

**NESHOPA COUNTY AMBULANCE ENTERPRISE
PHILADELPHIA, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2023**

NESHOPA COUNTY AMBULANCE ENTERPRISE
Audited Financial Statements and Additional Information
September 30, 2023

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Independent Auditors' Report

The Enterprise Management Committee
Neshoba County Ambulance Enterprise
Philadelphia, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neshoba County Ambulance Enterprise, a joint venture of Neshoba County, Mississippi, and Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the years ended September 30, 2023, and 2022, and the related notes to financial statements, which collectively comprise Neshoba County Ambulance Enterprise's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neshoba County Ambulance Enterprise, as of September 30, 2023, and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Neshoba County Ambulance Enterprise, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Neshoba County Ambulance Enterprise has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the omitted information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of surety bonds for officials (page 15) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of surety bonds for officials is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of Neshoba County Ambulance Enterprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Neshoba County Ambulance Enterprise's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neshoba County Ambulance Enterprise's internal control over financial reporting and compliance.

Eupora, Mississippi
January 22, 2024

Watkins Ward and Staffed, P.C.

NESHOPA COUNTY AMBULANCE ENTERPRISE
 Statements of Net Position
 September 30, 2023, and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash	\$ 156,544	\$ 141,835
Patient accounts receivable (Net of estimated uncollectibles and allowances of \$1,379,110 in 2023 and \$1,134,486 in 2022)	685,559	541,017
Prepaid expenses	7,949	5,940
Total Current Assets	<u>850,052</u>	<u>688,792</u>
Capital Assets:		
Capital assets (Net of accumulated depreciation of \$24,168 in 2023 and \$14,484 in 2022)	<u>33,853</u>	<u>36,210</u>
Total Assets	<u>\$ 883,905</u>	<u>\$ 725,002</u>
Liabilities and Net Position		
Current Liabilities:		
Accounts payable	\$ -	\$ 9,677
Accounts receivable credit balances	14,880	4,566
Due to Neshoba County General Hospital and Neshoba County Nursing Home	<u>303,841</u>	<u>32,638</u>
Total Liabilities	<u>318,721</u>	<u>46,881</u>
Net Position:		
Invested in capital assets, net of related debt	33,853	36,210
Unrestricted	<u>531,331</u>	<u>641,911</u>
Total Net Position	<u>565,184</u>	<u>678,121</u>
Total Liabilities and Net Position	<u>\$ 883,905</u>	<u>\$ 725,002</u>

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

NESHOBA COUNTY AMBULANCE ENTERPRISE
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2023, and 2022

	2023	2022
Operating Revenues:		
Net patient service revenue (Net of provision for bad debts of \$496,701 in 2023 and \$549,022 in 2022)	\$ 2,048,251	\$ 1,988,078
Total Operating Revenues	2,048,251	1,988,078
Operating Expenses:		
Supplies and drugs	57,426	85,109
Other operating expenses	2,104,498	1,827,547
Depreciation and amortization	9,684	20,877
Total Operating Expenses	2,171,608	1,933,533
Operating Income (Loss)	(123,357)	54,545
Nonoperating Revenues (Expenses):		
Interest income	4	-
Insurance proceeds	-	9,996
Grants and contributions	10,416	31,048
Interest expense	-	(78)
Total Nonoperating Revenues (Expenses)	10,420	40,966
Excess of Revenues Over (Under) Expenses	(112,937)	95,511
Net Position Beginning of Year	678,121	582,610
Net Position End of Year	\$ 565,184	\$ 678,121

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

NESHOPA COUNTY AMBULANCE ENTERPRISE
 Statements of Cash Flows
 Years Ended September 30, 2023, and 2022

	2023	2022
Cash From Operating Activities:		
Receipts from and on behalf of patients	\$ 1,914,023	\$ 1,846,190
Payments to suppliers and contractors	(1,902,407)	(2,083,236)
Other receipts and payments	-	55,001
Net Cash Provided (Used) by Operating Activities	11,616	(182,045)
Cash From Noncapital Financing Activities:		
Grants and contributions	10,416	31,048
Insurance proceeds	-	9,996
Accelerated payments	-	(91,781)
Net Cash Provided (Used) by Noncapital Financing Activities	10,416	(50,737)
Cash From Capital and Related Financing Activities:		
Purchase of property and equipment	(7,327)	-
Principal payments on lease obligations	-	(14,018)
Interest payments on lease obligations	-	(78)
Net Cash Used by Capital and Related Financing Activities	(7,327)	(14,096)
Cash From Investing Activities:		
Funds received from interest	4	-
Net Cash Provided by Investing Activities	4	-
Net Increase (Decrease) in Cash and Cash Equivalents	14,709	(246,878)
Cash and Cash Equivalents at Beginning of Year	141,835	388,713
Cash and Cash Equivalents at End of Year	\$ 156,544	\$ 141,835

