

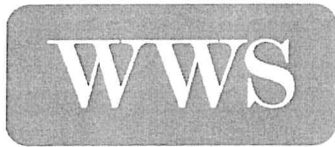
**TYLER HOLMES MEMORIAL HOSPITAL  
WINONA, MISSISSIPPI**

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

# TYLER HOLMES MEMORIAL HOSPITAL

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**Independent Auditors' Report**

The Board of Trustees  
Tyler Holmes Memorial Hospital  
Winona, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of Tyler Holmes Memorial Hospital, a component unit of Montgomery County, Mississippi, as of and for the years ended September 30, 2021, and 2020, and the related notes to financial statements, which collectively comprise Tyler Holmes Memorial Hospital's basic financial statements as listed in the contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tyler Holmes Memorial Hospital, a component unit of Montgomery County, Mississippi, as of September 30, 2021, and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the financial information of Tyler Holmes Memorial Hospital and do not purport to, and do not, present fairly the financial position of Montgomery County, Mississippi as of September 30, 2021, and 2020, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other 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 18) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (page 19) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022, on our consideration of Tyler Holmes Memorial Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tyler Holmes Memorial Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tyler Holmes Memorial Hospital's internal control over financial reporting and compliance.

Eupora, Mississippi  
September 9, 2022

*Watkins Ward and Stafford, PLLC*



**TYLER HOLMES MEMORIAL HOSPITAL**  
**Statements of Net Position**  
**September 30, 2021, and 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 6,489,947	\$ 8,104,997
Investments	1,250,608	1,231,247
Health Insurance Trust	1,176	1,587
Patient accounts receivable (net of estimated uncollectibles and allowances of \$3,409,108 in 2021 and \$3,565,989 in 2020)	3,331,839	3,018,701
Other receivables	101,968	11,503
Due from third party payor settlements	456,754	937,959
Inventories	157,998	153,991
Prepaid expenses	94,367	141,622
Total Current Assets	<u>11,884,657</u>	<u>13,601,607</u>
<b>Capital Assets:</b>		
Land	13,627	13,627
Depreciable capital assets (net of accumulated depreciation of \$8,148,329 in 2021 and \$8,869,556 in 2020)	1,882,331	1,351,524
Total Capital Assets, Net of Accumulated Depreciation	<u>1,895,958</u>	<u>1,365,151</u>
<b>Other Assets:</b>		
Investment in HPIC	75,917	75,917
<b>Total Assets</b>	<u><u>\$ 13,856,532</u></u>	<u><u>\$ 15,042,675</u></u>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 694,966	\$ 607,886
Due to patients/credit balances	202,166	122,976
Accrued expenses and payroll withholdings	514,090	503,766
Accelerated payments	2,326,672	3,279,274
Deferred revenue	-	3,929,006
Current portion of note payable	-	874,893
Current portion of capital lease obligation	6,902	-
Total Current Liabilities	<u>3,744,796</u>	<u>9,317,801</u>
<b>Long-term Liabilities:</b>		
Note payable	-	517,775
Capital lease obligation	9,530	-
Total Long-Term Liabilities	<u>9,530</u>	<u>517,775</u>
<b>Total Liabilities</b>	<u>3,754,326</u>	<u>9,835,576</u>
<b>Net Position:</b>		
Invested in capital assets, net of related debt	1,879,526	1,365,151
Unrestricted	8,222,680	3,841,948
Total Net Position	<u>10,102,206</u>	<u>5,207,099</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 13,856,532</u></u>	<u><u>\$ 15,042,675</u></u>

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

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended September 30, 2021, and 2020**

	2021	2020
<b>Operating Revenues:</b>		
Net patient service revenue (net of provision for bad debts of \$2,746,212 in 2021 and \$1,970,137 in 2020)	\$ 14,347,318	\$ 11,922,672
Other operating revenues	1,024,845	150,117
Total Operating Revenues	<u>15,372,163</u>	<u>12,072,789</u>
<b>Operating Expenses:</b>		
Salaries and benefits	9,175,325	8,060,477
Medical supplies and drugs	1,941,754	1,401,782
Insurance	156,865	110,258
Other operating expenses	4,332,905	3,912,774
Depreciation and amortization	280,910	257,158
Total Operating Expenses	<u>15,887,759</u>	<u>13,742,449</u>
<b>Operating Loss</b>	<u>( 515,596)</u>	<u>( 1,669,660)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Investment income	51,930	63,447
Interest expense	( 13,658)	( 5,914)
Loss on disposal of capital assets	( 16,092)	( 63,206)
Noncapital grants and contributions	24,778	19,420
COVID-19 funds	5,354,345	182,829
Total Nonoperating Revenues (Expenses)	<u>5,401,303</u>	<u>196,576</u>
<b>Excess of Revenues Over (Under) Expenses</b>	4,885,707	( 1,473,084)
<b>Net Position Beginning of Year</b>	5,207,099	6,661,058
<b>Contributed Capital</b>	<u>9,400</u>	<u>19,125</u>
<b>Net Position End of Year</b>	<u>\$ 10,102,206</u>	<u>\$ 5,207,099</u>

