

**NESHOBA COUNTY AMBULANCE ENTERPRISE  
PHILADELPHIA, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
SEPTEMBER 30, 2020**



NESHOPA COUNTY AMBULANCE ENTERPRISE  
Audited Financial Statements and Additional Information  
September 30, 2020

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**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
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Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

### Independent Auditors' Report

The Enterprise Management Committee  
Neshoba County Ambulance Enterprise  
Philadelphia, Mississippi

#### Report on Financial Statements

We have audited the accompanying financial statements of Neshoba County Ambulance Enterprise, a joint venture of Neshoba County, Mississippi, Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the years ended September 30, 2020, and 2019, and the related notes to financial statements, which collectively comprise Neshoba County Ambulance Enterprise's basic financial statements as listed in the contents.

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

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neshoba County Ambulance Enterprise as of September 30, 2020, and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Neshoba County Ambulance Enterprise and do not purport to, and do not, present fairly the financial position of Neshoba County, Mississippi or Neshoba County General Hospital and Neshoba County Nursing Home, as of September 30, 2020, and 2019, the changes in their financial position, or, where applicable, their 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.

## Other Matters

### *Required Supplementary Information*

Neshoba County Ambulance Enterprise has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the omitted information.

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of surety bonds for officials is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of surety bonds for officials is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2021, on our consideration of Neshoba County Ambulance Enterprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Ambulance Enterprise's internal control over financial reporting and compliance.

Eupora, Mississippi  
April 2, 2021

*Watkins Ward and Stafford, PLLC*

NESHOPA COUNTY AMBULANCE ENTERPRISE  
 Statements of Net Position  
 September 30, 2020, and 2019

	2020	2019
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 575,877	\$ 321,560
Patient accounts receivable (Net of estimated uncollectibles and allowances of \$1,100,725 in 2020 and \$693,515 in 2019)	362,877	319,467
Prepaid Expenses	14,424	12,759
Total Current Assets	953,178	653,786
<b>Total Assets</b>	<b>\$ 953,178</b>	<b>\$ 653,786</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 15,490	\$ 14,186
Due to Neshoba County General Hospital and Neshoba County Nursing Home	157,083	168,485
Accelerated payments	164,817	-
Deferred revenue	60,815	-
<b>Total Liabilities</b>	398,205	182,671
<b>Net Position:</b>		
Restricted Provider Relief Funds	60,815	-
Unrestricted	494,158	471,115
Total Net Position	554,973	471,115
<b>Total Liabilities and Net Position</b>	<b>\$ 953,178</b>	<b>\$ 653,786</b>

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

NESHOPA COUNTY AMBULANCE ENTERPRISE  
 Statements of Revenues, Expenses, and Changes in Net Position  
 Years Ended September 30, 2020, and 2019

	2020	2019
<b>Operating Revenues:</b>		
Net patient service revenue (Net of provision for bad debts of \$798,359 in 2020 and \$592,325 in 2019)	\$ 1,907,294	\$ 1,826,678
<b>Operating Expenses:</b>		
Supplies and drugs	55,240	50,978
Other operating expenses	1,794,735	2,114,866
Total Operating Expenses	1,849,975	2,165,844
<b>Operating Income (Loss)</b>	57,319	( 339,166)
<b>Nonoperating Revenues:</b>		
Grants and contributions	26,539	25,003
<b>Excess of Revenues Over (Under) Expenses</b>	83,858	( 314,163)
<b>Net Position Beginning of Year</b>	471,115	785,278
<b>Net Position End of Year</b>	\$ 554,973	\$ 471,115

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

NESHOPA COUNTY AMBULANCE ENTERPRISE  
 Statements of Cash Flows  
 Years Ended September 30, 2020, and 2019

	2020	2019
<b>Cash From Operating Activities:</b>		
Receipts from and on behalf of patients	\$ 1,863,884	\$ 1,841,472
Payments to suppliers and contractors	( 1,861,738)	( 2,153,494)
<b>Net Cash Provided (Used) by Operating Activities</b>	2,146	( 312,022)
<b>Cash From Noncapital Financing Activities:</b>		
Grants and contributions	26,539	25,003
Provider Relief Funds	60,815	-
Proceeds from accelerated payments	164,817	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	252,171	25,003
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	254,317	( 287,019)
<b>Cash and Cash Equivalents at Beginning of Year</b>	321,560	608,579
<b>Cash and Cash Equivalents at End of Year</b>	\$ 575,877	\$ 321,560
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 57,319	\$ ( 339,166)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:		
Provision for bad debts	798,359	592,325
Changes in:		
Patient accounts receivable	( 841,769)	( 577,531)
Prepaid expenses	( 1,665)	( 8,535)
Accounts payable	1,304	6,449
Due to Neshoba County General Hospital and Neshoba County Nursing Home	( 11,402)	14,436
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ 2,146	\$ ( 312,022)

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



NESHOBA COUNTY AMBULANCE ENTERPRISE  
Notes to Financial Statements

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

**a. Reporting Entity** - The 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 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 Enterprise joint venture agreement stipulations. The Enterprise staffing needs for the operation of the ambulance services is provided by the Hospital 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 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 Hospital's) employees. The Enterprise is governed by an Enterprise Management Committee consisting of five voting members: Hospital CEO, Hospital CFO, Hospital Director of Ambulance Services, County Emergency Management Director and County Administrator.

