

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

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
September 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the years ended September 30, 2023, and 2022, and the related notes to financial statements, which collectively comprise Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, as of September 30, 2023, and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit and do not purport to, and do not, present fairly the financial position of Neshoba County, Mississippi as of September 30, 2023, and 2022, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (pages 5 to 9) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Surety Bonds for Officials and Employees (page 46) and the Schedule of Expenditures of Federal Awards (page 47), as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Surety Bonds for Officials and Employees and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Detailed Schedules of Operating Revenues and Detailed Schedules of Operating Expenses for the years ended September 30, 2023, and 2022 (pages 42 to 45), but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neshoba County General Hospital and Neshoba County Nursing Home and its discretely presented component unit's internal control over financial reporting and compliance.

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, P.C.

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022**

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, 2023, and 2022. Please read it in conjunction with the facility's financial statements, which begin on page 10. This discussion and analysis presents only the activity of Neshoba County General Hospital and Neshoba County Nursing Home and does not present the activity of any discretely presented component units.

FINANCIAL HIGHLIGHTS

- ◆ The facility's net position decreased by \$29,221 in 2023 and by \$2,306,610 in 2022.
- ◆ The facility reported an operating loss of \$914,124 in 2023 and \$7,154,849 in 2022.
- ◆ Nonoperating revenues and expenses decreased by \$3,963,336 from 2022 to 2023.

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 Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position

Our analysis of the facility's finances begins on page 6. One of the most important questions asked about the facility's finances is, "Is the facility as a whole better or worse off as a result of the year's activities?" The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position report information about the facility's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022**

USING THIS ANNUAL REPORT (Continued)

The Statements of Cash Flows

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

THE FACILITY'S NET POSITION

The facility's net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 10 and 11. The facility's net position decreased by \$29,221, or 0.05% in 2023.

Table 1: Assets, Liabilities, and Net Position

	<u>2023</u>	<u>2022</u> (As Restated)
Assets:		
Current assets	\$ 38,593,394	\$ 39,514,425
Capital assets, net	30,159,957	28,924,989
Lease assets, net	196,091	312,089
Subscription-based IT asset, net	3,077,799	3,801,987
Other noncurrent assets	<u>1,279,283</u>	<u>1,173,902</u>
Total Assets	<u>\$ 73,306,524</u>	<u>\$ 73,727,392</u>
Liabilities:		
Current liabilities	\$ 5,757,126	\$ 6,282,943
Noncurrent liabilities	<u>6,206,180</u>	<u>6,072,010</u>
Total Liabilities	<u>11,963,306</u>	<u>12,354,953</u>
Net Position:		
Invested in capital assets, net of related debt	25,621,120	24,860,112
Unrestricted	<u>35,722,098</u>	<u>36,512,327</u>
Total Net Position	<u>61,343,218</u>	<u>61,372,439</u>
Total Liabilities and Net Position	<u>\$ 73,306,524</u>	<u>\$ 73,727,392</u>

The change in the facility's net position is due to several factors. Cash and cash equivalents decreased by \$5,136,166 for 2023, compared to a decrease of \$7,433,982 for 2022. Net patient accounts receivable increased by \$2,501,605 for 2023, compared to an increase of \$521,061 for 2022. Other receivables increased by \$1,269,725 for 2023, compared to an decrease of \$503,989 for 2022. The facility acquired capital assets in the amounts of \$4,038,321, and \$1,039,347, for the years 2023, and 2022, respectively. Depreciation and amortization expenses amounted to \$3,623,695 in 2023 and \$3,622,459 in 2022. Medicare advance payments decreased by \$555,163 for 2023, compared to a decrease of \$3,884,518 in 2022.

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022**

OPERATING RESULTS AND CHANGES IN THE FACILITY'S NET POSITION

Table 2: Operating Results

	<u>2023</u>	<u>2022</u> (As Restated)
Operating Revenues:		
Net patient services revenues	\$ 49,534,394	\$ 47,274,323
Other revenues	3,421,899	2,782,817
Gain (loss) on sale of equipment	(6,844)	1,976
Total Operating Revenues	<u>52,949,449</u>	<u>50,059,116</u>
Operating Expenses:		
Salaries and benefits	33,915,672	37,604,702
Supplies and drugs	6,366,706	6,068,957
Other operating expenses	9,460,394	9,466,926
Insurance	497,106	450,921
Depreciation and amortization	3,623,695	3,622,459
Total Operating Expenses	<u>53,863,573</u>	<u>57,213,965</u>
Operating Loss	<u>(914,124)</u>	<u>(7,154,849)</u>
Nonoperating Revenues (Expenses):		
Interest income	195,643	140,866
Investment income (loss)	45,026	(213,088)
Donations	219,095	29,390
Grants and contributions	600,000	202,108
COVID-19 funds	-	4,895,352
Interest expense	(174,861)	(206,389)
Total Nonoperating Revenues (Expenses)	<u>884,903</u>	<u>4,848,239</u>
Excess of Revenues Under Expenses	<u>(29,221)</u>	<u>(2,306,610)</u>
Net Position Beginning of Year	<u>61,372,439</u>	<u>63,679,049</u>
Net Position End of Year	<u>\$ 61,343,218</u>	<u>\$ 61,372,439</u>

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022**

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 services and other operating revenues and the expenses incurred to perform those services. The facility reported an operating loss of \$914,124 in 2023 and \$7,154,849 in 2022. The operating loss decreased by \$6,240,725, or 87.22%, from 2022 to 2023.

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

- ◆ An increase of \$2,260,071, or 4.78% in net patient services revenues less provision for bad debts.
- ◆ An increase in other revenues of \$639,082, or 22.97%.
- ◆ A decrease in salaries and benefits of \$3,689,030, or 9.81%.
- ◆ An increase in supplies and drugs of \$297,749, or 4.91%.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of interest income, investment income (loss), donations, and COVID-19 funds. The facility had interest income, primarily from checking accounts and certificates of deposit, of \$195,643 in 2023 and \$140,866 in 2022. The facility had investment income from the Mississippi Hospital Association Investment Pool of \$45,026 in 2023 and an investment loss of \$213,088 in 2022. The facility received donations of \$219,095, and \$29,390, in 2023, and 2022, respectively. The facility recognized revenue from COVID-19 funds of \$4,895,352 in 2022.

Nonoperating expenses consist of interest expense. The facility had interest expense in the amount of \$174,861 in 2023 and \$206,389 in 2022.

THE HOSPITAL'S CASH FLOWS

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

CAPITAL ASSETS, LEASE ASSETS, AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the facility's investment in capital assets net of accumulated depreciation was \$30,159,957. In 2023, the facility's net capital assets increased by \$1,234,968. In 2022, the facility's net capital assets decreased by \$1,734,877. See Note 7 for a detailed analysis of capital assets.