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

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Statements of Cash Flows**  
**Years Ended September 30, 2021, and 2020**

	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Receipts from and on behalf of patients	\$ 14,594,575	\$ 11,135,655
Payments to suppliers and contractors	( 6,303,901)	( 5,390,035)
Payments to and on behalf of employees	( 9,160,448)	( 8,264,279)
Other receipts and payments, net	934,380	177,163
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>64,606</u>	<u>( 2,341,496)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Noncapital grants and contributions	24,778	19,420
Provider Relief Funds	-	3,859,065
Other COVID Funds	17,544	252,770
Accelerated payments	( 952,602)	3,279,274
Proceeds from issuance of long-term debt	-	1,392,668
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>( 910,280)</u>	<u>8,803,197</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Principal payments on capital lease obligations	( 4,488)	-
Interest paid on long-term debt	( 379)	-
Purchase of capital assets	( 806,889)	( 72,577)
Contributed capital	9,400	19,125
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>( 802,356)</u>	<u>( 53,452)</u>
<b>Cash Flows From Investing Activities:</b>		
Investment income	51,930	63,447
<b>Net Cash Flows Provided by Investing Activities</b>	<u>51,930</u>	<u>63,447</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	( 1,596,100)	6,471,696
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>9,337,831</u>	<u>2,866,135</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 7,741,731</u>	<u>\$ 9,337,831</u>

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

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Statements of Cash Flows**  
**Years Ended September 30, 2021, and 2020**

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of Operating Loss to Net Cash Provided</b>		
<b>(Used) by Operating Activities:</b>		
Operating Loss	\$ ( 515,596)	\$ ( 1,669,660)
Adjustments to Reconcile Operating Loss to Net Cash Flows		
Provided (Used) by Operating Activities:		
Depreciation and amortization	280,910	257,158
Provision for bad debts	2,746,212	1,970,137
Changes in:		
Patient accounts receivable	( 2,980,160)	( 2,326,403)
Inventories and other assets	( 47,217)	( 55,997)
Accounts payable, accrued expenses, and other current liabilities	99,252	( 85,980)
Estimated third-party payor settlements	481,205	( 430,751)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 64,606</u></u>	<u><u>\$ ( 2,341,496)</u></u>

**Capital and Financing Activities:**

The facility entered into capital lease obligations of \$20,920 during the year ended September 30, 2021, and \$0 during the year ended September 30, 2020.

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

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

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

**a. Reporting Entity** - The hospital consists of a 25-bed short-term care hospital owned by Montgomery County, Mississippi. The hospital provides inpatient, outpatient, emergency, and clinical services for residents of Montgomery County, Mississippi, and surrounding areas. The hospital is governed by a Board of Trustees appointed by the Board of Supervisors of Montgomery County.

The Balanced Budget Act of 1997 created the Medicare State Rural Hospital Flexibility Program. The purpose of the program is to assist rural hospitals and to improve access to health services in rural communities. The United States Congress allowed for a new hospital designation: Critical Access Hospital (CAH). CAH conversion can allow for enhanced service diversification and combines potentially improved cost-based reimbursement with savings from related operating requirements to help ensure the financial viability of participating hospitals. Effective October 1, 2003, Tyler Holmes Memorial Hospital became classified as a Critical Access Hospital.

Under *Governmental Accounting Standards Board Statement Number 14: The Financial Reporting Entity*, the hospital is defined as a component unit of Montgomery County, Mississippi. These financial statements present only the financial position and results of operations and cash flows of Tyler Holmes Memorial Hospital.