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

**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.

**c. Proprietary Fund Accounting** - The Enterprise utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual. Based on *Governmental Accounting Standards Board (GASB) Statement No. 20: Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Enterprise has elected to apply the provisions and all pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict or contradict GASB pronouncements.

**d. Cash and Cash Equivalents** - Cash and cash equivalents include unrestricted cash used for operating purposes only.

**e. Restricted Resources** - When the Enterprise has both restricted and unrestricted resources available to finance a particular program, it is the Enterprise's policy to use restricted resources before unrestricted resources.

**f. Net Position** - Net position of Neshoba County Ambulance Enterprise is classified in two components. *Restricted net position* consists of Provider Relief Funds restricted under the CARES Act of 2020. *Unrestricted net position* is remaining net position that does not meet the definition of *restricted net position*.

NESHOBA COUNTY AMBULANCE ENTERPRISE  
Notes to Financial Statements

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

**g. Operating Revenues and Expenses** - Neshoba County Ambulance Enterprise's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing ambulance services – the enterprise's principal activity. Operating expenses are all expenses incurred to provide ambulance services, other than financing costs.

**h. Net Patient Service Revenue** - 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.

**i. Risk Management** - The Enterprise is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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. This coverage is effective for Neshoba County General Hospital and Neshoba County Nursing Home as well as Neshoba County Ambulance Enterprise.

*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 Enterprise has not been exposed to any risk of loss above the applicable insurance coverage amounts at September 30, 2020; therefore, no liability has been accrued at this time.*

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

**k. 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: Cash and Other Deposits**

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

NESHOBA COUNTY AMBULANCE ENTERPRISE  
Notes to Financial Statements

**Note 2: Cash and Other Deposits (Continued)**

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 this program, the Enterprise's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All Enterprise funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2020.

**Custodial Credit Risk – Deposits** – Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Enterprise will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Enterprise 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 Enterprise. As of September 30, 2020, none of the Enterprise's bank balance was exposed to custodial credit risk.

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

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

**Note 3: Accounts Receivable – Estimated Uncollectibles and Allowances**

The balance in the estimated uncollectibles and allowances accounts at September 30, 2020, and 2019, is composed of the following:

	2020	2019
Provision for uncollectible accounts	\$ 648,353	\$ 269,225
Allowance for Medicare adjustment	110,510	101,290
Allowance for Medicaid adjustment	23,715	16,371
Allowance for commercial insurance adjustment	318,147	306,629
	\$ 1,100,725	\$ 693,515

**Note 4: Commitments under Noncancelable Operating Leases**

The Enterprise leases ambulances under operating leases from Neshoba County, Mississippi, expiring at various dates. Future minimum pending noncancelable lease payments are as follows:

Year Ended September 30,		
2021	\$	55,602
2022	\$	13,900

NESHOPA COUNTY AMBULANCE ENTERPRISE  
Notes to Financial Statements

**Note 4: Commitments under Noncancelable Operating Leases (Continued)**

Rental expense under all operating leases for the years ended September 30, 2020, and 2019, was \$101,300, and \$129,720, respectively.

**Note 5: Net Patient Service Revenue**

The Enterprise's net patient service revenue for the years ended September 30, 2020, and 2019, is as follows:

	2020	2019
Gross Patient Service Revenue	\$ 6,030,580	\$ 5,555,071
Less provisions for contractual and other adjustments	(3,324,927)	(3,136,068)
Less provisions for bad debts	(798,359)	(592,325)
Net Patient Service Revenue	\$ 1,907,294	\$ 1,826,678

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

**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)

**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.

NESHOBA COUNTY AMBULANCE ENTERPRISE  
Notes to Financial Statements

**Note 6: Concentrations of Credit Risk**

The Enterprise grants credit without collateral to its 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, 2020, and 2019, was as follows:

	<u>2020</u>	<u>2019</u>
Medicare	11%	14%
Medicaid	4%	4%
Patients and other third-party payors	<u>85%</u>	<u>82%</u>
	<u>100%</u>	<u>100%</u>

**Note 7: 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 certain operational expenses necessary for the establishment and continued operation of a public ambulance service. The 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. Under the terms of this agreement, the Enterprise agrees to reimburse the Hospital for its actual compensation costs incurred for the employees for their time spent in performance of these management services. The Enterprise shall also reimburse the Hospital for any direct out of pocket expenses incurred by the Hospital on its behalf in performance of the management services. Neshoba County General Hospital and Neshoba County Nursing Home will accrue charges due until such time as the Enterprise has sufficient revenues to reimburse the Hospital. The Enterprise incurred \$1,817,839, and \$1,885,268, in expense that was paid by Neshoba County General Hospital and Neshoba County Nursing Home during the years ended September 30, 2020, and 2019, respectively. The Enterprise had a payable due to Neshoba County General Hospital and Neshoba County Nursing Home of \$157,083, and \$168,485, as of September 30, 2020, and 2019, respectively.

