

**NESHOBA COUNTY GENERAL HOSPITAL
AND NESHOBA COUNTY NURSING HOME
PHILADELPHIA, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2021**

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
September 30, 2021

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Independent Auditors' Report

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

Report on the Audited Financial Statements

We have audited the accompanying financial statements 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, 2021, and 2020, and the accompanying financial statements of Neshoba County Ambulance Enterprise, a discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the years ended September 30, 2021, and 2020, and the related notes to financial statements, which collectively comprise Neshoba County General Hospital and Neshoba County Nursing Home's and 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 opinion on the financial statements of Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit, Neshoba County Ambulance Enterprise, as of and for the years ended September 30, 2021, and 2020.

Opinions

In our opinion, the financial statements of Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit, Neshoba County Ambulance Enterprise, a component unit of Neshoba County, Mississippi, present fairly, in all material respects, the financial position of Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit, Neshoba County Ambulance Enterprise, as of September 30, 2021, and 2020, 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 General Hospital and Neshoba County Nursing Home and the discretely presented component unit thereof and do not purport to, and do not, present fairly the financial position of Neshoba County, Mississippi as of September 30, 2021, and 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (pages 4 to 8) 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.

Neshoba County General Hospital and Neshoba County Nursing Home management has elected to omit the Management Discussion and Analysis for Neshoba County Ambulance Enterprise. Our opinion on the basic financial statements is not affected by the omitted information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2021, and 2020, and the Schedule of Surety Bonds for Officials and Employees (pages 34 to 38) 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 39) 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.

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

The Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2021, and 2020 have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion on them or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of 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 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's, and its discretely presented component unit, Neshoba County Ambulance Enterprise's, internal control over financial reporting and compliance.

Eupora, Mississippi
July 29, 2022

Watkins Ward and Stafford, P.C.

**Neshoba County General Hospital and Neshoba County Nursing Home
Management's Discussion and Analysis
Years Ended September 30, 2021, and 2020**

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, 2021, and 2020. Please read it in conjunction with the facility's financial statements, which begin on page 9. 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 increased by \$11,015,730 in 2021, and decreased by \$237,032 in 2020.
- ◆ The facility reported an operating loss of \$5,220,851 in 2021, and \$3,073,421 in 2020.
- ◆ Nonoperating revenues and expenses increased by \$13,483,192 from 2020 to 2021.

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
Management's Discussion and Analysis
Years Ended September 30, 2021, and 2020**

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 9 and 10. The facility's net position increased in 2021 by \$11,015,730, or 21.10%.

Table 1: Assets, Liabilities and Net Position

	<u>2021</u>	<u>2020</u>
Assets:		
Current assets	\$ 47,383,554	\$ 53,816,639
Capital assets, net	30,659,866	32,536,805
Other noncurrent assets	<u>1,067,987</u>	<u>1,031,108</u>
Total Assets	<u>\$ 79,111,407</u>	<u>\$ 87,384,552</u>
Liabilities:		
Current liabilities	\$ 11,950,281	\$ 24,626,804
Noncurrent liabilities	<u>3,939,239</u>	<u>10,551,591</u>
Total Liabilities	<u>15,889,520</u>	<u>35,178,395</u>
Net Position:		
Invested in capital assets, net of related debt	24,842,534	15,141,551
Unrestricted	<u>38,379,353</u>	<u>37,064,606</u>
Total Net Position	<u>63,221,887</u>	<u>52,206,157</u>
Total Liabilities and Net Position	<u>\$ 79,111,407</u>	<u>\$ 87,384,552</u>

The change in the facility's net position is due to several factors. Cash and cash equivalents decreased by \$5,158,955 for 2021, compared to an increase of \$25,100,810 for 2020. Patient accounts receivable decreased by \$1,422,098 for 2021, compared to a decrease of \$4,846,404 for 2020. Other receivables decreased by \$871,580 for 2021, compared to an increase of \$1,333,708 for 2020. The facility's estimated third party payor settlements decreased by \$113,775 in 2021, compared to an increase of \$121,675 for 2020. The facility acquired capital assets in the amounts of \$810,824 and \$15,408,887 for the years 2021, and 2020, respectively. Depreciation and amortization expenses amounted to \$2,687,763 in 2021, and \$2,374,089 in 2020. Medicare advance payments decreased by \$1,519,645 for 2021, compared to an increase of \$5,959,326 in 2020. Deferred revenue decreased by \$10,917,578 for 2021, compared to an increase of \$11,128,449 in 2020.

**Neshoba County General Hospital and Neshoba County Nursing Home
Management's Discussion and Analysis
Years Ended September 30, 2021, and 2020**

OPERATING RESULTS AND CHANGES IN THE FACILITY'S NET POSITION

Table 2: Operating Results

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Net patient service revenues	\$ 44,562,046	\$ 44,140,054
Other revenues	2,853,949	2,456,254
Total Operating Revenues	<u>47,415,995</u>	<u>46,596,308</u>
Operating Expenses:		
Salaries and benefits	33,102,040	31,000,910
Supplies and drugs	7,187,044	6,531,709
Other operating expenses	9,218,171	9,325,771
Insurance	441,828	437,250
Depreciation and amortization	2,687,763	2,374,089
Total Operating Expenses	<u>52,636,846</u>	<u>49,669,729</u>
Operating Loss	<u>(5,220,851)</u>	<u>(3,073,421)</u>
Nonoperating Revenues (Expenses):		
Interest income	147,211	174,133
Investment income (loss)	(5,895)	141,342
Donations	55,760	159,495
Gain on sale of equipment	-	3,653
Gain on dissolution/unwinding	-	326,767
Provider Relief Funds	16,186,709	2,148,541
Interest expense	<u>(147,204)</u>	<u>(200,542)</u>
Total Nonoperating Revenues (Expenses)	<u>16,236,581</u>	<u>2,753,389</u>
Excess of Revenues Over (Under) Expenses	11,015,730	(320,032)
Net Position Beginning of Year	52,206,157	52,443,189
Contributed Capital	<u>-</u>	<u>83,000</u>
Net Position End of Year	<u>\$ 63,221,887</u>	<u>\$ 52,206,157</u>

**Neshoba County General Hospital and Neshoba County Nursing Home
Management's Discussion and Analysis
Years Ended September 30, 2021, and 2020**

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 \$5,220,851 in 2021, and \$3,073,421 in 2020. The operating loss increased by \$2,147,430 from 2020 to 2021.