**Neshoba County General Hospital and Neshoba County Nursing Home
and its Component Unit
Management's Discussion and Analysis
Years Ended September 30, 2023, and 2022**

CAPITAL ASSETS, LEASE ASSETS, AND DEBT ADMINISTRATION (Continued)

Lease Assets

At the end of 2023, the facility's investment in lease assets net of accumulated amortization was \$196,091. In 2023, the facility's net lease assets decreased by \$115,998. In 2022, the facility's net lease assets increased by \$200,906. See Note 8 for a detailed analysis of lease assets.

Subscription-based IT Asset

As detailed in Note 9 of the financial statements, the facility had \$3,077,799 invested in a subscription-based IT asset, net of accumulated amortization at September 30, 2023, and \$3,801,987 at September 30, 2022. The facility issued no new subscription-based IT assets in 2023, and \$4,526,175 in a subscription-based IT asset in 2022.

Lease Liability Obligations

At the end of 2023, the facility had \$203,015 in lease liability obligations (including current portion) outstanding. The facility did not issue any new lease liability obligations in 2023 and made \$110,624 in principal payments. At the end of 2022, the facility had \$313,639 in lease liability obligations (including current portion) outstanding. The facility issued new lease liability obligations of \$320,876 in 2022 and made \$119,906 in principal payments. See Note 11 for a detailed analysis of lease liability obligations.

Subscription-based IT Liability

At September 30, 2023, the facility had \$3,149,349 in a subscription-based IT liability outstanding. The facility incurred no new subscriptions in 2023 and made \$696,150 in principal payments. At September 30, 2022, the facility had \$3,845,499 in a subscription-based IT liability outstanding. The facility incurred \$4,526,175 in a subscription-based IT liability in 2022 and made \$680,676 in principal payments. See Note 12 for a detailed analysis of subscription-based IT liability obligations.

Notes Payable, Including Current Portion

At the end of 2023, the facility had \$4,460,363 in notes payable (including current portion) outstanding. The facility issued new debt totaling \$1,610,000 in 2023 and made \$1,169,452 in principal payments. At the end of 2022, the facility had \$4,019,815 in notes payable (including current portion) outstanding. The facility did not issue any new debt in 2022 and made \$1,797,517 in principal payments. See Note 13 for a detailed analysis of notes payable.

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.

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Net Position
September 30, 2023, and 2022

	2023		2022 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Assets				
Current Assets:				
Cash	\$ 14,839,449	\$ 156,544	\$ 19,941,195	\$ 141,835
Investment in certificates of deposit	7,405,264	-	7,057,419	-
MHA investment pool	2,539,295	-	2,494,269	-
Patient accounts receivable	17,975,237	2,064,669	13,526,783	1,675,503
Less estimated uncollectables and allowances	(7,428,910)	(1,379,110)	(5,482,061)	(1,134,486)
Other receivables	1,528,104	-	258,379	-
Nursing home residents' funds	47,680	-	82,100	-
Estimated third-party payor settlements	464,800	-	486,400	-
Inventories of supplies and drugs	567,626	-	664,105	-
Prepaid expenses	605,557	7,949	484,336	5,940
Deferred expense	49,292	-	1,500	-
Total Current Assets	38,593,394	850,052	39,514,425	688,792
Capital Assets:				
Capital assets	66,777,823	58,021	62,789,111	50,694
Less accumulated depreciation	(36,617,866)	(24,168)	(33,864,122)	(14,484)
Total Capital Assets, Net of Accumulated Depreciation	30,159,957	33,853	28,924,989	36,210
Lease Assets:				
Lease assets	320,876	-	362,577	-
Less accumulated amortization	(124,785)	-	(50,488)	-
Total Lease Assets, Net of Accumulated Amortization	196,091	-	312,089	-
Subscription-Based IT Asset:				
Subscription-based IT asset	4,526,175	-	4,526,175	-
Less accumulated amortization	(1,448,376)	-	(724,188)	-
Total Subscription-Based IT Asset, Net of Accumulated Amortization	3,077,799	-	3,801,987	-
Other Assets:				
Investment in Mississippi True	800,000	-	800,000	-
Deferred expense	471,828	-	364,926	-
Physician loan receivable	7,455	-	8,976	-
Total Other Assets	1,279,283	-	1,173,902	-
Total Assets	\$ 73,306,524	\$ 883,905	\$ 73,727,392	\$ 725,002

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

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Net Position
September 30, 2023, and 2022

	2023		2022 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 1,362,026	\$ -	\$ 1,280,393	\$ 9,677
Accelerated payments	-	-	555,163	-
Accrued expenses and payroll withholdings	2,345,667	-	2,106,741	-
Accounts receivable credit balances	395,206	14,880	151,603	4,566
Nursing home residents' funds	47,680	-	82,100	-
Due to Neshoba County General Hospital	-	303,841	-	32,638
Current portion of lease liability obligations	108,039	-	110,624	-
Current portion of subscription-based IT liability	711,976	-	696,150	-
Current portion of notes payable	786,532	-	1,300,169	-
Total Current Liabilities	<u>5,757,126</u>	<u>318,721</u>	<u>6,282,943</u>	<u>46,881</u>
Long-Term Debt:				
Lease liability obligations	94,976	-	203,015	-
Subscription-based IT liability	2,437,373	-	3,149,349	-
Notes payable	3,673,831	-	2,719,646	-
Total Long-Term Debt, Net of Current Maturities	<u>6,206,180</u>	<u>-</u>	<u>6,072,010</u>	<u>-</u>
Total Liabilities	<u>11,963,306</u>	<u>318,721</u>	<u>12,354,953</u>	<u>46,881</u>
Net Position:				
Invested in capital assets, net of related debt	25,621,120	33,853	24,860,112	36,210
Unrestricted	35,722,098	531,331	36,512,327	641,911
Total Net Position	<u>61,343,218</u>	<u>565,184</u>	<u>61,372,439</u>	<u>678,121</u>
Total Liabilities and Net Position	<u>\$ 73,306,524</u>	<u>\$ 883,905</u>	<u>\$ 73,727,392</u>	<u>\$ 725,002</u>

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

**NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT**
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2023, and 2022

	2023		2022 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Operating Revenues:				
Net patient services revenue	\$ 54,331,851	\$ 2,544,952	\$ 53,163,676	\$ 2,537,100
Less provision for bad debts	(4,797,457)	(496,701)	(5,889,353)	(549,022)
Other revenue	3,421,899	-	2,782,817	-
Gain (loss) on sale of equipment	(6,844)	-	1,976	-
Total Operating Revenues	52,949,449	2,048,251	50,059,116	1,988,078
Operating Expenses:				
Salaries and benefits	33,915,672	-	37,604,702	-
Supplies and drugs	6,366,706	57,426	6,068,957	85,109
Other operating expenses	9,460,394	2,104,498	9,466,926	1,827,547
Insurance	497,106	-	450,921	-
Depreciation and amortization	3,623,695	9,684	3,622,459	20,877
Total Operating Expenses	53,863,573	2,171,608	57,213,965	1,933,533
Operating Income (Loss)	(914,124)	(123,357)	(7,154,849)	54,545
Nonoperating Revenues (Expenses):				
Interest income	195,643	4	140,866	-
Investment income (loss)	45,026	-	(213,088)	-
Donations	219,095	-	29,390	-
Grants and contributions	600,000	10,416	202,108	31,048
Insurance proceeds	-	-	-	9,996
COVID-19 funds	-	-	4,895,352	-
Interest expense	(174,861)	-	(206,389)	(78)
Total Nonoperating Revenues (Expenses)	884,903	10,420	4,848,239	40,966
Excess of Revenues Over (Under) Expenses	(29,221)	(112,937)	(2,306,610)	95,511
Net Position Beginning of Year	61,372,439	678,121	63,679,049	582,610
Net Position End of Year	\$ 61,343,218	\$ 565,184	\$ 61,372,439	\$ 678,121