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

**c. Basis of Accounting and Presentation** - The hospital prepares 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 facility has been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenue, expenses, gains, losses, assets, and 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 facility first apply restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

**d. Cash and Cash Equivalents** - For purposes of the statements of cash flows, cash and cash equivalents include all cash on hand, checking accounts, and funds invested in U.S. Government and Agency Securities. The following tables provide a reconciliation of cash and cash equivalents reported within the statements of net position that sum to the total of the same such amounts shown in the statements of cash flows:

	2021	2020
Cash	\$ 6,489,947	\$ 8,104,997
Investments	1,250,608	1,231,247
Health Insurance Trust	1,176	1,587
	<u>\$ 7,741,731</u>	<u>\$ 9,337,831</u>

Cash includes unrestricted cash used for operating purposes only.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

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

**e. Accounts Receivable** - Patient receivables are reduced by an allowance for uncollectible accounts. The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering historical and economic conditions, trends in healthcare coverage, major payor sources, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible receivables. After satisfaction of amounts due from insurance, established guidelines are used for placing certain past-due patient balances with collection agencies, subject to terms of certain restrictions on collection efforts.

**f. Capital Assets** - The hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. The hospital's policy is to capitalize acquisition and construction cost greater than \$5,000 that have an economic life of at least 3 years. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land improvements	5 to 20 years
Buildings and building improvements	5 to 40 years
Equipment, computers and furniture	3 to 20 years

**g. Grants and Contributions** - From time to time, the hospital receives grants from Montgomery County, the State of Mississippi, and Federal funds, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

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

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

**j. Operating Revenues and Expenses** - The hospital's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

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

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

**l. Charity Care** - The hospital provides care to patients who meet certain criteria under its charity care policy. Because the hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The cost of charity care provided in 2021, and 2020, approximated \$43,000 and \$70,000, respectively.

**m. Risk Management** - The hospital is 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. The hospital purchases coverage of risks of loss related to torts and malpractice up to \$500,000 per case from the Healthcare Providers Insurance Company. The hospital purchases coverage of risks of loss related to theft of, damage to, and destruction of assets from various commercial insurance carriers. The hospital purchases coverage of risks of loss related to workers' compensation claims from the 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 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 hospital has not been exposed to any risk of loss above the applicable insurance coverage amounts at September 30, 2021; therefore, no liability has been accrued at this time.

**n. Investments in Equity Securities** - Investments in equity securities are carried at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in equity securities are included in nonoperating revenues.

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

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

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

**Note 2: Cash and Other Deposits**

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



**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

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

The collateral for public entities deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under the program, an entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All hospital funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2021, and 2020.

**a. Custodial Credit Risk – Deposits** - Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the hospital will not be able to recover deposits or collateral securities that are in the possession of an outside party. The hospital does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the hospital. As of September 30, 2021 and 2020, none of the hospital's bank balance was exposed to custodial credit risk.

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

**c. 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 hospital does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**Note 3: Fair Value Measurements**

Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) 820, Fair Value Measurements and Disclosures, provide the framework for measuring fair value. That framework provides a fair value hierarchy that provides the inputs to valuation techniques used to measure fair value. Investments with readily available active quoted prices for which fair value can be measured from actively quoted prices generally will have a higher degree of market prices observability and a lesser degree of judgement used in measuring fair value. In the absence of actively quoted prices and observable inputs, the hospital 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.



**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

**Note 3: Fair Value Measurements (Continued)**

Fair value of assets measured on a recurring basis at September 30, 2021, and 2020, are as follows:

<u>September 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Securities	\$ <u>1,250,608</u>	\$ <u>1,250,608</u>	\$ <u>-</u>	\$ <u>-</u>
 <u>September 30, 2020</u>	 <u>Fair Value</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>
U.S. Government and Agency Securities	\$ <u>1,231,247</u>	\$ <u>1,231,247</u>	\$ <u>-</u>	\$ <u>-</u>

**Investment Securities**

Fair value of investment securities is determined by reference to quoted market prices and other relevant information generated by market transactions.