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

- ◆ An increase in net patient service revenues of \$421,992, or 0.96%.
- ◆ An increase in salaries and benefits of \$2,101,130, or 6.78%.
- ◆ An increase in supplies and drugs of \$655,335, or 10.03%.
- ◆ A decrease in other operating expenses of \$107,600, or 1.15%.
- ◆ An increase in depreciation and amortization of \$313,674, or 13.21%.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of interest income, investment income (loss), donations, gains, and Provider Relief Funds. The facility had interest income, primarily from checking accounts and certificates of deposit of \$147,211 for the year ended September 30, 2021, and \$174,133 for the year ended September 30, 2020. The facility had investment loss from the Mississippi Hospital Association Investment Pool and the investment of \$5,895 in 2021, and investment income of \$141,342 in 2020. The facility received donations of \$55,760 during the year ended September 30, 2021, and received donations of \$159,495 for the year ended September 30, 2020. The facility had a gain on sale of equipment of \$3,653 during the year ended 2020. The facility had a net gain of \$326,767 on the combined dissolution of NCGH Leverage, LLC and unwinding of NCGH Improvement Corporation during the year ended September 30, 2020. The facility recognized revenue from Provider Relief Funds of \$16,186,709 for the year ended September 30, 2021, and \$2,148,541 for the year ended September 30, 2020.

Nonoperating expenses consist of interest expense. The facility had interest expense in the amount of \$147,204 for the year ended September 30, 2021, and \$200,542 for the year ended September 30, 2020.

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
Management's Discussion and Analysis
Years Ended September 30, 2021, and 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the facility's investment in capital assets net of accumulated depreciation was \$30,659,866. In 2021, the facility's net capital assets decreased by \$1,876,939. In 2020, the facility's net capital assets increased by \$13,034,798. See Note 6 for a detailed analysis of capital assets.

Long-Term Debt, Including Current Portion

At the end of 2021, the facility had \$5,817,332 in long-term debt (including current portion) outstanding. The facility did not issue new debt in 2021, and made \$1,943,702 in principal payments and had principal of \$4,817,110 forgiven. At the end of 2020, the facility had \$12,578,144 in long-term debt (including current portion) outstanding. The facility issued new debt totaling \$5,310,283 in 2020, and made \$1,634,861 in principal payments. See Note 7 for a detailed analysis of long-term debt.

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
 Statements of Net Position
 September 30, 2021, and 2020

	2021		2020	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Assets				
Current Assets:				
Cash	\$ 34,468,823	\$ 388,713	\$ 39,718,681	\$ 575,877
MHA investment pool	2,707,357	-	2,713,252	-
Patient accounts receivable	16,059,889	1,888,183	17,481,987	1,463,602
Less estimated uncollectables and allowances	(8,536,228)	(1,482,297)	(9,507,193)	(1,100,725)
Other receivables	762,368	-	1,633,948	-
Nursing home residents' funds	118,007	-	81,327	-
Estimated third party payor settlements	472,386	-	586,161	-
Inventories	796,733	-	577,167	-
Prepaid expenses	486,859	7,261	474,784	14,424
Deferred expense	47,360	-	56,525	-
Total Current Assets	<u>47,383,554</u>	<u>801,860</u>	<u>53,816,639</u>	<u>953,178</u>
Capital Assets:				
Property and equipment	61,783,885	50,694	61,035,030	-
Less accumulated depreciation	(31,124,019)	(7,242)	(28,498,225)	-
Total Capital Assets, Net of Accumulated Depreciation	<u>30,659,866</u>	<u>43,452</u>	<u>32,536,805</u>	<u>-</u>
Other Assets:				
Investment in Mississippi True	800,000	-	800,000	-
Deferred expense	257,720	-	215,865	-
Physician loan receivable	10,267	-	15,243	-
Total Other Assets	<u>1,067,987</u>	<u>-</u>	<u>1,031,108</u>	<u>-</u>
Total Assets	<u>\$ 79,111,407</u>	<u>\$ 845,312</u>	<u>\$ 87,384,552</u>	<u>\$ 953,178</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
 Statements of Net Position
 September 30, 2021, and 2020

	2021		2020	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 1,941,792	\$ -	\$ 2,041,864	\$ 15,490
Accelerated payments	4,439,681	91,781	5,959,326	164,817
Accrued expenses and payroll withholdings	3,049,490	-	2,851,983	-
Accounts receivable credit balances	312,347	11,323	537,302	-
Nursing home residents' funds	118,007	-	81,327	-
Due to Neshoba County General Hospital	-	214,216	-	157,083
Current portion of capitalized leases payable	40,819	-	39,880	-
Current portion of notes payable	1,837,274	-	1,986,673	-
Deferred revenue	210,871	-	11,128,449	60,815
Total Current Liabilities	<u>11,950,281</u>	<u>317,320</u>	<u>24,626,804</u>	<u>398,205</u>
Long-Term Debt:				
Capitalized leases payable	20,769	-	61,588	-
Notes payable	3,918,470	-	10,490,003	-
Total Long-Term Liabilities	<u>3,939,239</u>	<u>-</u>	<u>10,551,591</u>	<u>-</u>
Total Liabilities	<u>15,889,520</u>	<u>317,320</u>	<u>35,178,395</u>	<u>398,205</u>
Net Position:				
Invested in capital assets, net of related debt	24,842,534	43,452	15,141,551	-
Unrestricted	38,379,353	484,540	37,064,606	554,973
Total Net Position	<u>63,221,887</u>	<u>527,992</u>	<u>52,206,157</u>	<u>554,973</u>
Total Liabilities and Net Position	<u>\$ 79,111,407</u>	<u>\$ 845,312</u>	<u>\$ 87,384,552</u>	<u>\$ 953,178</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
 Statements of Revenues, Expenses, and Changes in Net Position
 Years Ended September 30, 2021, and 2020