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Cash Flows
Years Ended September 30, 2023, and 2022

	2023		2022 (As Restated)	
	Primary	Component Unit	Primary	Component Unit
	Government - Audited	Ambulance Enterprise - Audited	Government - Audited	Ambulance Enterprise - Audited
Cash Flows From Operating Activities:				
Receipts from and on behalf of patients	\$ 47,562,916	\$ 1,914,023	\$ 42,329,747	\$ 1,846,190
Payments to suppliers and contractors	(18,604,203)	(1,902,407)	(15,180,647)	(2,083,236)
Payments to and on behalf of employees	(33,582,529)	-	(38,612,582)	-
Other receipts and payments, net	3,387,479	-	2,746,910	55,001
Net Cash Provided (Used) by Operating Activities	<u>(1,236,337)</u>	<u>11,616</u>	<u>(8,716,572)</u>	<u>(182,045)</u>
Cash Flows From Noncapital Financing Activities:				
Donations and grants	219,095	10,416	231,498	31,048
Insurance proceeds	-	-	-	9,996
COVID-19 funds	-	-	4,684,481	-
Accelerated payments	-	-	-	(91,781)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>219,095</u>	<u>10,416</u>	<u>4,915,979</u>	<u>(50,737)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of property and equipment	(2,175,321)	(7,327)	(1,041,448)	-
Proceeds from issuance of long-term debt	360,000	-	-	-
Principal payments on lease liability obligations	(110,624)	-	(119,906)	(14,018)
Principal payments on subscription-based IT liabilities	(696,150)	-	(680,676)	-
Principal payments of notes payable	(1,169,452)	-	(1,797,517)	-
Interest paid on long term debt	(175,175)	-	(206,842)	(78)
Net Cash Used by Capital and Related Financing Activities	<u>(3,966,722)</u>	<u>(7,327)</u>	<u>(3,846,389)</u>	<u>(14,096)</u>
Cash Flows From Investing Activities:				
Investment in certificate of deposit	(360,000)	-	-	-
Maturity of certificate of deposit	157,119	-	204,599	-
Interest income	50,679	4	8,401	-
Net Cash Provided (Used) by Investing Activities	<u>(152,202)</u>	<u>4</u>	<u>213,000</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,136,166)</u>	<u>14,709</u>	<u>(7,433,982)</u>	<u>(246,878)</u>
Cash and Cash Equivalents at Beginning of Year	<u>20,023,295</u>	<u>141,835</u>	<u>27,457,277</u>	<u>388,713</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,887,129</u>	<u>\$ 156,544</u>	<u>\$ 20,023,295</u>	<u>\$ 141,835</u>

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

NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Statements of Cash Flows
Years Ended September 30, 2023, and 2022

	2023		2022 (As Restated)	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (914,124)	\$ (123,357)	\$ (7,154,849)	\$ 54,545
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and amortization	3,623,695	9,684	3,622,459	20,877
Provision for uncollectible accounts	4,797,457	496,701	5,889,353	549,022
(Gain) loss on disposal of equipment	6,844	-	(1,976)	-
Changes in:				
Patient accounts receivable	(7,055,459)	(630,929)	(6,571,158)	(690,910)
Supplies and other current assets	(1,294,467)	(2,009)	639,139	1,321
Physician loan receivable	1,521	-	1,291	-
Other receivables	-	-	-	55,001
Deferred expense	(154,694)	-	(61,345)	-
Accounts payable, accrued expenses, and other current liabilities	(268,710)	(9,677)	(5,065,472)	9,677
Estimated third-party payor payments	21,600	-	(14,014)	-
Due to Neshoba County General Hospital and Neshoba County Nursing Home	-	271,203	-	(181,578)
Net Cash Provided (Used) by Operating Activities	\$ (1,236,337)	\$ 11,616	\$ (8,716,572)	\$ (182,045)

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

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

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

a. Reporting Entity – Neshoba County General Hospital and Neshoba County Nursing Home, the Primary Government, is licensed for 38 acute short-term care hospital beds, 10 geriatric psychiatric unit beds and 160 skilled nursing home beds and is owned by Neshoba County, Mississippi. Neshoba County General Hospital and Neshoba County Nursing Home provides inpatient, outpatient, emergency, psychiatric, and long-term care services for residents of Neshoba County, Mississippi and the surrounding area. 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's stipulations. The Ambulance Enterprise staffing needs for the operation of the ambulance services are 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 Chief Executive Officer, Primary Government Chief Financial Officer, Primary Government Director of Ambulance Services, County Emergency Management Director, and County Administrator.

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

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

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

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

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

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

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

c. Basis of Accounting and Presentation – The facilities prepare their financial statements as business-type activities in conformity with applicable pronouncements of Governmental Accounting Standards Board ("GASB") using the economic resources measurement and focus. The financial statements of the facilities have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenue, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county 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 facilities first apply restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

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

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

d. Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, cash and cash equivalents include all cash on hand and checking accounts. 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:

	2023		2022	
	Primary	Component Unit	Primary	Component Unit
	Government - Audited	Ambulance Enterprise - Audited	Government - Audited	Ambulance Enterprise - Audited
Cash	\$ 14,839,449	\$ 156,544	\$ 19,941,195	\$ 141,835
Nursing home residents' funds	47,680	-	82,100	-
	\$ 14,887,129	\$ 156,544	\$ 20,023,295	\$ 141,835

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

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

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

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

g. Lease Liability Obligations – The facilities are lessees for noncancellable leases. The facilities recognize a lease liability obligation and an intangible right-to-use asset (lease asset) in the financial statements. At the commencement of a lease, the facilities initially measure the lease liability obligation at the present value of payments expected to be made during the lease term. Leases that were in effect prior to the implementation date were recognized in the year of transition based on the present value of the remaining payments at the implementation date. Subsequently, the lease liability obligation is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability obligation, 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.

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

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

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

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

i. Subscription-based IT Liabilities – The facility is a subscriber for noncancellable subscriptions. The hospital recognizes a subscription-based IT liability and an intangible right-of-use subscription-based IT asset in the financial statements. At the commencement of a subscription, the facility initially measures the subscription-based IT liability at the present value of payments expected to be made during the subscription term. Subscriptions that were in effect prior to the implementation date are recognized in the year of transition based on the present value of the remaining payment at the implementation date. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made, and the subscription-based IT asset is amortized on a straight-line basis over its useful life.

The facility monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription-based IT asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

j. 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.

k. 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.