The hospital has an investment account with Genworth Financial Trust Company's Advisor Select Fund. 100% of the account is invested in US fixed income securities at September 30, 2021. A summary of the investments at fair market value as of September 30, 2021, and 2020, follows:

	<u>2021</u>	<u>2020</u>
Genworth Financial - Advisory Select Fund	\$ 1,120,053	\$ 1,118,256
Unrealized gain on investment	<u>130,555</u>	<u>112,991</u>
Total Genworth Financial Trust Company Investment	\$ <u>1,250,608</u>	\$ <u>1,231,247</u>

**Note 4: Patient Receivables – Estimated Uncollectibles and Allowances**

The balance in the estimated uncollectibles and allowances accounts is composed of the following:

	<u>2021</u>	<u>2020</u>
Provision for uncollectible accounts	\$ 2,149,000	\$ 2,234,276
Allowance for Medicare adjustments	683,149	857,806
Allowance for Medicaid adjustments	218,449	199,346
Allowance for bad debt - clinics	<u>358,510</u>	<u>274,561</u>
	\$ <u>3,409,108</u>	\$ <u>3,565,989</u>

**TYLER HOLMES MEMORIAL HOSPITAL**  
Notes to Financial Statements

**Note 5: Capital Assets**

Capital asset additions, retirements, and balances for the years ended September 30, 2021, and 2020, were as follows:

	Balance 09/30/2019	Additions	Retirements and Other	Balance 09/30/2020	Additions	Retirements and Other	Balance 09/30/2021
Land	\$ 13,627	-	- \$	13,627	-	- \$	13,627
Land improvements	650,006	19,125	18,147	687,278	-	-	687,278
Buildings and improvements	3,083,664	-	-	3,083,664	11,562	66,435	3,161,661
Fixed equipment	1,993,850	6,955	( 22,953)	1,977,852	-	-	1,977,852
Major movable equipment:							
Under capital lease	-	-	-	-	-	-	-
Other	5,129,197	38,439	( 782,046)	4,385,590	20,920	-	20,920
Autos	72,395	-	-	72,395	656,002	( 1,016,942)	4,024,650
Equipment - Clinic	10,748	-	-	10,748	-	-	72,395
Construction in progress	13,642	8,058	( 18,147)	3,553	-	-	10,748
Total at Historical Cost	10,967,129	72,577	( 804,999)	10,234,707	148,325	( 77,547)	74,331
					836,809	( 1,028,054)	10,043,462
Less Accumulated Depreciation for:							
Land improvements	( 321,123)	( 41,767)	-	( 362,890)	( 43,271)	-	( 406,161)
Buildings and improvements	( 2,622,868)	( 42,510)	-	( 2,665,378)	( 44,142)	-	( 2,709,520)
Fixed equipment	( 1,600,400)	( 52,271)	22,953	( 1,629,718)	( 38,460)	-	( 1,668,178)
Major movable equipment:							
Under capital lease	-	-	-	-	( 4,649)	-	( 4,649)
Other	( 4,726,657)	( 120,610)	718,840	( 4,128,427)	( 150,388)	1,002,962	( 3,275,853)
Autos	( 72,395)	-	-	( 72,395)	-	-	( 72,395)
Equipment - Clinic	( 10,748)	-	-	( 10,748)	-	-	( 10,748)
Total Accumulated Depreciation	( 9,354,191)	( 257,158)	741,793	( 8,869,556)	( 280,910)	1,002,962	( 8,147,504)
<b>Capital Assets, Net</b>	<b>\$ 1,612,938</b>	<b>( 184,581)</b>	<b>( 63,206) \$</b>	<b>1,365,151</b>	<b>555,899</b>	<b>( 25,092) \$</b>	<b>1,895,958</b>

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

**Note 6: Long-Term Debt**

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

	Balance 2020	Additions	Reductions	Balance 2021	Amounts Due Within One Year
Note payable	\$ 1,392,668	-	( 1,392,668)	-	-
Capital lease obligation	-	20,920	( 4,488)	16,432	6,902
<b>Total Long-Term Debt</b>	<b>\$ 1,392,668</b>	<b>20,920</b>	<b>( 1,397,156)</b>	<b>\$ 16,432</b>	<b>\$ 6,902</b>

	Balance 2019	Additions	Reductions	Balance 2020	Amounts Due Within One Year
Note payable	\$ -	1,392,668	-	1,392,668	874,893
Capital lease obligation	-	-	-	-	-
<b>Total Long-Term Debt</b>	<b>\$ -</b>	<b>1,392,668</b>	<b>-</b>	<b>\$ 1,392,668</b>	<b>\$ 874,893</b>

**Note Payable**

Bank of Winona SBA PPP Loan due in 19 monthly installments of \$74,217.24 with 1.00% interest, entered in connection with the Coronavirus Aid, Relief, and Economic Security Act.