	2021		2020	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Operating Revenues:				
Net patient services revenue	\$ 44,562,046	\$ 1,903,497	\$ 44,140,054	\$ 1,907,294
Other revenue	2,853,949	-	2,456,254	-
Electronic health records incentive	-	-	-	-
Total Operating Revenues	<u>47,415,995</u>	<u>1,903,497</u>	<u>46,596,308</u>	<u>1,907,294</u>
Operating Expenses:				
Salaries and benefits	33,102,040	-	31,000,910	-
Supplies and drugs	7,187,044	65,841	6,531,709	55,240
Other operating expenses	9,218,171	1,933,636	9,325,771	1,794,735
Insurance	441,828	-	437,250	-
Depreciation and amortization	2,687,763	7,242	2,374,089	-
Total Operating Expenses	<u>52,636,846</u>	<u>2,006,719</u>	<u>49,669,729</u>	<u>1,849,975</u>
Operating Income (Loss)	<u>(5,220,851)</u>	<u>(103,222)</u>	<u>(3,073,421)</u>	<u>57,319</u>
Nonoperating Revenues (Expenses):				
Interest income	147,211	-	174,133	-
Investment income (loss)	(5,895)	-	141,342	-
Donations	55,760	-	159,495	-
Grants and contributions	-	76,241	-	26,539
Gain on sale of equipment	-	-	3,653	-
Gain on dissolution of NCGH Leverage, LLC and unwinding of NCGH Improvement Corporation	-	-	326,767	-
COVID-19 funds	16,186,709	-	2,148,541	-
Interest expense	(147,204)	-	(200,542)	-
Total Nonoperating Revenues (Expenses)	<u>16,236,581</u>	<u>76,241</u>	<u>2,753,389</u>	<u>26,539</u>
Excess of Revenues Over (Under) Expenses	11,015,730	(26,981)	(320,032)	83,858
Net Position Beginning of Year	52,206,157	554,973	52,443,189	471,115
Contributed Capital	-	-	83,000	-
Net Position End of Year	<u>\$ 63,221,887</u>	<u>\$ 527,992</u>	<u>\$ 52,206,157</u>	<u>\$ 554,973</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
 Statements of Cash Flows
 Years Ended September 30, 2021, and 2020

	2021		2020	
	Primary Government - Audited	Component Unit	Primary Government - Audited	Component Unit
		Ambulance Enterprise - Audited		Ambulance Enterprise - Audited
Cash Flows From Operating Activities:				
Receipts from and on behalf of patients	\$ 42,315,918	\$ 1,871,811	\$ 47,742,985	\$ 1,863,884
Payments to suppliers and contractors	(14,998,714)	(1,950,671)	(19,334,608)	(1,861,738)
Payments to and on behalf of employees	(33,153,422)	-	(30,596,486)	-
Other receipts and payments, net	2,890,629	-	2,491,586	-
Net Cash Provided (Used) by Operating Activities	<u>(2,945,589)</u>	<u>(78,860)</u>	<u>303,477</u>	<u>2,146</u>
Cash Flows From Noncapital Financing Activities:				
Donations and grants	55,760	15,426	159,495	26,539
Unwinding of NCGH Improvement Corporation	-	-	1,069,120	-
COVID-19 funds	431,969	-	13,276,990	60,815
Accelerated payments	-	(73,036)	5,959,326	164,817
Proceeds from notes payable	-	-	4,817,110	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>487,729</u>	<u>(57,610)</u>	<u>25,282,041</u>	<u>252,171</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of property and equipment	(810,824)	(50,694)	(726,405)	-
Proceeds from sale of equipment	-	-	3,653	-
Contributed capital	-	-	83,000	-
Proceeds from notes payable	-	-	372,173	-
Principal payment of notes payable	(1,903,822)	-	(1,612,429)	-
Principal payment of capital lease obligations	(39,880)	-	(22,432)	-
Interest paid on long term debt	(148,003)	-	(180,014)	-
Net Cash Used by Capital and Related Financing Activities	<u>(2,902,529)</u>	<u>(50,694)</u>	<u>(2,082,454)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Investment in NCGH Leverage, LLC	-	-	1,458,945	-
Change in MHA Investment Pool	54,223	-	65,316	-
Interest income	147,211	-	174,133	-
Net Cash Provided by Investing Activities	<u>201,434</u>	<u>-</u>	<u>1,698,394</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,158,955)</u>	<u>(187,164)</u>	<u>25,201,458</u>	<u>254,317</u>
Cash and Cash Equivalents at Beginning of Year	<u>42,451,257</u>	<u>575,877</u>	<u>17,249,799</u>	<u>321,560</u>
Cash and Cash Equivalents at End of Year	<u>\$ 37,292,302</u>	<u>\$ 388,713</u>	<u>\$ 42,451,257</u>	<u>\$ 575,877</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
Statements of Cash Flows
Years Ended September 30, 2021, and 2020

	2021		2020	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (5,220,851)	\$ (103,222)	\$ (3,073,421)	\$ 57,319
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and amortization	2,687,763	7,242	2,374,089	-
Provision for uncollectible accounts	7,173,540	729,446	6,046,899	800,568
Changes in:				
Patient accounts receivable	(6,947,362)	(761,132)	(3,847,768)	(843,978)
Supplies and other current assets	639,939	7,163	(1,408,087)	(1,665)
Physician loan receivable	4,976	-	7,916	-
Deferred expense	(32,690)	-	(26,002)	-
Accounts payable, accrued expenses, and other current liabilities	(1,364,679)	41,643	351,526	(10,098)
Estimated third-party payor payments	113,775	-	(121,675)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,945,589)</u>	<u>\$ (78,860)</u>	<u>\$ 303,477</u>	<u>\$ 2,146</u>

Capital and Financing Activities:

The facility did not enter into any new capital lease obligations during the year ended September 30, 2021. The facility entered into one capital lease obligation for new equipment totaling \$121,000 during the year ended September 30, 2020.