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

NESHOPA COUNTY AMBULANCE ENTERPRISE
Statements of Cash Flows
Years Ended September 30, 2023, and 2022

	2023	2022
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (123,357)	\$ 54,545
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:		
Depreciation and amortization	9,684	20,877
Provision for bad debts	496,701	549,022
Changes in:		
Patient accounts receivable	(630,929)	(690,910)
Other receivable	-	55,001
Prepaid expenses	(2,009)	1,321
Accounts payable	(9,677)	9,677
Due to Neshoba County General Hospital and Neshoba County Nursing Home	271,203	(181,578)
Net Cash Provided (Used) by Operating Activities	\$ 11,616	\$ (182,045)

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

NESHOBA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

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

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

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

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

c. Basis of Accounting and Presentation - The Enterprise prepares its financial statements as a business-type activity in conformity with the applicable pronouncements of Governmental Accounting Standards Board ("GASB") using the economic resources measurement and focus. The financial statements of the Enterprise 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 contributions, 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 Enterprise first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

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

e. Capital Assets - The Enterprise's policy is to capitalize acquisition and construction costs greater than \$5,000 which will prove benefit to future periods. Capital assets are reported at historical costs. Contributed capital assets are reported at their estimated fair value at the time of their donation. All capital assets other than land are depreciated using the straight-line method of depreciation, using the following asset lives:

Equipment	7 years
Automobiles	3 years

NESHOPA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

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

f. Lease Assets - Lease assets are initially recorded at the initial measurement period of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentive received from the lessor at or before commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

g. Lease liability - The Enterprise is a lessee for noncancellable leases. The Enterprise recognizes a lease liability and an intangible right-to-use asset (lease asset) in the financial statements. At the commencement of a lease, the Enterprise initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

j. Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

k. Risk Management - The Enterprise is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Neshoba County General Hospital and Neshoba County Nursing Home purchases coverage of risks of loss related to torts and malpractice up to \$500,000 per case from Healthcare Providers Insurance Company. This coverage is effective for Neshoba County General Hospital and Neshoba County Nursing Home as well as Neshoba County Ambulance Enterprise.

Under *Governmental Accounting Standards Board Statement Number 10: Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, a liability for a claim must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The Enterprise has not been exposed to any risk of loss above the applicable insurance coverage amounts at September 30, 2023; therefore, no liability has been accrued at this time.

NESHOBA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

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

I. Restricted Resources – When the Enterprise has both restricted and unrestricted resources available to finance a particular program, it is the Enterprise’s policy to use restricted resources before unrestricted resources.

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

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

Note 2: Cash and Other Deposits

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

The collateral for public entities’ deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the Enterprise’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All Enterprise funds eligible to be included in the state’s collateral pool program were properly included and were fully collateralized as of September 30, 2023.

Custodial Credit Risk – Deposits – Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Enterprise will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Enterprise does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the Enterprise. As of September 30, 2023, none of the Enterprise’s bank balance was exposed to custodial credit risk.

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

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

NESHOBA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

Note 3: Accounts Receivable – Estimated Uncollectibles and Allowances

The balance in the estimated uncollectibles and allowances accounts at September 30, 2023, and 2022, is composed of the following:

	2023	2022
Provision for uncollectible accounts	\$ 334,162	\$ 352,902
Allowance for Medicare adjustment	489,215	267,859
Allowance for Medicaid adjustment	41,077	26,225
Allowance for commercial insurance adjustment	514,656	487,500
	\$ 1,379,110	\$ 1,134,486

Note 4: Capital Assets

Capital asset additions, retirements and balances for the years ended September 30, 2023, and 2022, were as follows:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023
Major moveable equipment	\$ 50,694	-	-	\$ 50,694
Automobiles	-	7,327	-	7,327
Total Historical Cost	50,694	7,327	-	58,021
Less Accumulated Depreciation for:				
Major moveable equipment	(14,484)	(7,242)	-	(21,726)
Automobiles	-	(2,442)	-	(2,442)
Total Accumulated Depreciation	(14,484)	(9,684)	-	(24,168)
Capital Assets, Net	\$ 36,210	(2,357)	-	\$ 33,853
	Balance September 30, 2021	Additions	Retirements	Balance September 30, 2022
Major moveable equipment	\$ 50,694	-	-	\$ 50,694
Total Historical Cost	50,694	-	-	50,694
Less Accumulated Depreciation for:				
Major moveable equipment	(7,242)	(7,242)	-	(14,484)
Total Accumulated Depreciation	(7,242)	(7,242)	-	(14,484)
Capital Assets, Net	\$ 43,452	(7,242)	-	\$ 36,210

NESHOBA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

Note 5: Lease Assets

There were no lease asset additions, terminations, or balances for the year ended September 30, 2023. Lease asset additions, terminations, and balances for the year ended September 30, 2022, were as follows:

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

Note 6: Lease Liabilities

The Enterprise was a lessee for various noncancellable leases of ambulances, the terms of which expired in various years through 2022. For leases that had a maximum possible term of 12 months or less at commencement, the Enterprise recognized expense based on the provisions of the lease contract. For all other leases, other than shorth term, the Enterprise recognized a lease liability and an intangible right-to-use lease asset.