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

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

I. Net Position – Net position of Neshoba County General Hospital and Neshoba County Nursing Home and Neshoba County Ambulance Enterprise is classified in two components. *Net position invested in capital assets net of related debt* consists of capital assets net of accumulated depreciation, lease assets net of accumulated amortization, subscription-based IT assets net of accumulated amortization, 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*.

	2023		2022	
	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited	Primary Government - Audited	Component Unit Ambulance Enterprise - Audited
Capital assets, net	\$ 30,159,957	\$ 33,853	\$ 28,924,989	\$ 36,210
Lease assets, net	196,091	-	312,089	-
Subscription-based IT assets, net	3,077,799	-	3,801,987	-
Less: notes payable	(4,460,363)	-	(4,019,815)	-
Less: lease liability obligations	(203,015)	-	(313,639)	-
Less: subscription-based IT liabilities	(3,149,349)	-	(3,845,499)	-
Invested in capital assets, net of related debt	<u>\$ 25,621,120</u>	<u>\$ 33,853</u>	<u>\$ 24,860,112</u>	<u>\$ 36,210</u>

m. 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.

n. Net Patient Services 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 services 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.

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

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

o. 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.

p. 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 purchases 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, 2023; therefore, no liability has been accrued at this time.

q. 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.

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

s. 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).

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

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

t. Public-Private and Public-Public Partnerships and Availability Payment Arrangements – GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020 and is effective for fiscal years beginning after June 15, 2022. The facility evaluated its partnerships with public and private entities for the year ended September 30, 2023 for potential application of the standard. The GASB No. 94 guidance was determined inapplicable to the facility's arrangements. As a result, there are no PPP assets, deferred outflows of resources, PPP liabilities, and deferred inflows of resources recorded as of September 30, 2023. The facility will continue to evaluate new arrangements for future application of GASB No. 94 guidance.

Note 2: Change in Accounting Principle and Correction of an Error

On October 1, 2022 (the effective date), the facility adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* using a retrospective method of adoption to all contracts meeting the definition of a SBITA, unless specifically excluded at the beginning of the earliest period presented which was October 1, 2021. The statement requires the facility to recognize a subscription liability, measured at the present value of payments expected to be made during the subscription term, and an intangible asset representing the facility's right to use the subscription asset at the commencement of the subscription term. The 2022 financial statements and disclosures were restated to reflect the impact of this adoption.

The Statement of Net Position and Statement of Cash Flows as of and for the year ended September 30, 2022 included the facility's investment in certificates of deposit in the cash balance presented. Because the facility's certificates of deposit have a maturity date of longer than three months from the date of purchase, the investment in certificates of deposit is not considered a cash equivalent. The 2022 financial statements and disclosures were restated to reflect the correction of this error.

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

Note 2: Change in Accounting Principle and Correction of an Error (Continued)

The effect of the changes made to the accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows as of and for the year ended September 30, 2022 are as follows:

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Statement of Net Position			
Current Assets:			
Cash	\$ 26,998,614	\$ (7,057,419)	\$ 19,941,195
Investment in certificates of deposit	-	7,057,419	7,057,419
Prepaid expenses	551,586	(67,250)	484,336
Total Current Assets	<u>39,581,675</u>	<u>(67,250)</u>	<u>39,514,425</u>
Subscription-Based IT Assets:			
Subscription-based IT assets, Net	-	3,801,987	3,801,987
Total Assets	\$ <u>69,992,655</u>	\$ <u>3,734,737</u>	\$ <u>73,727,392</u>
Current Liabilities:			
Current portion of subscription-based IT liabilities	-	696,150	696,150
Total Current Liabilities	<u>5,586,793</u>	<u>696,150</u>	<u>6,282,943</u>
Long-Term Liabilities			
Subscription-based IT liabilities	-	3,149,349	3,149,349
Total Long-Term Liabilities	<u>2,922,661</u>	<u>3,149,349</u>	<u>6,072,010</u>
Total Liabilities	<u>8,509,454</u>	<u>3,845,499</u>	<u>12,354,953</u>
Net Position:			
Invested in capital assets, net of related debt	24,903,624	(43,512)	24,860,112
Unrestricted	36,579,577	(67,250)	36,512,327
Total Net Position	<u>61,483,201</u>	<u>(110,762)</u>	<u>61,372,439</u>
Total Liabilities and Net Position	\$ <u>69,992,655</u>	\$ <u>3,734,737</u>	\$ <u>73,727,392</u>

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

Note 2: Change in Accounting Principle and Correction of an Error (Continued)

	2022 (As Previously Reported)	Effect of Adoption	2022 (As Restated)
Statement of Revenues, Expenses and Changes in Net Position			
Operating Expenses:			
Other operating expenses	\$ 10,175,200	\$ (708,274)	\$ 9,466,926
Depreciation and amortization	2,898,271	724,188	3,622,459
Total Operating Expenses	<u>57,198,051</u>	<u>15,914</u>	<u>57,213,965</u>
Operating Loss	<u>(7,140,911)</u>	<u>(15,914)</u>	<u>(7,156,825)</u>
Nonoperating Revenues (Expenses)			
Interest expense	(111,541)	(94,848)	(206,389)
Total Nonoperating Revenues (Expenses)	<u>4,945,063</u>	<u>(94,848)</u>	<u>4,850,215</u>
Excess of Revenues Under Expenses	(2,195,848)	(110,762)	(2,306,610)
Net Position End of the Year	<u>\$ 61,483,201</u>	<u>\$ (110,762)</u>	<u>\$ 61,372,439</u>
Statement of Cash Flows			
Cash Flows From Operating Activities:			
Payments to suppliers and contractors	\$ (15,956,171)	\$ 775,524	\$ (15,180,647)
Net Cash Used by Operating Activities	<u>(9,492,096)</u>	<u>775,524</u>	<u>(8,716,572)</u>
Cash Flows From Capital and Related Financing Activities:			
Principal payments on subscription-based IT liabilities	-	(680,676)	(680,676)
Interest paid on long-term debt	(111,994)	(94,848)	(206,842)
Net Cash Used by Capital and Related Financing Activities	<u>(3,070,865)</u>	<u>(775,524)</u>	<u>(3,846,389)</u>
Cash Flows From Investing Activities:			
Maturity of certificate of deposit	-	204,599	204,599
Interest income	140,866	(132,465)	8,401
Net Cash Provided by Investing Activities	<u>140,866</u>	<u>72,134</u>	<u>213,000</u>
Net Decrease in Cash and Cash Equivalents	(7,506,116)	72,134	(7,433,982)
Cash and Cash Equivalents at Beginning of Year	<u>34,586,830</u>	<u>(7,129,553)</u>	<u>27,457,277</u>
Cash and Cash Equivalents at End of Year	<u>27,080,714</u>	<u>(7,057,419)</u>	<u>20,023,295</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	(7,140,911)	(15,914)	(7,156,825)
Depreciation and amortization	2,898,271	724,188	3,622,459
Changes in: Supplies and other current assets	571,889	67,250	639,139
Net Cash Provided by Operating Activities	<u>\$ (9,492,096)</u>	<u>\$ 775,524</u>	<u>\$ (8,716,572)</u>

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

Note 3: Cash and Other Deposits

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

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

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 facilities will not be able to recover deposits or collateral securities that are in the possession of an outside party. The facilities do 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 facilities. As of September 30, 2023, and 2022, none of the facilities' bank balance was exposed to custodial credit risk.

c. Interest Rate Risk – The facilities do 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 facilities do not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Note 4: Charity Care

The Primary Government provides care to patients who meet certain criteria under its charity care policy. Because the Primary Government does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient services revenue. The cost of charity care provided in 2023, and 2022, approximated \$412,000, and \$368,000, respectively.