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
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.

NCGH Leverage, LLC is a single member LLC owned and managed by Neshoba County General Hospital and Neshoba County Nursing Home. It was formed on the advice of legal counsel to assist in obtaining and administrating the new markets tax credit program associated with the construction of the new hospital building. See Note 16 for information regarding its dissolution during the year ended September 30, 2020.

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 it's 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
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. Related Organizations – NCGH Improvement Corporation was a related organization but not a component unit of Neshoba County General Hospital and Neshoba County Nursing Home. The hospital Board of Trustees and the Neshoba County Board of Supervisors appointed the board members for NCGH Improvement Corporation. NCGH Improvement Corporation was fiscally independent from the hospital and the county. Neshoba County General Hospital and Neshoba County Nursing Home was not obligated in any manner for the debt issues of this organization. The financial statements of Neshoba County General Hospital and Neshoba County Nursing Home did not include the funds of NCGH Improvement Corporation. See Note 15 for information regarding its unwinding during the year ended September 30, 2020

c. 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.

d. 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
Notes to Financial Statements

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

e. Cash and Cash Equivalents – For purposes of the statements of cash flows, cash and cash equivalents include all cash on hand, checking accounts, certificates of deposit, and funds invested in the MHA Investment Pool program. 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:

	2021	
	Primary	Component
	Government - Audited	Unit Ambulance Enterprise - Audited
Cash	\$ 34,468,823	\$ 388,713
MHA investment pool	2,707,357	-
Less: Noncash/Unrealized gain on investment	(1,885)	-
Nursing home residents' funds	118,007	-
	\$ 37,292,302	\$ 388,713
	2020	
	Primary	Component
	Government - Audited	Unit Ambulance Enterprise - Audited
Cash	\$ 39,718,681	\$ 575,877
MHA investment pool	2,713,252	-
Less: Noncash/Unrealized gain on investment	(62,003)	-
Nursing home residents' funds	81,327	-
	\$ 42,451,257	\$ 575,877

f. 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 capital lease	* years

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

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

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

g. 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.

h. 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.

i. Net Position – Net position of Neshoba County General Hospital and Neshoba County Nursing Home 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*. Net position of Neshoba County Ambulance Enterprise is classified as *unrestricted net position* because there are no restrictions on its use imposed by those charged with governance.

j. 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.

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

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

k. 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.

l. 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.

m. 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.

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, 2021; therefore, no liability has been accrued at this time.

n. 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.

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

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

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

p. 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

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, 2021.

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, 2021, and 2020, none of the facility's bank balance was exposed to custodial credit risk.

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.

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

Note 3: 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 2021, and 2020, approximated \$626,400, and \$609,400, respectively.

Note 4: 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, 2021, and 2020, are as follows

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

<u>September 30, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MHA Investment Pool	\$ 2,713,252	\$ -	\$ 2,713,252	\$ -

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

Note 4: 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, 2021, and 2020, follows:

	2021	2020
MHA Investment Pool A	\$ 2,705,472	\$ 2,651,249
Unrealized gain on investments	1,885	62,003
Net value	\$ 2,707,357	\$ 2,713,252

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 5: Accounts Receivable – Estimated Uncollectibles and Allowances

Primary Government

The balance in the Primary Government's estimated uncollectibles and allowances accounts at September 30, 2021, and 2020, is composed of the following:

	2021	2020
Provision for uncollectible accounts	\$ 4,844,561	\$ 3,712,873
Allowance for Medicare adjustment	796,169	1,653,735
Allowance for Medicaid adjustment	1,026,811	1,008,214
Allowance for commercial insurance adjustment	1,868,686	3,132,371
	\$ 8,536,228	\$ 9,507,193

Ambulance Enterprise

The balance in the Ambulance Enterprise's estimated uncollectibles and allowances accounts at September 30, 2021, and 2020, is composed of the following:

	2021	2020
Provision for uncollectible accounts	\$ 692,008	\$ 648,353
Allowance for Medicare adjustment	303,779	110,510
Allowance for Medicaid adjustment	21,845	23,715
Allowance for commercial insurance adjustment	464,665	318,147
	\$ 1,482,297	\$ 1,100,725

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

Note 6: Capital Assets

The Primary Government's Capital asset additions, retirements and balances for the years ended September 30, 2021, and 2020, were as follows:

	Balance September 30, 2020	Additions	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				
Under capital lease	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	<u>61,035,030</u>	<u>810,824</u>	<u>(61,969)</u>	<u>61,783,885</u>
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				
Under capital lease	(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	<u>(28,498,225)</u>	<u>(2,687,763)</u>	<u>61,969</u>	<u>(31,124,019)</u>
Capital Assets, Net	<u>\$ 32,536,805</u>	<u>(1,876,939)</u>	<u>-</u>	<u>\$ 30,659,866</u>

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

Note 6: Capital Assets (Continued)