Less: Current portion of note payable

	2021	2020
	\$ -	\$ 1,392,668
	-	( 874,893)
	<b>\$ -</b>	<b>\$ 517,775</b>

**Capital Lease Obligation**

Netlink Voice with an interest rate of 3.00% due in monthly installments of \$608 for 36 months with final installment due January 2024.

Collateralized by a leased asset with a cost of \$20,920 for 2021.

Less: Current portion of capital lease obligation

	\$ 16,432	\$ -
	( 6,902)	-
	<b>\$ 9,530</b>	<b>\$ -</b>

Scheduled payments on the capital lease obligation are as follows:

Year Ended September 30,	Capital Lease Obligation	
	Principal	Interest
2022	\$ 6,902	\$ 399
2023	7,112	189
2024	2,418	15
<b>Total</b>	<b>\$ 16,432</b>	<b>\$ 603</b>

**Paycheck Protection Program (PPP) loan** - The hospital applied for forgiveness of the PPP loan initially entered into on April 30, 2020 in connection with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The hospital submitted documentation establishing compliance with the forgiveness criteria set forth by the CARES Act and Small Business Administration (SBA). On July 12, 2021, the SBA approved the forgiveness of the entire principal amount of \$1,392,668 which is reported as nonoperating revenue for the year ended September 30, 2021.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

**Note 7: Net Patient Service Revenues**

The hospital has agreements with third-party payors that provide for payments to the hospital 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 and nonacute inpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospital and audits thereof by the Medicare fiscal intermediary. The hospital'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 hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the hospital and audits thereof by the Medicaid fiscal intermediary.

**c. Medicaid Upper Payment Limit Payments** - The hospital received gross Medicaid upper payment limit payments of \$301,938 for the year ended September 30, 2021, and \$265,226 for the year ended September 30, 2020. The Medicaid upper payment limit program is a program whereby the hospital qualifies for upper payment limit funds in addition to regular funds. The Mississippi Division of Medicaid administers the upper payment limit program and the continuation of the program rests with the federal government.

The composite of net patient service revenues at September 30, 2021, and 2020, follows:

	2021	2020
Gross inpatient service revenue	\$ 9,241,693	\$ 8,056,924
Gross outpatient service revenue	22,995,759	19,188,510
Gross Patient Service Revenue	32,237,452	27,245,434
Less provision for contractuals and other adjustments	( 15,445,860)	( 13,617,851)
Medicaid Upper Payment Limit Funds	301,938	265,226
Less provisions for bad debts	( 2,746,212)	( 1,970,137)
Net Patient Service Revenue	\$ 14,347,318	\$ 11,922,672

**Note 8: Commitments and Contingencies**

**a. Lease Commitments**

The hospital has one lease with non-cancelable lease terms in excess of one year. The 40 month lease of a clinic building will end on December 1, 2023.

A schedule of future minimum lease payments are as follows:

2022	\$ 6,000
2023	6,000
2024	1,500
	<u>\$ 13,500</u>

For the fiscal years ended September 30, 2021, and 2020, the hospital incurred rental expenses totaling \$170,424, and \$164,458, respectively.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

**Note 8: Commitments and Contingencies (Continued)**

**b. Impact of COVID-19 Pandemic**

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

**Note 9: Other Assets**

Included in Other Assets on the Statements of Net Position is an investment in the Healthcare Providers Insurance Company (HPIC). The hospital is a subscriber in the insurance company. The amount of the hospital's investment as of September 30, 2021, and 2020, was \$75,917 and \$75,917 respectively. The hospital has elected to report this investment at cost since there is not a market for the ownership interest in the company.

**Note 10: Concentrations of Credit Risk**

The hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The mix of receivables from patients and third-party payors at September 30, 2021, and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Medicare	20%	26%
Medicaid	6%	7%
Patients and other third-party payors	74%	67%
	<u>100%</u>	<u>100%</u>

The hospital has funds with Genworth Financial Trust Company, which are not collateralized. However, the funds are invested in accordance with Section 27-105-365 Miss. Code Ann. (1972)

**Note 11: Retirement Plan**

The hospital, through the Mississippi Public Employees' Retirement Systems (PERS), offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all hospital employees, permits them to defer a portion of their salary until future years. Employees are eligible to enroll in the deferred compensation plan semi-annually. The minimum employee contribution is \$25 per month. The hospital offers a voluntary match plan of deferred compensation to employees. The hospital will match the employee contribution up to \$50 per month. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergency.