**Note 8: 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 Centers for Medicare and Medicaid Services accepts applications of eligible providers and suppliers and issues advance payments based on up to six months of historical payments, prior claims data, and other financial information. The Enterprise received accelerated payments of \$164,817 for the year ended September 30, 2020.

As enacted through the *Continuing Appropriations Act, 2021 and Other Extensions Act*, repayment will begin one year after the date of issuance and be automatically recouped from Medicare payments otherwise owed to the Enterprise at 25 percent for the first 11 months and 50 percent for the succeeding 6 months. If the accelerated payment is not recouped within the 29 months, a demand letter will be issued requiring repayment of any outstanding balance subject to an interest rate of four percent accruing beginning 30 days after the date of the letter. The Enterprise expects the accelerated payment will be fully recouped by September 30, 2021, therefore, \$164,817 is shown as a current liability as of September 30, 2020.

NESHOBA COUNTY AMBULANCE ENTERPRISE  
Notes to Financial Statements

**Note 9: Provider Relief Funds**

The Enterprise received Provider Relief Funds of \$60,815 during the year ended September 30, 2020. These funds were disbursed by the Health Resources and Services Administration (HRSA) in accordance with the CARES Act of 2020. The CARES Act appropriated the Provider Relief Funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The Enterprise's acceptance of these funds requires compliance with reporting requirements as specified by the Secretary of Health and Human Services. The reporting requirements include submitting healthcare related expenses attributable to COVID-19 and lost revenue calculations to HRSA for review and eligibility approval.

The Provider Relief Funds of \$60,815 is recognized as deferred revenue for the year ended September 30, 2020. Per the current HRSA guidelines, the Enterprise has until June 30, 2021 to expend the remaining Provider Relief Funds; however, the HRSA continues to revise and clarify current guidelines.

**Note 10: Commitments and Contingencies**

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

**Note 11: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Neshoba County Ambulance Enterprise evaluated the activity of the Enterprise through April 2, 2021, (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.

NESHOPA COUNTY AMBULANCE ENTERPRISE  
Schedule of Surety Bonds for Officials  
September 30, 2020

The following individuals/positions are covered by a Public Official Bond issued by Travelers Casualty and Surety Company of America, bond limit \$400,000:

Lee McCall	Chairman
Scott McNair	Member
Jeff Mayo	Member
Johnny Williamson	Member
Darrell Wilson	Member



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Thomas J. Browder, CPA	

**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 Enterprise Management Committee  
Neshoba County Ambulance Enterprise  
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 Neshoba County Ambulance Enterprise, a joint venture between Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the years ended September 30, 2020, and 2019, and the related notes to financial statements, which collectively comprise Neshoba County Ambulance Enterprise's basic financial statements as listed in the contents, and have issued our report thereon dated April 2, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neshoba County Ambulance Enterprise's internal control. Accordingly, we do not express an opinion on the effectiveness of Neshoba County Ambulance Enterprise's internal control.

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Neshoba County Ambulance Enterprise'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  
April 2, 2021

*Watkins Ward and Stafford, PLLC*



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**Independent Auditors' Report on Compliance with State Laws and Regulations**

The Enterprise Management Committee  
 Neshoba County Ambulance Enterprise  
 Philadelphia, Mississippi

We have audited the financial statements of Neshoba County Ambulance Enterprise, a joint venture between Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home, as of September 30, 2020, and 2019, and have issued our report thereon dated April 2, 2021.

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 Ambulance Enterprise is the responsibility of the Enterprise's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Neshoba County Ambulance Enterprise'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 Ambulance Enterprise complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Neshoba County Ambulance Enterprise had not complied with state laws and regulations.

This report is intended solely for the information and use of the Enterprise Management Committee, management, others within the organization, Neshoba County General Hospital and Neshoba County Nursing Home, 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.

Eupora, Mississippi  
 April 2, 2021

*Watkins Ward and Stafford, PLLC*



**WATKINS, WARD and STAFFORD**  
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April 2, 2021

The Enterprise Management Committee  
Neshoba County Ambulance Enterprise  
Philadelphia, Mississippi

We have audited the financial statements of Neshoba County Ambulance Enterprise for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 19, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Neshoba County Ambulance Enterprise are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by Neshoba County Ambulance Enterprise during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting Neshoba County Ambulance Enterprise's financial statements was:

Management's estimate of the allowance for uncollectibles. The allowance for uncollectible is based on management's judgement and past experience with payor types. We evaluated the key factors and assumptions used to develop the allowance for uncollectibles in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 2, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Neshoba County Ambulance Enterprise's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Neshoba County Ambulance Enterprise's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We were engaged to report on Schedule of Surety Bonds for Officials, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the information and use of The Enterprise Management Committee and management of Neshoba County Ambulance and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Watkins, Ward and Stafford, PLLC