	Balance September 30, 2019	Additions and Other	Retirements and Other	Balance September 30, 2020
Land	\$ 1,493,489	-	-	\$ 1,493,489
Land improvements	566,887	-	-	566,887
Buildings and improvements	16,878,777	11,971,498	719,083	29,569,358
Fixed equipment	5,254,622	2,589,984	(123,817)	7,720,789
Major movable equipment				
Under capital lease	16,000	121,000	(16,000)	121,000
Other	20,646,074	577,209	16,000	21,239,283
Automobiles	185,075	40,000	(9,140)	215,935
Construction in progress	718,176	109,196	(719,083)	108,289
Total Historical Cost	45,759,100	15,408,887	(132,957)	61,035,030
Less: Accumulated Depreciation and Amortization for:				
Land improvements	(347,258)	(34,155)	-	(381,413)
Buildings and improvements	(7,332,435)	(856,102)	-	(8,188,537)
Fixed equipment	(3,925,664)	(273,203)	123,817	(4,075,050)
Major movable equipment				
Under capital lease	(10,286)	(17,411)	12,572	(15,125)
Other	(14,469,405)	(1,185,323)	(12,572)	(15,667,300)
Automobiles	(172,045)	(7,895)	9,140	(170,800)
Total Accumulated Depreciation and Amortization	(26,257,093)	(2,374,089)	132,957	(28,498,225)
Capital Assets, Net	\$ 19,502,007	13,034,798	-	\$ 32,536,805

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

Note 7: Long-Term Debt

A schedule of changes in the Primary Government's long-term debt for 2021, and 2020, follows:

	Balance 2020	Additions	Reductions	Balance 2021	Amounts Due Within One Year
Notes Payable	\$ 12,476,676	-	(6,720,932)	\$ 5,755,744	\$ 1,837,274
Capital Lease Obligations	101,468	-	(39,880)	61,588	40,819
Total Long-Term Debt	\$ 12,578,144	-	(6,760,812)	\$ 5,817,332	\$ 1,878,093

	Balance 2019	Additions	Reductions	Balance 2020	Amounts Due Within One Year
Notes Payable	\$ 8,899,822	5,189,283	(1,612,429)	\$ 12,476,676	\$ 1,986,673
Capital Lease Obligations	2,900	121,000	(22,432)	101,468	39,880
Total Long-Term Debt	\$ 8,902,722	5,310,283	(1,634,861)	\$ 12,578,144	\$ 2,026,553

A summary of the Primary Government's long-term debt, including capital lease obligations, at September 30, 2021, and 2020, follows:

Notes Payable

	2021	2020
CAP loan payable to Neshoba County due in 240 monthly installments of \$20,304.21 with 2.00% interest, secured by a building.	\$ 2,468,714	\$ 2,661,181
Cerner note due in 6 quarterly installments of \$174,170 and 35 monthly installments of \$41,801 with 0% interest, secured by EHR system.	675,784	1,351,565
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.	814,815	1,037,037
Citizens Bank Loan due in 48 monthly installments of \$9,052.01 with 2.25% interest, secured by certificate of deposit #10032311.	96,991	201,015

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

Note 7: Long-Term Debt (Continued)

Notes Payable (continued)

	2021	2020
Citizens Bank Loan due in 60 monthly installments of \$55,978.43 with 4.5% interest, secured by certificate of deposit #10035421.	1,530,919	2,117,181
Citizens Bank Loan due in 36 monthly installments of \$10,702.53 with 2.25% interest, secured by certificate of deposit #10036261.	168,521	291,587
Citizens Bank SBA PPP Loan due in a final installment of \$4,817,110 with 1.00% interest, entered in connection with the Coronavirus Aid, Relief, and Economic Security Act.	-	4,817,110
Less: Current portion of note payable	(1,837,274)	(1,986,673)
	\$ 3,918,470	\$ 10,490,003

Capital Lease Obligations

	2021	2020
Capital lease obligation at 2.330% interest, collateralized by leased equipment with a cost of \$121,000 at September 30, 2021.	\$ 61,588	\$ 101,468
Less: Current portion of capital leases obligations	(40,819)	(39,880)
	\$ 20,769	\$ 61,588

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

Year Ended Sept. 30:	Notes Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2022	\$ 1,837,274	\$ 104,879	\$ 40,819	\$ 1,940
2023	1,147,026	74,901	20,769	141
2024	754,294	47,450	-	-
2025	356,283	35,515	-	-
2026	212,336	31,314	-	-
Thereafter	1,448,531	95,144	-	-
Total	\$ 5,755,744	\$ 389,203	\$ 61,588	\$ 2,081

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

Note 8: Net Patient Service Revenue

Primary Government

The Primary Government's net patient service revenue for the years ended September 30, 2021, and 2020, 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 \$989,990, and \$961,859 for the years ended September 30, 2021, and 2020. 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 facility received net Medicaid upper payment limit payments of \$381,258 and \$1,167,681, for the years ended September 30, 2021, and 2020, 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.

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

Note 8: Net Patient Service Revenue (Continued)

Ambulance Enterprise

The Ambulance Enterprise's net patient service revenue for the years ended September 30, 2021, and 2020, is as follows:

	2021	2020
Gross Patient Service Revenue	\$ 6,087,734	\$ 6,030,580
Less provisions for contractual and other adjustments	(3,454,791)	(3,324,927)
Less provisions for bad debts	(729,446)	(798,359)
Net Patient Service Revenue	\$ 1,903,497	\$ 1,907,294

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 9: 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, 2021, and 2020, amounted to \$2,626,411, and \$3,060,445, 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, 2021, and 2020, was provided in the amounts of \$573,578, and \$968,839, respectively.

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

Note 10: 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, 2021, and 2020, amounted to \$432,196, and \$406,285, respectively. The facility made contributions to the deferred compensation plan of \$563,036 during the year ended September 30, 2021, and did not make employer contributions during the year ended September 30, 2020.

Note 11: Commitments and Contingencies

a. Noncancellable Operating Leases

Primary Government

The Primary Government leases buildings and major movable equipment under operating leases expiring at various dates. The Primary Government has no future minimum pending noncancellable lease payments as of September 30, 2021.

The Primary Government's rental expense under all operating leases for the years ended September 30, 2021, and 2020, was \$231,227, and \$346,352, respectively.