The total employee contribution to the deferred compensation plan for the years ended September 30, 2021, and 2020, approximated \$213,000 and \$205,000, respectively. The total deferred compensation expense incurred by the hospital for the years ended September 30, 2021, and 2020, amounted to \$53,313, and \$50,900, respectively.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

**Note 12: Litigation**

The hospital is a defendant in lawsuits arising from normal business activities. Management and attorneys for the hospital do not expect any significant liability to result from these matters in excess of the insurance coverage.

**Note 13: Health Insurance Trust**

On the Statements of Net Position on page 3 of this report, there is an account titled Health Insurance Trust located in the current assets section. The balance as of September 30, 2021, and 2020, was \$1,176, and \$1,587, respectively. The hospital has a self-funded a GAP plan for the purpose of lowering the medical insurance deductible for the employees. The employer is responsible for the payment(s) and funding of this account on an "as needed" basis.

As medical claims are filed with Blue Cross Blue Shield, the claims are crossed over to a company who handles the processing of these claims as they relate to the GAP plan for lowering the medical deductible. The company sends a weekly report on what they are paying, and the hospital funds the account to cover the claims. For the fiscal years ending September 30, 2021, and 2020, the hospital paid out \$45,451, and 41,357, respectively, related to the plan.

**Note 14: 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. Tyler Holmes Memorial Hospital received accelerated payments for the year ended September 30, 2021, and 2020, of \$0 and \$3,279,274, respectively.

As enacted through the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment will begin 12 months after the date of issuance and be automatically recouped from Medicare payments otherwise owed to the facility at 25 percent for the first 11 months and 50 percent for the succeeding 6 months. If the accelerated payments are not recouped within the 29 months, a demand letter will be issued requiring repayment of any outstanding balance. If a letter requiring reimbursement is issued, providers and suppliers will have 30 days from the date of the letter to repay the balance in full. If payment is not received within 30 days, interest will accrue at the rate of 4% from the date the letter was issued, and will be assessed for each full 30-day period that the balance remains unpaid. The facilities expect the accelerated payments will be fully recouped by September 30, 2022; therefore, \$2,326,672 is shown as a current liability as of September 30, 2021.

**Note 15: Provider Relief Funds**

Tyler Holmes Memorial Hospital received Provider Relief Funds of \$3,483 and \$3,859,065 for the year ended September 30, 2021, and 2020, respectively. These funds were disbursed by the Health Resources and Services Administration (HRSA) in accordance with the CARES Act of 2020. The CARES Act appropriated the Provider Relief Funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The facilities' acceptance of these funds requires compliance with reporting requirements as specified by the Secretary of Health and Human Services. The reporting requirements include submitting healthcare related expenses attributable to COVID-19 and lost revenue calculations to HRSA for review and eligibility approval.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Notes to Financial Statements**

**Note 15: Provider Relief Funds (Continued)**

Tyler Holmes Memorial Hospital completed their Provider Relief Funds portal reporting for reporting period one in November 2021. The facility reported total lost revenues of \$728,380 for the report period and total healthcare related expenses attributable to COVID-19 not reimbursed by other sources of \$3,134,168. The facility reported that all Provider Relief Funds received for reporting period one were used and none would be returned. The facility showed no deferred revenue related to Provider Relief Funds as of September 30, 2021.

The *Addendum to the 2020 Compliance Supplement* released by the Office of Management and Budget provides guidance on the reporting of Provider Relief Funds subject to the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Provider Relief Funds expended as of September 30, 2020 will not be reported on a Schedule of Expenditures of Federal Awards in the current year, nor will the compliance testing required under the *Addendum to the 2020 Compliance Supplement* be performed. However, the facility will be subject to audit requirements of the Uniform Guidance in the subsequent year. The compliance testing and the reporting of the Provider Relief Funds expended for the years ended September 30, 2021, and 2020, will be reported on a Schedule of Expenditures of Federal Awards for the year ended September 30, 2021.

**Note 16: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Tyler Holmes Memorial Hospital evaluated the activity of the hospital through September 9, 2022, (the date the financial statements were available to be issued), and determined that there were no subsequent events requiring disclosures in the notes to the financial statements.

