

North Sunflower Medical Center
Board of Trustees
Regular Meeting Minutes
22 September 2021

BE IT REMEMBERED that the Chairman and the Board of Trustees of North Sunflower Medical Center, Ruleville, Sunflower County, Mississippi, met in their Regular Meeting on Wednesday, 22 September 2021, when and where the following were present:

Billy Joe Waldrup, Chairman and Trustee; H. T. Miller, III, Vice Chairman and Trustee; Bobbie Bounds Allen, Secretary and Trustee; Willie M. Burton and Phil McNeer, Trustees; Daniel Ceja, CEO; Sam Miller, COO; Rodney Clark CAO; Billy Marlow, Executive Director; Jennifer Baughman, Accounting Director; Lindsay Williams, Administrative Assistant; Sandra Britt, Administrative Assistant; Lawson Holladay, Esquire; and Brooks Rizzo, RHC Clinic Director

Guest: Jerry Gammel, CPA-Watkins, Ward & Stafford, PLLC

Mr. Waldrup called the meeting of the Board of Trustees to order at noon and asked Mr. Willie Burton to open the meeting with a word of prayer.

The minutes of the 25 August 2021 Regular Board Meeting were approved as distributed by motion offered by Mr. Burton, seconded by Mr. Miller, and unanimously approved.

Mr. Waldrup welcomed Jerry Gammel, CPA with Watkins Ward & Stafford, PLLC, to the meeting and asked that he begin his presentation of the 2020 Audited Financials.

Mr. Gammel thanked Mr. Waldrup and began the presentation by stating that the audit was performed according to professional standards; an unqualified opinion was issued; and no errors or irregularities were encountered in the audit.

Mr. Gammel stated there were three internal control deficiencies noted:

1. Sales tax was paid by the hospital when usage of credit cards; however the hospital is tax exempt.
2. The Sunflower Dental Clinic bank account (after sold to Dr. Tankersley) was continuously used with NSMC's federal ID number.
3. Numerous entries were made to correct book-keeping errors.

Significant Audit Adjustments made:

- Adjusted allowances to calculated amounts decreased net income by \$1,752,838.00
- Recording 2020 cost report settlement decreased net income \$2,043,299
- Adjustment to pension expense to comply with GASB 68 decreased net income by \$982,184.00
- Reclass Provider Relief Funds not spent at year-end to Deferred Revenue decreased net income by \$5,562,244.00
- Reverse prior year AR Credit Balance entry increased net income by \$740,700
- Record additional payables at year-end decreased net income by \$484,896.00

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Mr. Gammel went on to discuss the PERS Pension Liability numbers that facilities are required by the Governmental Accounting Standards Board (GASB 68) to record.

- Total Pension Liability (PERS of MS): \$19,358,838 (increased from 2019)
- NSMC's Portion of the Net Pension Liability: 34.3% (increased from 2019)
- NSMC's Net Pension Liability: \$66,382,615.00
- NSMC's required contribution percentage of covered employee payroll: 17.4% (effective July 1, 2019 the employer contribution rate increased from 15.75% of covered payroll to 17.40%. The facility paid all required contributions at the legal rate.)
- Actual employee payments into retirement system for fiscal years ending September 30, 2020 and 2019: \$2,082,250
- Employees' required contribution percentage of annual covered salary: 9.00%

NSMC's Statements of Revenues, Expenses, and Changes in Net Position with and without GASB 68:

- Total Operating Revenue: **With GASB 68-** \$60,294,989; **Without GASB 68-** \$60,294,989
- Total Operating Expense: **With GASB 68-** \$68,938,339; **Without GASB 68-** \$67,956,155
- Operating Loss: **With GASB 68-** (\$5,742,167); **Without GASB 68-** (\$4,759,983)
- Total Nonoperating Revenues: **With GASB 68-** \$1,386,681; **Without GASB 68-** \$1,386,681
- Excess of Revenues Under Expenses: **With GASB 68-** (\$4,355,486); **Without GASB 68-** (\$3,373,302)
- Net Position (deficit) beginning of year: **With GASB 68-** (\$32,235,652); **Without GASB 68-** \$32,476,517
- Net Position (deficit) end of year: **With GASB 68-** (\$36,582,514); **Without GASB 68-** \$29,111,839

Mr. Gammel's presentation of the of the 2020 Audited Financials was detailed. Mr. Gammel pointed out that the Attorney General's Opinion regarding GASB 68 and PERS of MS dated March 3, 2017, states that "The facility has no obligation above or beyond the proper payment of these contributions" but that the Governmental Accounting Standards Board Statement No. 68 requires that the facility record a liability for its proportionate share of the plans net pension liability.