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Note 5: Fair Value Measurements

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

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

Fair values of assets measured on a recurring basis September 30, 2023, and 2022, are as follows:

<u>September 30, 2023</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in certificates of deposit	\$ 7,405,264	\$ -	7,405,264	\$ -
MHA Investment Pool	2,539,295	-	2,539,295	-
Total	<u>\$ 9,944,559</u>	<u>\$ -</u>	<u>\$ 9,944,559</u>	<u>\$ -</u>

<u>September 30, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in certificates of deposit	\$ 7,057,419	\$ -	7,057,419	\$ -
MHA Investment Pool	2,494,269	-	2,494,269	-
Total	<u>\$ 9,551,688</u>	<u>\$ -</u>	<u>\$ 9,551,688</u>	<u>\$ -</u>

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, 2023, and 2022, follows:

	<u>2023</u>	<u>2022</u>
MHA Investment Pool A	\$ 2,762,361	\$ 2,741,009
Unrealized loss on investments	(223,066)	(246,740)
Net value	<u>\$ 2,539,295</u>	<u>\$ 2,494,269</u>

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).

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Note 6: Accounts Receivable – Estimated Uncollectibles and Allowances

Primary Government

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

	2023	2022
Provision for uncollectible accounts	\$ 3,418,767	\$ 3,073,577
Allowance for Medicare adjustment	1,294,808	711,040
Allowance for Medicaid adjustment	1,019,470	703,003
Allowance for commercial insurance adjustment	1,695,865	994,441
	\$ 7,428,910	\$ 5,482,061

Ambulance Enterprise

The balance in the Ambulance Enterprise's 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

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Note 7: Capital Assets

The Primary Government's capital asset additions, retirements, and balances for the years ended September 30, 2023, and 2022, were as follows:

	Balance September 30, 2022	Additions	Retirements and Other	Balance September 30, 2023
Land	\$ 1,493,489	75,000	-	\$ 1,568,489
Land improvements	616,852	-	32,500	649,352
Buildings and improvements	29,637,298	240,883	804,826	30,683,007
Fixed equipment	7,780,954	-	-	7,780,954
Major movable equipment				
Financed purchases	121,000	-	(121,000)	-
Other	22,656,115	353,926	122,088	23,132,129
Automobiles	215,935	-	-	215,935
Construction in progress	267,468	3,368,512	(888,023)	2,747,957
Total Historical Cost	<u>62,789,111</u>	<u>4,038,321</u>	<u>(49,609)</u>	<u>66,777,823</u>
Less: Accumulated Depreciation and Amortization for:				
Land improvements	(451,457)	(39,108)	-	(490,565)
Buildings and improvements	(10,398,574)	(1,084,465)	-	(11,483,039)
Fixed equipment	(4,848,547)	(372,051)	-	(5,220,598)
Major movable equipment				
Financed purchases	(75,625)	(15,125)	90,750	-
Other	(17,893,329)	(1,259,865)	(60,985)	(19,214,179)
Automobiles	(196,590)	(12,895)	-	(209,485)
Total Accumulated Depreciation and Amortization	<u>(33,864,122)</u>	<u>(2,783,509)</u>	<u>29,765</u>	<u>(36,617,866)</u>
Capital Assets, Net	<u>\$ 28,924,989</u>	<u>1,254,812</u>	<u>(19,844)</u>	<u>\$ 30,159,957</u>

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Note 7: Capital Assets (Continued)

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

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Note 7: Capital Assets (Continued)

The Ambulance Enterprise's capital asset additions, retirements, and balances for the years ended September 30, 2023, and 2022, were as follows:

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

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Note 8: Lease Assets

The Primary Government's lease asset additions, terminations, and balances for the years ended September 30, 2023, and 2022, were as follows:

	<u>Balance September 30, 2022</u>	<u>Additions</u>	<u>Terminations</u>	<u>Balance September 30, 2023</u>
Lease Assets Being Amortized:				
Equipment	\$ 362,577	-	(41,701)	\$ 320,876
Less: Accumulated Amortization for:				
Equipment	<u>(50,488)</u>	<u>(115,998)</u>	<u>41,701</u>	<u>(124,785)</u>
Lease Assets, Net	<u>\$ 312,089</u>	<u>(115,998)</u>	<u>-</u>	<u>\$ 196,091</u>
	<u>Balance September 30, 2021 Restated</u>	<u>Additions</u>	<u>Terminations</u>	<u>Balance September 30, 2022</u>
Lease Assets Being Amortized:				
Equipment	\$ 233,445	320,876	(191,744)	\$ 362,577
Less: Accumulated Amortization for:				
Equipment	<u>(122,262)</u>	<u>(119,970)</u>	<u>191,744</u>	<u>(50,488)</u>
Lease Assets, Net	<u>\$ 111,183</u>	<u>200,906</u>	<u>-</u>	<u>\$ 312,089</u>

The Ambulance Enterprise had no lease asset additions, terminations, or balances for the year ended September 30, 2023. The Ambulance Enterprise's lease asset additions, terminations, and balances for the year ended September 30, 2022, were as follows:

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

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Note 9: Subscription-Based IT Assets

Subscription-based IT asset additions, terminations, and balances for the years ended September 30, 2023, and 2022, are as follows:

	Balance September 30, 2022 <u>(As Restated)</u>	<u>Additions</u>	<u>Terminations</u>	Balance September 30, 2023
Subscription-based IT Asset	\$ 4,526,175	-	-	\$ 4,526,175
Less: Accumulated Amortization	<u>(724,188)</u>	<u>(724,188)</u>	-	<u>(1,448,376)</u>
Subscription-based IT Asset, Net	<u>\$ 3,801,987</u>	<u>(724,188)</u>	-	<u>\$ 3,077,799</u>

	Balance September 30, 2021 <u>(As Restated)</u>	<u>Additions</u>	<u>Terminations</u>	Balance September 30, 2022 <u>(As Restated)</u>
Subscription-based IT Asset	\$ -	4,526,175	-	\$ 4,526,175
Less: Accumulated Amortization	-	<u>(724,188)</u>	-	<u>(724,188)</u>
Subscription-based IT Asset, Net	<u>\$ -</u>	<u>3,801,987</u>	-	<u>\$ 3,801,987</u>

Note 10: Other Assets

Included in Other Assets on the Statements of Net Position is the Primary Government's investment in Mississippi True d/b/a True Care, as not-for-profit health maintenance organization which serves as a provider-sponsored health plan in Mississippi. The amount of the investment was \$800,000 as of September 30, 2023, and 2022. The Primary Government has elected to report this investment at cost since there is not a market for the ownership interest in the company.