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

The Enterprise uses its incremental borrowing rate as the discount rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

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

The Enterprise had no lease liability activity during the year ended September 30, 2023. A schedule of changes in the Enterprise's lease liabilities for the year ended September 30, 2022, follows:

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Lease liability obligations	\$ 14,018	-	(14,018)	\$ -	\$ -

NESHOBA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

Note 7: Net Patient Service Revenue

The Enterprise's net patient service revenue for the years ended September 30, 2023, and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Gross Patient Service Revenue	\$ 5,527,781	\$ 5,657,288
Less provisions for contractual and other adjustments	(2,982,829)	(3,120,188)
Less provisions for bad debts	(496,701)	(549,022)
Net Patient Service Revenue	\$ 2,048,251	\$ 1,988,078

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

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

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

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

Note 8: Concentrations of Credit Risk

The Enterprise grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2023, and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Medicare	36%	25%
Medicaid	5%	4%
Patients and other third-party payors	59%	71%
	<u>100%</u>	<u>100%</u>

NESHOBA COUNTY AMBULANCE ENTERPRISE
Notes to Financial Statements

Note 9: Management Agreement

On April 1, 2012, Neshoba County Ambulance Enterprise entered into a management services agreement with Neshoba County General Hospital and Neshoba County Nursing Home to provide various management and administrative services and incur certain operational expenses necessary for the establishment and continued operation of a public ambulance service. The Enterprise shall operate and continue according to the Joint Venture Agreement until terminated pursuant to the Joint Venture Agreement between, Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home. Under the terms of this agreement, the Enterprise agrees to reimburse the Hospital for its actual compensation costs incurred for the employees for their time spent in performance of these management services. The Enterprise shall also reimburse the Hospital for any direct out of pocket expenses incurred by the Hospital on its behalf in performance of the management services. Neshoba County General Hospital and Neshoba County Nursing Home will accrue charges due until such time as the Enterprise has sufficient revenues to reimburse the Hospital. The Enterprise incurred \$2,131,960, and \$1,880,612, in expense that was paid by Neshoba County General Hospital and Neshoba County Nursing Home during the years ended September 30, 2023, and 2022, respectively. The Enterprise had a payable due to Neshoba County General Hospital and Neshoba County Nursing Home of \$303,841, and \$32,638, as of September 30, 2023, and 2022, respectively.

Note 10: Commitments and Contingencies

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

Note 11: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Neshoba County Ambulance Enterprise evaluated the activity of the Enterprise through January 22, 2024, (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 AMBULANCE ENTERPRISE
Schedule of Surety Bonds for Officials
September 30, 2023

The following individuals/positions are covered by a Public Official Bond issued by Travelers Casualty and Surety Company of American with a bond limit of \$500,000:

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



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

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Stephen D. Flake, CPA

John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA

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

The Enterprise Management Committee
Neshoba County Ambulance Enterprise
Philadelphia, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Neshoba County Ambulance Enterprise, a joint venture between Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home, as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise Neshoba County Ambulance Enterprise's basic financial statements as listed in the contents, and have issued our report thereon dated January 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Neshoba County Ambulance Enterprise's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neshoba County Ambulance Enterprise's internal control. Accordingly, we do not express an opinion on the effectiveness of Neshoba County Ambulance Enterprise's internal control.

A deficiency in internal control 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 or significant deficiencies may exist that were not identified.

Report On Compliance and Other Matters

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

Purpose of This Report

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

Eupora, Mississippi
January 22, 2024

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD

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Independent Auditors' Report on Compliance with State Laws and Regulations

The Enterprise Management Committee
Neshoba County Ambulance Enterprise
Philadelphia, Mississippi

We have audited the financial statements of Neshoba County Ambulance Enterprise, a joint venture between Neshoba County, Mississippi and Neshoba County General Hospital and Neshoba County Nursing Home, as of September 30, 2023, and 2022, and have issued our report thereon dated January 22, 2024.

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

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

The results of our tests indicate that, with respect to the items tested, Neshoba County Ambulance Enterprise complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Neshoba County Ambulance Enterprise had not complied with state laws and regulations.

This report is intended solely for the information and use of the Enterprise Management Committee, management, others within the organization, Neshoba County General Hospital and Neshoba County Nursing Home, and the Board of Supervisors of Neshoba County, Mississippi and is not intended to be and should not be used by anyone other than these specified parties.

Eupora, Mississippi
January 22, 2024

Watkins Ward and Stafford, PLLC