With there being no further questions, Mr. Waldrup thanked Mr. Gammel for his report to the Board and for the diligence with which Mr. Gammel worked on the audit. Mr. Gammel excused himself from the meeting at 12:23 P.M.

On motion of H.T. Miller, III, seconded by Willie Burton, and unanimously approved, the Board voted to consider going into executive session to discuss litigation.

On motion of H.T. Miller, III, seconded by Willie Burton, and unanimously approved, the Board moved to enter executive session to discuss possible litigation matters. The Board thereafter convened in executive session. The Board thereafter discussed possible litigation matters.

On motion of H.T. Miller, III, seconded by Bobbie Bounds Allen, and unanimously approved, the Board voted to exit executive session, and thereafter convened in open and regular session.

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On motion of Phil McNeer, seconded by H.T. Miller, III, and unanimously passed, the Board agreed that North Sunflower Medical Center will indemnify Billy Marlow and Wayne Walters for their actions on behalf of North Sunflower Medical Center in regard to the lawsuit brought against them by Mitch Monsour and Steve Vaughn in the United States District Court for the Southern District of Mississippi, Cause No. 1:16CV38HSO-JCG

Brooks Rizzo, RHC Clinic Director, stated that there was an increase in patients during the month of August due to the schools starting back. Several schools had outbreaks, which resulted in several teachers and students being tested. During the month of August, they were seeing 250 patients at the tent and 270 patients at the main entrance. Last year in August the clinic saw 178 patients total per day. The front desk has turnover because some of the employees are going back to college. She is also having trouble hiring staff for nights and weekends but otherwise, overall the clinic staffing is great.

Jennifer Baughman presented the financial information for August as follows. The entire facility had a cash balance of \$19 Million; total assets of \$52 Million, and a total liabilities and fund balance of \$52 Million. The Hospital's Gross Revenue was \$9.3 Million for the month and \$90.2 Million Year to Date. The Hospital had a Net Income of \$38,499 for the month and a Year to Date Net Loss of (\$1.0 Million). Haire Drug Center, LLC had a Net Income of \$58,114 for the month and a Year to Date Net Income of \$568,588. Hospice had a Net Income of \$12,616 for the month and a Year to Date Net Income of \$312,533. Sunflower Diagnostic Center had a Net Income of \$2,376 for the month and a Year to Date Net Income of \$122,765. Simply Sunflower had a Net Income of \$648 for the month and a Year to Date Net loss of (\$4,330). Sunflower DME had a Net Income of \$59,879 for the month and a Year to Date Net Income of \$369,268. NSMC Pharmacy had a Net Income of \$41,682 for the month and a Year to Date Net Income of \$685,284. The Rural Health Clinic had a Net Income of \$222,703 for the month and a Year to Date Net Income of \$401,857. NSMC as a whole showed a Net Income of \$210,694 for the month and a Year to Date Net Income of \$984,746.

The Administrator's report was given as follows:

Daniel announced that Simply Sunflower is about to go into an accrued base POS system. He is currently looking at ways to broaden the gift shop and Med Spa.

The hospital staffing is getting better. The census is not as high at this time. Senior Care has been brought up to open for regular business; for now, we are using it as the Covid units.

He stated Joannie is working on putting a grant together for the hospital to fund generators for all the property, a new parking lot and a drive through clinic.

Daniel stated that the wound care clinic will now be in house. There will be a few nurses getting a certification and hopefully having it in house will drive up revenue. The plan is for it to be operated by NSMC by November 1, 2021.

Rodney Clark gave the Quality Assurance Report as follows:

As of today, the hospital is down this week by 4%. At the hospital, there are 38,563 negative Covid test and 4,440 positive Covid test. We are still offering the antibody infusion. There is discussion of offering a shot for Covid positive patients instead of the infusion. As of today, there are 697 employees total and 90 are unvaccinated.

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Upon Motion made by H.T. Miller, III, and seconded by Phil McNeer the Board adjourned at 1:26 P.M., subject to the call of the Chairman.

Billy Joe Waldrup, Chairman

Bobbie Bounds Allen, Secretary