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Note 11: Lease Liability Obligations

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

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

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

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

A schedule of changes in the Primary Government's lease liability obligations for 2023, and 2022, follows:

	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One year
Lease liability obligations \$	313,639	-	(110,624)	203,015	\$ 108,039

	Balance September 30, 2021 Restated	Additions	Reductions	Balance September 30, 2022	Amounts Due Within Within One year
Lease liability obligations \$	112,669	320,876	(119,906)	313,639	\$ 110,624

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

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

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Note 11: Lease Liability Obligations (Continued)

The following is a schedule by year of payments for leases as of September 30, 2023:

Year Ended September 30:	Total to be Paid	Principal	Interest
2024	\$ 111,504	\$ 108,039	\$ 3,465
2025	95,958	94,976	982
2026	-	-	-
2027	-	-	-
2028	-	-	-
Thereafter	-	-	-
Total	<u>\$ 207,462</u>	<u>\$ 203,015</u>	<u>\$ 4,447</u>

Note 12: Subscription-Based IT Liability

The facility is a subscriber for a subscription of information technology, the terms of which expire in fiscal year 2028. For subscriptions that have a maximum possible term of 12 months or less at commencement, the facility recognizes expense based on the provisions of the subscription terms. For all other subscriptions, other than short term, the facility recognizes a subscription-based liability and an intangible right-of-use subscription-based asset.

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

	Balance September 30, 2022 (As Restated)	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One year
Subscription-based IT Liability	\$ 3,845,499	-	(696,150)	\$ 3,149,349	\$ 711,976

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022 (As Restated)	Amounts Due Within One year
Subscription-based IT Liability	\$ -	4,526,175	(680,676)	\$ 3,845,499	\$ 696,150

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Note 12: Subscription-Based IT Liability (Continued)

The following is a schedule by year of payments for the subscription-based IT liability as of September 30, 2023:

<u>Year Ended September 30:</u>	<u>Total to be</u>		
	<u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 775,524	\$ 711,976	\$ 63,548
2025	775,524	728,162	47,362
2026	775,524	744,715	30,809
2027	775,524	761,645	13,879
2028	203,630	202,851	779
Thereafter	-	-	-
Total	<u>\$ 3,305,726</u>	<u>\$ 3,149,349</u>	<u>\$ 156,377</u>

Note 13: Notes Payable

A schedule of changes in the Primary Government's notes payable for 2023, and 2022, follows:

	<u>Balance</u> <u>September 30,</u> <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30,</u> <u>2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Notes Payable	\$ 4,019,815	1,610,000	(1,169,452)	\$ 4,460,363	\$ 786,532
	<u>Balance</u> <u>September 30,</u> <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30,</u> <u>2022</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Notes Payable	\$ 5,817,332	-	(1,797,517)	\$ 4,019,815	\$ 1,300,169

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Note 13: Notes Payable (Continued)

A summary of the Primary Government's notes payable at September 30, 2023, and 2022, follows:

	<u>2023</u>	<u>2022</u>
CAP loan payable to Neshoba County due in 240 monthly installments of \$20,304.21 with 2.00% interest, secured by a building	\$ 2,072,049	\$ 2,272,364
Cerner note due in 6 quarterly installments of \$174,170 and 25 monthly installments of \$41,801 with 0% interest, secured by an EHR system.	174,170	174,170
Central Electric Power Association Rural Development Loan due in 108 monthly installments of \$18,518.52 with 0.00% interest, secured by certificate of deposit #10027731.	370,370	592,592
Citizens Bank Loan due in 60 monthly installments of \$55,978.43 with 4.5% interest, secured by certificate of deposit #10035421.	274,596	917,295
Citizens Bank Loan due in 36 monthly installments of \$10,702.53 with 2.25% interest, secured by certificate of deposit #10036261.	-	42,625
Central Electric Power Association Rural Economic Development Loan and Grant Program due in 120 monthly installments of \$3,232.49 with 1.50% interest, secured by certificate of deposit #10038931.	340,450	-
CAP Loan payable to Neshoba County due in 240 monthly installments of \$6,323.54 with 2.00% interest, secured by the nursing home renovation project.	1,228,728	-
LAB, Inc. financed purchase due in 36 monthly installments of \$ 3,485 with 2.330% interest, secured by equipment.	-	20,769
Less: Current portion of notes payable	<u>(786,532)</u>	<u>(1,300,169)</u>
Total Long-Term Notes Payable	<u>\$ 3,673,831</u>	<u>\$ 2,719,646</u>

Scheduled principal and interest repayments on notes payable are as follows:

<u>Year Ended September 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 786,532	\$ 73,905
2025	443,537	62,933
2026	301,177	57,146
2027	307,078	51,245
2028	313,096	45,227
Thereafter	2,308,943	221,232
Total	<u>\$ 4,460,363</u>	<u>\$ 511,688</u>

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Note 14: Net Patient Services Revenue

Primary Government

The Primary Government's net patient services revenue for the years ended September 30, 2023, and 2022, is detailed in the accompanying Detailed Schedules 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 \$2,890,262, and \$1,301,766, for the years ended September 30, 2023, and 2022, respectively. 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.

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Note 14: Net Patient Services Revenue (Continued)

d. Medicaid Upper Payment Limit Payments – The Primary Government did not receive Medicaid upper payment limit payments for the year ended September 30, 2023 but received net payments of \$61,268 for the year ended September 30, 2022. 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.

Ambulance Enterprise

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

	2023	2022
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 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.

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Notes to Financial Statements

Note 15: 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, 2023, and 2022, amounted to \$3,117,814, and \$3,625,006, 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, 2023, and 2022, was provided in the amounts of \$1,128,494, and \$1,183,890, respectively.

Note 16: Pension Plan

The Primary Government, 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 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, 2023, and 2022, amounted to \$453,649, and \$446,630, respectively. The facility did not make contributions to the deferred compensation plan during the year ended September 30, 2023 but made contributions of \$11,826 during the year ended September 30, 2022.

Note 17: Commitments and Contingencies

Mississippi True Provider-Sponsored Health Plan – In relation to Neshoba County General Hospital and Neshoba County Nursing Home's \$800,000 investment in Mississippi True, Board of Trustees approved a total contribution of \$2,000,000 toward the Mississippi True Provider-Sponsored Health Plan. While Mississippi True was attempting to secure a Medicaid contract, the facility did not make any contributions in addition to the first installment. On August 10, 2022, MS True was awarded a Medicaid MCO Contract. The effect of the award will not be known until the contract has been implemented.