Ambulance Enterprise

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

<u>Years Ended September 30,</u>	
2022	\$ 13,900

The Ambulance Enterprise's rental expense under all operating leases for the years ended September 30, 2021, and 2020, was \$56,046, and \$101,300, respectively.

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

Note 11: Commitments and Contingencies (Continued)

b. Mississippi True Provider-Sponsored Health Plan

Neshoba County General Hospital and Neshoba County Nursing Home has an investment in Mississippi True. The facility is a subscriber in the nonprofit corporation, which seeks to establish a Mississippi provider-sponsored health plan intended to provide provider-sponsored coordinated care and improved access and quality, as compared with for-profit plans. The amount of the facility's investment was \$800,000 as of 2021, and \$800,000 as of 2020. 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. During the 2018 legislative session, the legislature failed to pass a bill awarding Mississippi True a Medicaid contract. Mississippi True's attempts to secure a Medicaid contract are ongoing, and any future contributions are dependent on Mississippi True being awarded a Medicaid contract.

c. 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.

Note 12: 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, 2021, and 2020, was as follows:

<u>Primary Government</u>	<u>2021</u>	<u>2020</u>
Medicare	15%	27%
Medicaid	19%	16%
Patients and other third-party payors	<u>67%</u>	<u>57%</u>
	<u>100%</u>	<u>100%</u>
<u>Ambulance Enterprise</u>	<u>2021</u>	<u>2020</u>
Medicare	24%	11%
Medicaid	3%	4%
Patients and other third-party payors	<u>73%</u>	<u>85%</u>
	<u>100%</u>	<u>100%</u>

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

Note 13: 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 14: 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 \$1,959,550 and \$1,817,839, in expenses that were paid by Neshoba County General Hospital and Neshoba County Nursing Home during the years ended September 30, 2021, and 2020, respectively. The Ambulance Enterprise had a payable due to Neshoba County General Hospital and Neshoba County Nursing Home of \$214,216, and \$157,083, as of September 30, 2021, and 2020, 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.

Note 15: New Markets Tax Credit Compliance Period Ended

NCGH Leverage, LLC and NCGH Improvements Corporation were formed in 2012 under the laws of Mississippi to meet the necessary structuring requirements to enter into transactions intended to qualify for the New Markets Tax Credit (NMTC) program, as outlined in Internal Revenue Code (IRC) Section 45D. In October 2019, the NMTC seven year compliance period ended; therefore, NCGH Leverage, LLC was dissolved, and NCGH Improvement Corporation was unwound during the year ended September 30, 2020. The following paragraphs describe the results of the dissolution and unwinding.

a. Dissolution of NCGH Leverage, LLC – NCGH Leverage, LLC, a discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, was dissolved on December 2, 2019 and distributed its total capital of \$16,762,780. As NCGH Leverage, LLC's sole member, Neshoba County General Hospital and Neshoba County Nursing Home received NCGH Leverage, LLC's cash of \$1,458,945 upon its dissolution. Neshoba County General Hospital and Neshoba County Nursing Home reduced its investment in NCGH Leverage, LLC to zero and recorded a loss on dissolution of \$15,303,835 during the year ended September 30, 2020.

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

Note 15: New Markets Tax Credit Compliance Period Ended (Continued)

b. Unwinding of NCGH Improvement Corporation – The unwinding of NCGH Improvement Corporation occurred on November 14, 2019. NCGH Improvement Corporation, a related organization but not a component unit of Neshoba County General Hospital and Neshoba County Nursing Home, transferred all of its assets and liabilities, with the exception of \$90,000 cash to pay for any unexpected expenses, to Neshoba County General Hospital and Neshoba County Nursing Home. NCGH Improvement Corporation’s assets consisted of cash and property and equipment, and its liabilities consisted of DVCI CDE VIII, LLC and SECDE Sub-IV, LLC loans which were forgiven in the transfer. NCGH Improvement Corporation went dormant after the transfer of its assets and liabilities and can be used by Neshoba County General Hospital and Neshoba County Nursing Home for future purposes.

Neshoba County General Hospital and Neshoba County Nursing Home received cash of \$1,069,120, buildings and improvements net of accumulated depreciation of \$11,971,498, and fixed equipment net of accumulated depreciation of \$2,589,984 upon NCGH Improvement Corporation’s unwinding. Neshoba County General Hospital and Neshoba County Nursing Home recorded a gain on unwinding of \$15,630,602 during the year ended September 30, 2020.

c. Combined Effect – The combined effect of the dissolution of NCGH Leverage, LLC and the unwinding of NCGH Improvement Corporation for the year ended September 30, 2020 is as follows:

Loss on dissolution of NCGH Leverage, LLC	\$ (15,303,835)
Gain on unwinding of NCGH Improvement Corporation	<u>15,630,602</u>
Net gain on dissolution of NCGH Leverage, LLC and unwinding of NCGH Improvement Corporation	<u>\$ 326,767</u>

Note 16: 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. Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise received accelerated payments of \$-0-, and \$-0- respectively for the year ended September 30, 2021, and \$5,959,326, and \$164,817 respectively for the year ended September 30, 2020.

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

Note 16: Accelerated Payments (Continued)

As enacted through the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment will begin 12 months after the date of issuance and be 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. The facilities expect the accelerated payments will be fully recouped by September 30, 2022; therefore, \$4,439,681, and \$91,781 are shown as current liabilities as of September 30, 2021.

