reporting period three (3) which covered Provider Relief Fund payments received from January 1, 2021, through June 30, 2021.



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

The Board of Trustees
Neshoba County General Hospital and
Neshoba County Nursing Home and
its Component Unit
Philadelphia, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’s basic financial statements as listed in the table of contents, and have issued our report thereon dated July 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Neshoba County General Hospital and Neshoba County Nursing Home’s and its discretely presented component unit, Neshoba County Ambulance Enterprise’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’s internal control. Accordingly, we do not express an opinion of the effectiveness of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether Neshoba County General Hospital and Neshoba County Nursing Home and its component unit'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Eupora, Mississippi
July 10, 2023

Watkins Ward and Stafford, PLLC



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

The Board of Trustees
Neshoba County General Hospital and
Neshoba County Nursing Home and
its Component Unit
Philadelphia, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’s major federal program for the year ended September 30, 2022. Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, Neshoba County General Hospital and Neshoba County Nursing Home and its component unit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Eupora, Mississippi
July 10, 2023

Watkins Ward and Stafford, PLLC



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Independent Auditors' Report on Compliance with State Laws and Regulations

The Board of Trustees
 Neshoba County General Hospital and
 Neshoba County Nursing Home and
 its Component Unit
 Philadelphia, Mississippi

We have audited the financial statements of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the years ended September 30, 2022, and 2021, and have issued our report thereon dated July 10, 2023.

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

Compliance with state laws applicable to Neshoba County General Hospital and Neshoba County Nursing Home and its component unit is the responsibility of the facilities' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's compliance with certain provisions of state laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Neshoba County General Hospital and Neshoba County Nursing Home and its component unit complied with the provisions referred to in the preceding paragraph, except as described as follows:

Finding 2022-01 and 2021-01

Neshoba County General Hospital and Neshoba County Nursing Home has deposited funds with financial institutions that have not been named as depositories. As per Miss. Code Ann. § 27-105-365 (1), Neshoba County General Hospital and Neshoba County Nursing Home may deposit funds in one or more financial institutions who have been named as depositories in the same manner as county depositories are selected by boards of supervisors pursuant to Section 27-105-305.

Recommendation

Neshoba County General Hospital and Neshoba County Nursing Home should follow proper bank depository law for all future fiscal years.

Response

Neshoba County General Hospital and Neshoba County Nursing Home will follow proper bank depository law for all future fiscal years.

With respect to items not tested, nothing came to our attention that caused us to believe that Neshoba County General Hospital and Neshoba County Nursing Home and its component unit had not complied with state laws and regulations.

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

Eupora, Mississippi
July 10, 2023

Watkins Ward and Stafford, P.C.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Schedule of Findings and Questioned Costs
September 30, 2022

Section 1: Summary of Auditors' Results

Financial Statements:

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

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? (Yes/No) | No |
| b. Significant deficiency(ies) identified? (Yes/None reported) | None reported |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (Yes/No) | No |
| 7. Auditee qualified as low-risk pursuant to Uniform Guidance? | No |
| 8. Identification of major programs: | |
| Department of Housing and Human Services:
COVID-19 – Provider Relief Funds – Federal Assistance No. 93.498 | |
| 9. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 10. Prior year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section 200.51(a) of the Uniform Guidance Subpart F? | No |

Section 2: Financial Statement Findings:

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Schedule of Findings and Questioned Costs
September 30, 2022

Section 3: Federal Award Findings and Questioned Costs:

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

Section 4: Federal Awards Summary of Prior Audit Findings

No prior year findings