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

Note 18: 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, 2023, and 2022, is as follows:

<u>Primary Government</u>	<u>2023</u>	<u>2022</u>
Medicare	18%	14%
Medicaid	20%	20%
Patients and other third-party payors	<u>62%</u>	<u>66%</u>
	<u>100%</u>	<u>100%</u>
<u>Ambulance Enterprise</u>	<u>2023</u>	<u>2022</u>
Medicare	36%	25%
Medicaid	5%	4%
Patients and other third-party payors	<u>59%</u>	<u>71%</u>
	<u>100%</u>	<u>100%</u>

Note 19: 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 20: Ambulance Enterprise Management Agreement

On April 1, 2012, Neshoba County Ambulance Enterprise entered into the 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 \$2,131,960, and \$1,880,612, in expenses that were paid by Neshoba County General Hospital and Neshoba County Nursing Home during the years ended September 30, 2023, and 2022, respectively. The Ambulance 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. 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.

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

Note 21: Accelerated Payments

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

As enacted through the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment began 12 months after the date of issuance and was automatically recouped from Medicare payments otherwise owed to the facility at 25 percent for the first 11 months and 50 percent for the succeeding 6 months. If the accelerated payments were not recouped within the 29 months, a demand letter would be issued requiring repayment of any outstanding balance. If a letter requiring reimbursement was issued, providers and suppliers would have 30 days from the date of the letter to repay the balance in full. If payment was not received within 30 days, interest would accrue at the rate of 4% from the date the letter was issued and would be assessed for each full 30-day period that the balance remained unpaid. Neshoba County General Hospital and Neshoba County Nursing Home's accelerated payments were not fully recouped by September 30, 2022. The facility showed a current liability for accelerated payments of \$555,163 as of September 30, 2022 in relation to a demand letter dated September 26, 2022. Neshoba County Ambulance Enterprise's accelerated payments were fully recouped by September 30, 2022. The facilities have no liabilities for accelerated payments as of September 30, 2023.

Note 22: COVID-19 Funds

Neshoba County General Hospital and Neshoba County Nursing Home did not receive any Provider Relief Funds during the year ended September 30, 2023. The facility reported COVID-19 funds on the Statements of Revenues, Expenses, and Changes in Net Position of \$4,895,352 during the year ended September 30, 2022. These Provider Relief 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 facility's acceptance of these funds required compliance with reporting requirements as specified by the Secretary of Health and Human Services. The reporting requirements included submitting healthcare related expenses attributable to COVID-19 and lost revenue calculations to HRSA for review and eligibility approval.

Neshoba County General Hospital and Neshoba County Nursing Home completed their Provider Relief Funds portal reporting for reporting period two in March 2022 and reporting period four in March 2023. The facility did not have funds that required completion of the Provider Relief Funds portal reporting for reporting period three.

Neshoba County Ambulance Enterprise did not receive any Provider Relief Funds during the years ended September 30, 2023, or 2022.

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

Note 23: 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 evaluated the activity of the facilities through July 15, 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 financial statements.

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

Primary Government

Detailed Schedules of Operating Revenues
Years Ended September 30, 2023, and 2022

	2023	2022
Inpatient:		
Nursing Services:		
Routine care	\$ 1,202,244	\$ 1,301,282
Geriatric-psych program	1,009,894	947,694
Skilled nursing facility	13,023,605	11,055,896
Hospitalist	425,924	434,204
Other Nursing Services:		
Operating and recovery rooms	32,338	4,939
Central service and supply	28,391	17,859
Emergency service	887,276	942,424
Total Nursing Services Revenue	16,609,672	14,704,298
Other Professional Services:		
Laboratory	1,140,479	1,270,031
Blood bank	148,367	128,990
Electrocardiology	78,741	85,666
Radiology	918,087	938,534
Neurology	1,567	-
Pharmacy	1,293,544	1,356,659
Pharmacy - SNF	740,635	717,929
Anesthesiology	18,494	2,590
Infusion therapy	1,265	3,762
Inhalation therapy	804,780	1,017,434
Rehabilitation services	948,509	894,112
Wound care	2,552	3,989
Total Other Professional Services Revenue	6,097,020	6,419,696
Total Inpatient Revenue	22,706,692	21,123,994
Outpatient:		
Nursing Services:		
Hospitalist	401,643	188,377
Other Nursing Services:		
Operating and recovery rooms	5,391,956	5,124,266
Observation room	1,633,876	501,059
Central service and supply	155,368	157,234
Emergency service	15,652,807	15,621,177
Total Nursing Services Revenue	\$ 23,235,650	\$ 21,592,113

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

Primary Government

Detailed Schedules of Operating Revenues
Years Ended September 30, 2023, and 2022

	2023	2022
Outpatient: (Continued)		
Other Professional Services:		
Laboratory	\$ 9,343,828	\$ 9,196,232
Blood	234,464	210,894
Electrocardiology	587,035	535,000
Radiology	11,474,784	10,492,856
Neurology	945,681	-
Pharmacy	8,628,863	7,930,638
Anesthesiology	1,895,271	1,880,927
Infusion therapy	832,350	622,785
Inhalation therapy	1,094,405	852,145
Rehabilitation services	3,735,545	3,743,726
Wound care	595,303	624,858
Clinic	10,511,512	10,839,013
Total Other Professional Services Revenue	49,879,041	46,929,074
Total Outpatient Revenue	73,114,691	68,521,187
Total Patient Services Revenue	95,821,383	89,645,181
Deductions from Patient Services Revenue:		
Contractual adjustments and allowances	43,774,426	37,577,185
Mississippi hospital access	(2,890,262)	(1,301,766)
Upper payment limit payments	-	(61,268)
Charity	605,368	267,354
Total Deductions from Patient Services Revenue	41,489,532	36,481,505
Provision for Uncollectible Accounts	4,797,457	5,889,353
Net Patient Services Revenue	\$ 49,534,394	\$ 47,274,323

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
 Primary Government
 Detailed Schedules of Operating Revenues
 Years Ended September 30, 2023, and 2022

	2023	2022
Other Revenue:		
Medical records transcripts	\$ 4,968	\$ 7,999
Employee and other meals	841,336	724,473
Beauty shop - SNF	58	75
Services to Neshoba County Ambulance Enterprise *	1,894,709	1,594,160
Miscellaneous revenue	623,435	417,011
Lease income	47,393	29,099
Trauma care grant	10,000	10,000
Total Other Revenue	3,421,899	2,782,817
 Gain (loss) on sale of equipment	 (6,844)	 1,976
 Total Operating Revenue	 \$ 52,949,449	 \$ 50,059,116