Note 17: COVID-19 Funds

Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise received COVID-19 funds of \$431,969 and \$-0- respectively during the year ended September 30, 2021, and \$13,276,990 and \$60,815 respectively 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 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 one in November 2021. The facility reported total lost revenues of \$7,306,557 for the reporting period and total healthcare related expenses attributable to COVID-19 not reimbursed by other sources of \$2,274,156. The facility reported that \$10,871 was unused and would be returned. Of the remaining Provider Relief Funds not yet reported on, the facility has identified healthcare related expenses attributable to COVID-19 not reimbursed by other sources of \$3,485,052. The remaining \$200,000 and the \$20,871 to be returned was recognized as deferred income at September 30, 2021. Neshoba County Ambulance Enterprise's Provider Relief Funds received during the year ended September 30, 2020 of \$60,815 were expended during the year and included in the Hospital's reporting of their Provider Relief Funds Portal period one reporting in November 2021. The Enterprise showed no deferred revenue related to Provider Relief Funds as of September 30, 2021.

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

Note 17: COVID-19 funds (Continued)

The *Addendum to the 2020 Compliance Supplement* released by the Office of Management and Budget provides guidance on the reporting of Provider Relief Funds subject to 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). The Provider Relief Funds expended as of September 30, 2020 was not reported on a Schedule of Expenditures of Federal Awards in the prior year, nor was the compliance testing required under the *Addendum to the 2020 Compliance Supplement* be performed. However, the facility is subject to audit requirements of the Uniform Guidance in the current year. The compliance testing and the reporting of the Provider Relief Funds expended for the years ended September 30, 2021, and 2020, are reported on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2021.

Note 18: 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 29, 2022, (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

Primary Government

Detailed Schedules of Operating Revenues
Years Ended September 30, 2021, and 2020

	<u>2021</u>	<u>2020</u>
Inpatient:		
Nursing Services:		
Routine care	\$ 1,785,189	\$ 1,824,811
Geriatric-psych program	948,438	1,174,446
Skilled nursing facility	9,771,964	12,071,081
Hospitalist	542,895	903,851
Other Nursing Services:		
Operating and recovery rooms	26,723	41,229
Central service and supply	34,765	47,845
Emergency service	1,029,460	1,148,767
Total Nursing Services Revenue	<u>14,139,434</u>	<u>17,212,030</u>
Other Professional Services:		
Laboratory	1,678,394	1,567,142
Blood bank	136,066	125,771
Electrocardiology	96,814	105,170
Radiology	1,020,956	1,459,485
Pharmacy	2,387,015	2,067,516
Pharmacy - SNF	695,429	837,842
Anesthesiology	17,538	25,005
Infusion therapy	3,158	9,531
Inhalation therapy	1,500,907	1,587,900
Rehabilitation services	583,942	903,417
Wound care	3,116	1,160
Total Other Professional Services Revenue	<u>8,123,335</u>	<u>8,689,939</u>
Total Inpatient Revenue	<u>22,262,769</u>	<u>25,901,969</u>
Outpatient:		
Nursing Services:		
IOP	(1,300)	167,184
Hospitalist	167,659	25,407
Other Nursing Services:		
Operating and recovery rooms	4,691,008	4,036,655
Observation room	680,247	1,088,046
Central service and supply	161,461	247,383
Emergency service	14,822,176	13,839,428
Total Nursing Services Revenue	<u>\$ 20,521,251</u>	<u>\$ 19,404,103</u>

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
Primary Government
Detailed Schedules of Operating Revenues
Years Ended September 30, 2021, and 2020

	2021	2020
Outpatient: (Continued)		
Other Professional Services:		
Laboratory	\$ 9,026,789	\$ 6,571,544
Blood	203,070	226,127
Electrocardiology	559,010	537,009
Radiology	10,021,084	9,417,130
Pharmacy	7,359,346	9,667,585
Anesthesiology	1,643,749	1,525,578
Infusion therapy	806,637	1,072,313
Inhalation therapy	786,518	898,312
Rehabilitation services	3,782,262	3,749,348
Wound care	565,485	526,788
Clinic	10,520,719	8,969,484
Total Other Professional Services Revenue	45,274,669	43,161,218
 Total Outpatient Revenue	 65,795,920	 62,565,321
 Total Patient Services Revenue	 88,058,689	 88,467,290
 Deductions from Patient Service Revenue:		
Contractual adjustments and allowances	37,347,187	39,568,296
Mississippi hospital access	(989,990)	(961,859)
Upper payment limit payments	(381,258)	(1,167,681)
Charity	347,164	841,581
Total Deductions from Patient Service Revenue	36,323,103	38,280,337
 Provision for Uncollectible Accounts	 7,173,540	 6,046,899
 Net Patient Services Revenue	 \$ 44,562,046	 \$ 44,140,054

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
Primary Government
Detailed Schedules of Operating Revenues
Years Ended September 30, 2021, and 2020

	2021	2020
Other Revenue:		
Medical records transcripts	\$ 5,656	\$ 6,307
Employee and other meals	494,381	384,410
Beauty shop - SNF	70	333
Services to Neshoba County Ambulance Enterprise *	1,710,741	1,542,336
Miscellaneous revenue	608,864	489,823
Lease income	24,237	23,045
Trauma care grant	10,000	10,000
Total Other Revenue	2,853,949	2,456,254
Total Revenue	\$ 47,415,995	\$ 46,596,308

* - 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
Primary Government
Detailed Schedules of Operating Expenses
Years Ended September 30, 2021, and 2020