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Schedule of Surety Bonds for Officials and Employees**  
**September 30, 2021**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount of Bond</u>
Stephen Brown	Board of Trustees	CNA Surety	\$100,000
John Wayne VanHorn	Board of Trustees	CNA Surety	\$100,000
Patsy Barton	Board of Trustees	CNA Surety	\$100,000
Eloise Forrest	Board of Trustees	CNA Surety	\$100,000
Tim McBride	Board of Trustees	CNA Surety	\$100,000
Veronica Caradine	Board of Trustees	CNA Surety	\$100,000
Cori Bailey	Administrator	CNA Surety	\$100,000



**TYLER HOLMES MEMORIAL HOSPITAL**  
**Schedule of Expenditures of Federal Awards**  
**September 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Sub-Recipients</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services:</b>				
Direct Program:				
COVID-19 Provider Relief Funds	93.498	N/A	\$ -	\$ 3,862,548
<b>Total Federal Awards</b>			\$ -	\$ 3,862,548

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

**TYLER HOLMES MEMORIAL HOSPITAL**  
**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 Tyler Holmes Memorial Hospital under programs of the federal government for the year ended September 30, 2021. The Schedule also includes Provider Relief Funds received during the period of April 10, 2020 through June 30, 2020 with a deadline for use of June 30, 2021 in accordance with HRSA guidelines. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of Tyler Holmes Memorial Hospital, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tyler Holmes Memorial Hospital.

**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**

Tyler Holmes Memorial Hospital has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: Other Information**

Expenditures reported on the Schedule as COVID-19 – Provider Relief Funds are based upon the Provider Relief Fund reporting portal submission one (1) which covers Provider Relief Fund payments received by Tyler Holmes Memorial Hospital from April 10, 2020 through June 30, 2020.



**WATKINS, WARD and STAFFORD**  
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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  
Tyler Holmes Memorial Hospital  
Winona, 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 Tyler Holmes Memorial Hospital, a component unit of Montgomery County, Mississippi, as of and for the years ended September 30, 2021, and 2020, and the related notes to financial statements, which collectively comprise Tyler Holmes Memorial Hospital's basic financial statements as listed in the contents, and have issued our report thereon dated September 9, 2022.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tyler Holmes Memorial Hospital'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  
September 9, 2022

Watkins Ward and Stafford, PLLC



**WATKINS, WARD and STAFFORD**  
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**Independent Auditors' Report on Compliance for the Major Federal Program and on  
Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Trustees  
Tyler Holmes Memorial Hospital  
Winona, Mississippi

**Report on Compliance for the Major Federal Program**

We have audited Tyler Holmes Memorial Hospital's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Tyler Holmes Memorial Hospital's major federal program for the year ended September 30, 2021. Tyler Holmes Memorial Hospital's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for Tyler Holmes Memorial Hospital's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tyler Holmes Memorial Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Tyler Holmes Memorial Hospital's compliance.

**Opinion on the Major Federal Program**

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

**Report on Internal Control over Compliance**

Management of Tyler Holmes Memorial Hospital is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tyler Holmes Memorial Hospital's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tyler Holmes Memorial Hospital's internal control over compliance.

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

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

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

Eupora, Mississippi  
September 9, 2022

*Watkins Ward and Stafford, P.C.*



**WATKINS, WARD and STAFFORD**  
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**Independent Auditors' Report on Compliance with State Laws and Regulations**

The Board of Trustees  
Tyler Holmes Memorial Hospital  
Winona, Mississippi

We have audited the financial statements of Tyler Holmes Memorial Hospital, a component unit of Montgomery County, Mississippi, as of and for the years ended September 30, 2021, and 2020, and have issued our report thereon dated September 9, 2022.

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

Compliance with state laws and regulations applicable to Tyler Holmes Memorial Hospital is the responsibility of the hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the hospital's compliance with certain provisions of state laws and regulations. However, our objective 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, Tyler Holmes Memorial Hospital complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Tyler Holmes Memorial Hospital had not complied with those provisions.

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 Montgomery 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  
September 9, 2022

*Watkins Ward and Stafford, PLLC*

**TYLER HOLMES MEMORIAL HOSPITAL**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2021**

**Section 1: Summary of Auditors' Results**

**Financial Statements:**

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

**Federal Awards:**

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

**Section 2: Financial Statement Findings:**

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

**Section 3: Federal Award Findings and Questioned Costs:**

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

**Section 4: Federal Awards Summary of Prior Audit Findings:**

No prior year findings.