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

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

Primary Government

**Detailed Schedules of Operating Expenses
Years Ended September 30, 2023, and 2022**

	2023			2022 (As Restated)		
	Salaries and Benefits	Supplies and Drugs	Other	Salaries and Salaries	Supplies and Drugs	Other
Nursing Services:						
Routine services	\$ 1,365,449	\$ 74,288	\$ 4,498	\$ 1,638,334	\$ 104,780	\$ 33,291
Geriatric-psych services	833,295	43,874	95,174	950,556	26,622	95,397
Hospitalist	34,860	203	8,392	-	-	-
Operating and recovery rooms	423,493	252,170	419,984	473,338	176,573	345,813
Central service and supply	35,663	55,851	467	44,378	(61,453)	879
Emergency room	4,481,147	138,024	11,201	4,719,066	129,461	17,235
Skilled nursing facility	4,083,709	988,239	1,254,021	4,546,015	734,393	1,548,473
Nursing administration	379,091	351,409	32,389	564,609	410,319	283,163
Other Professional Services:						
Laboratory	988,717	386,698	383,736	1,121,144	421,885	322,050
Blood bank	-	73,653	10,243	-	60,152	8,801
Electrocardiology	5,307	-	6,220	12,644	-	14,730
Radiology	911,814	102,370	792,060	1,123,349	198,464	717,712
Neurology	224,464	29,449	99,789	-	-	-
Pharmacy	232,702	17,805	31,264	302,413	23,458	32,222
Pharmacy-SNF	232,605	395,823	-	288,634	534,007	-
Anesthesiology	-	-	157,198	-	-	85,093
Infusion therapy	120,046	1,519,664	1,508	143,209	1,257,839	238
Inhalation therapy	355,122	101,927	2,752	434,193	73,645	6,031
Rehabilitation services	1,184,988	22,341	81,522	1,234,458	30,863	81,313
Ambulance	1,602,094	-	-	1,704,005	-	-
Medical records	479,096	5,279	142,513	548,241	7,251	204,021
Medical records-SNF	27,492	-	-	33,272	-	485
PSRO	178,065	1,325	353,554	185,802	3,011	324,733
Sleep Center	-	2,223	285,210	79,883	4,484	78,405
Wound Care	268,494	8,521	20,482	316,031	12,832	19,937
Social services-SNF	181,924	9,908	395	272,046	6,364	1,305
Clinic	5,802,941	617,400	668,568	6,060,300	639,419	702,574
General Services:						
Dietary	388,848	243,274	14,161	454,182	367,785	12,520
Dietary-SNF	343,467	475,289	11,218	357,520	427,319	11,251
Maintenance	100,484	60,298	822,292	116,773	66,995	853,240
Maintenance-SNF	137,172	5,890	11,851	146,252	287	7,798
Housekeeping	-	120,865	678,942	-	127,053	593,204
Housekeeping-SNF	-	1,126	428,490	-	-	370,108
Laundry and linen	-	29	57,681	-	1,775	52,458
Laundry and linen-SNF	-	23	55,445	-	1,652	62,053
Security	288,450	9,689	683	211,122	1,638	317
Security-SNF	44,366	42	-	44,366	174	-
Beauty shop-SNF	22,742	371	134	27,753	519	280
Administrative and Fiscal Services:						
Administrative	2,793,834	251,366	1,830,138	3,325,085	279,391	1,948,238
Administrative-SNF	-	-	686,219	-	-	631,558
Employee benefits	3,007,074	-	-	3,468,492	-	-
Employee benefits-SNF	2,356,657	-	-	2,657,237	-	-
Total Operating Expenses	\$ 33,915,672	\$ 6,366,706	\$ 9,460,394	\$ 37,604,702	\$ 6,068,957	\$ 9,466,926

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
 Primary Government
 Schedule of Surety Bonds for Officials and Employees
 September 30, 2023

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
Oliver Jolly	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Jo Helen Daly	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Jean Brazzle	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Kenneth Posey	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000
Dale Joyner	Trustee	Travelers Casualty and Surety Company of America	\$ 10,000

NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
 AND ITS COMPONENT UNIT
 Schedule of Expenditures of Federal Awards
 September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Pass-Through Grantor's Number	Passed Through to Sub-Recipients	Federal Expenditures
Department of Health and Human Services:				
Direct Programs:				
COVID-19 Provider Relief Funds and American Rescue Plan Rural Distribution	93.498	N/A	\$ -	\$ <u>4,696,797</u>
Total Federal Awards			\$ -	\$ <u>4,696,797</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
AND ITS COMPONENT UNIT
Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Neshoba County General Hospital and Neshoba County Nursing Home under programs of the federal government for the year ended September 30, 2023. The Schedule also includes Provider Relief Funds and American Rescue Plan Rural Distribution payments received during the period of July 1, 2021 through December 31, 2021 with a deadline for use of December 31, 2022 in accordance with HRSA guidelines. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Neshoba County General Hospital and Neshoba County Nursing Home, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Neshoba County General Hospital and Neshoba County Nursing Home.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Costs

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

Note 4: Other Information

Expenditures reported on the Schedule as COVID-19 – Provider Relief Funds and American Rescue Plan Rural Distribution are based upon the Provider Relief Fund reporting portal submission four (4) which covers Provider Relief Fund and American Rescue Plan Rural Distribution payments received by Neshoba County General Hospital and Neshoba County Nursing Home from July 1, 2021 through December 31, 2021.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies

may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report Compliance and Other Matters

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

Purpose of This Report

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

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, PLLC



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

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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Neshoba County General Hospital and Neshoba County Nursing Home'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, 2023. 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.

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 the major federal program for the year ended September 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over*

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, PLLC



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Independent Auditors' Report on Compliance with State Laws and Regulations

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as of and for the years ended September 30, 2023, and 2022, and have issued our report thereon dated July 15, 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 General Hospital and Neshoba County Nursing Home and its component unit is the responsibility of the facilities' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Neshoba County General Hospital and Neshoba County Nursing Home and its component unit's compliance with certain provisions of state laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

Finding 2023-01

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

Recommendation

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

Response

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

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

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

Eupora, Mississippi
July 15, 2024

Watkins Ward and Stafford, PUC

**NESHOPA COUNTY GENERAL HOSPITAL AND NESHOPA COUNTY NURSING HOME
AND ITS COMPONENT UNIT
Schedule of Prior Year Findings
For the Year Ended September 30, 2023**

In connection with our audit of the basic financial statements of Neshoba County General Hospital and Neshoba County Nursing Home, a component unit of Neshoba County, Mississippi, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the status of all prior year findings must be reported and are as follows:

Financial Statement Findings:

None

Federal Award Findings:

None

**NESHOBA COUNTY GENERAL HOSPITAL AND NESHOBA COUNTY NURSING HOME
 AND ITS COMPONENT UNIT**
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section 1: Summary of Auditors' Results

Financial Statements:

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

Federal Awards:

- | | | | | | |
|--|---|---|--------|---|--|
| 4. Internal control over major federal programs: | | | | | |
| a. Material weakness(es) identified? | No | | | | |
| b. Significant deficiency(ies) identified? | None Reported | | | | |
| 5. Type of auditors' report issued on compliance for major federal programs: | Unmodified | | | | |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No | | | | |
| 7. Identification of major federal programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><u>CFDA Number</u></td> <td style="width: 70%;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td>93.498</td> <td>Provider Relief Funds and American Rescue Plan Rural Distribution</td> </tr> </table> | <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> | 93.498 | Provider Relief Funds and American Rescue Plan Rural Distribution | |
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> | | | | |
| 93.498 | Provider Relief Funds and American Rescue Plan Rural Distribution | | | | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 9. Auditee qualified as low-risk auditee? | 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*.

Section 3: Federal Award Findings and Questioned Costs

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