	2021			2020		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Salaries	Supplies and Drugs	Other
Nursing Services:						
Routine services	\$ 1,500,135	154,171	18,027	\$ 1,412,812	100,522	91,826
Geriatric-psych services	784,572	20,450	94,249	720,617	20,104	97,721
IOP	-	47	-	37,290	694	9,709
Hospitalist	-	-	-	8,493	27	-
Operating and recovery rooms	363,921	269,823	256,270	354,088	216,930	226,390
Central service and supply	39,014	149,244	542	39,214	14,452	325
Emergency room	4,271,476	183,909	8,451	4,195,226	122,605	16,112
Skilled nursing facility	3,761,766	673,587	972,535	4,038,969	851,059	672,206
Nursing administration	706,729	1,101,454	173,885	391,953	224,331	109,250
Other Professional Services:						
Laboratory	933,516	519,525	276,462	866,953	365,303	313,199
Blood bank	-	60,670	9,153	-	103,140	6,054
Electrocardiology	24,200	-	51,536	41,089	-	65,911
Radiology	948,547	181,074	741,848	872,854	178,794	608,269
Pharmacy	256,629	31,934	40,279	260,701	44,115	21,366
Pharmacy-SNF	260,497	676,132	148	251,999	805,897	10
Anesthesiology	-	-	91,181	-	-	100,342
Infusion therapy	117,079	1,262,313	3,834	105,473	1,550,413	4,570
Inhalation therapy	332,562	81,555	14,232	301,018	76,935	13,551
Rehabilitation services	1,092,338	32,824	84,508	795,021	27,717	462,572
Ambulance	1,478,790	-	-	1,346,169	-	-
Medical records	502,531	6,137	322,738	455,320	5,505	230,752
Medical records-SNF	28,333	-	150	26,786	-	-
PSRO	179,956	1,200	143,892	159,968	2,288	172,334
Sleep Center	102,996	8,263	30,055	106,948	6,669	30,757
Wound Care	237,551	9,592	20,441	220,401	5,619	17,854
Social services-SNF	267,566	1,337	955	250,897	551	168
Clinic	5,328,257	517,807	727,746	5,073,145	571,324	697,266
General Services:						
Dietary	395,559	344,672	17,746	300,655	319,191	8,750
Dietary-SNF	366,506	437,786	13,343	363,969	540,226	13,849
Maintenance	99,649	60,610	908,374	90,910	61,164	924,100
Maintenance-SNF	140,726	206	13,784	123,887	905	11,780
Housekeeping	-	126,918	611,532	-	130,353	512,883
Housekeeping-SNF	-	-	365,505	-	-	354,801
Laundry and linen	-	7,564	52,668	-	4,776	65,233
Laundry and linen-SNF	-	-	61,677	-	-	42,065
Security	203,703	878	-	165,639	1,172	538
Security-SNF	34,844	-	-	31,635	-	-
Beauty shop-SNF	20,077	-	-	27,082	952	40
Administrative and Fiscal Services:						
Administrative	2,939,819	265,362	2,469,863	2,543,271	177,931	2,652,409
Administrative-SNF	-	-	620,562	-	45	770,809
Employee benefits	3,020,735	-	-	3,026,628	-	-
Employee benefits-SNF	2,361,461	-	-	1,993,830	-	-
Total Operating Expenses	\$ 33,102,040	7,187,044	9,218,171	\$ 31,000,910	6,531,709	9,325,771

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
Primary Government
Schedule of Surety Bonds for Officials and Employees
September 30, 2021

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 NESHOBA COUNTY NURSING HOME
Schedule of Expenditures of Federal Awards
September 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Sub-Recipients</u>	<u>Federal Expenditures</u>
Department of Health and Human Services:				
Direct Program:				
COVID-19 Provider Relief Funds	93.498	N/A	\$ <u> -</u>	<u>9,641,529</u>
Total Federal Awards			\$ <u> -</u>	<u>9,641,529</u>

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
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, 2021. The Schedule also includes Provider Relief Funds received during the period of April 10, 2020 through June 30, 2020 with a deadline for use of June 30, 2021 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 one (1) which covers Provider Relief Fund payments received by Neshoba County General Hospital and Neshoba County Nursing Home from April 10, 2020 through June 30, 2020.



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Edward A. Maxwell, 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 Board of Trustees
Neshoba County General Hospital and
Neshoba County Nursing Home
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 General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the years ended September 30, 2021, and 2020, and the related notes to financial statements, and the financial statements of Neshoba County Ambulance Enterprise, a discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the years ended September 30, 2021, and 2020, and the related notes to financial statements, which collectively comprise Neshoba County General Hospital and Neshoba County Nursing Home's and Neshoba County Ambulance Enterprise's basic financial statements, and have issued our report thereon dated July 29, 2022.

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's and Neshoba County Ambulance Enterprise's internal control. Accordingly, we do not express an opinion of the effectiveness of Neshoba County General Hospital and Neshoba County Nursing Home's and Neshoba County Ambulance Enterprise's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Neshoba County General Hospital and Neshoba County Nursing Home's and 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
July 29, 2022

Watkins Ward and Stafford, P.C.



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**Independent Auditors' Report on Compliance for the Major Federal 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
Philadelphia, Mississippi

Report on Compliance for the Major Federal Program

We have audited Neshoba County General Hospital and Neshoba County Nursing Home'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's major federal program for the year ended September 30, 2021. Neshoba County General Hospital and Neshoba County Nursing Home's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Neshoba County General Hospital and Neshoba County Nursing Home's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Neshoba County General Hospital and Neshoba County Nursing Home's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Neshoba County General Hospital and Neshoba County Nursing Home's compliance.

Opinion on the Major Federal Program

In our opinion, Neshoba County General Hospital and Neshoba County Nursing Home complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of Neshoba County General Hospital and Neshoba County Nursing Home is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Neshoba County General Hospital and Neshoba County Nursing Home's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Neshoba County General Hospital and Neshoba County Nursing Home's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 29, 2022

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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
Philadelphia, Mississippi

We have audited the financial statements 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, 2021, and 2020, and the financial statements of Neshoba County Ambulance Enterprise, a discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the years ended September 30, 2021, and 2020, and have issued our report thereon dated July 29, 2022.

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 Neshoba County Ambulance Enterprise 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's and 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 General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise complied with the provisions referred to in the preceding paragraph, except as described as follows:

Finding

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 Neshoba County Ambulance Enterprise 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 29, 2022

Watkins Ward and Stafford, PLLC

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
 Schedule of Findings and Questioned Costs
 September 30, 2021

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
Schedule of Findings and Questioned Costs
September 30, 2021

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