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**MISSISSIPPI DEPARTMENT OF MENTAL HEALTH  
BOSWELL REGIONAL CENTER**

(Agency 3382)  
Magee, Mississippi

**Financial Statements**  
Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Mental Health  
Mississippi Department of Mental Health  
Boswell Regional Center  
Magee, Mississippi

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Selected Funds 2238200000, 3338200000, and 6238300000 of Boswell Regional Center (Agency 3382) (the "Department"), an agency within the Mississippi Department of Mental Health ("MS DMH"), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents of the Selected Funds. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report ("ACFR").

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Selected Funds 2238200000, 3338200000, and 6238300000 of the Department as of June 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the Selected Funds and do not purport to, and do not, present fairly the financial position of the Department, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year 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.

Additionally, as described in Note 1, it is the policy of MS DMH to account for certain transactions at the ACFR level, and therefore these transactions are not reflected in these financial statements.

### ***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.

### ***Auditor's 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 auditor's 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 GAAS 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, misrepresentations, 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 GAAS, 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 the Hospital'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.

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***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 this missing information

**Report on Other Reporting Required by Government Auditing Standards**

In accordance with GAS, we have also issued our report dated January 13, 2023, on our consideration of the Department'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "HORNE LLP". The letters are stylized and cursive.

Ridgeland, Mississippi  
January 13, 2023

**BOSWELL REGIONAL CENTER**  
**SELECTED FUNDS**  
**BALANCE SHEET**  
**As of June 30, 2022**

	FUND 2238200000	FUND 3338200000	FUND 6238300000	TOTAL
<b>ASSETS</b>				
Equity in internal investment pool	\$ 3,942,521	\$ 9,532,232	\$ -	\$ 13,474,753
Cash and cash equivalents	-	997,816	-	997,816
Accounts receivable, net	-	100,092	-	100,092
Due from other funds	-	5,126,843	-	5,126,843
Inventory	-	279,588	-	279,588
Total assets	3,942,521	16,036,571	-	19,979,092
<b>LIABILITIES AND FUND BALANCE</b>				
Warrants payable	\$ 1,014	\$ 289,977	\$ -	\$ 290,991
Accounts payable	-	749,632	-	749,632
Due to other governments	2,996,337	1,117,335	-	4,113,672
Due to other funds	311,096	156,891	-	467,987
Accrued wages payable	634,074	652,182	-	1,286,256
Total liabilities	3,942,521	2,966,017	-	6,908,538
Fund balance (deficit)				
Nonspendable				
Inventories	-	279,588	-	279,588
Restricted				
Health and social services	-	20,614,685	-	20,614,685
Committed				
Health and social services	(405,871)	-	2,092	(403,779)
Unassigned	405,871	(7,823,719)	(2,092)	(7,419,940)
Total fund balance (deficit)	-	13,070,554	-	13,070,554
Total liabilities and fund balance	\$ 3,942,521	\$ 16,036,571	\$ -	\$ 19,979,092

See accompanying notes to the financial statements.



**BOSWELL REGIONAL CENTER**  
**SELECTED FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Year Ended June 30, 2022**

	FUND 2238200000	FUND 3338200000	FUND 6238300000	TOTAL
<b>REVENUES</b>				
Charges for sales and services	\$ -	\$ 67,155	\$ -	\$ 67,155
License, fees and permits	-	2,371,446	-	2,371,446
Other revenue	-	130,033	-	130,033
Total revenues	-	2,568,634	-	2,568,634
<b>EXPENDITURES</b>				
Salaries and fringe benefits	3,773,216	34,049,873	-	37,823,089
Travel	-	22,863	-	22,863
Contractual services	54,211	7,403,425	-	7,457,636
Commodities	256,710	2,671,369	-	2,928,079
Capital outlay	68,889	383,549	-	452,438
Total expenditures	4,153,026	44,531,079	-	48,684,105
Deficiency of revenues under expenditures	(4,153,026)	(41,962,445)	-	(46,115,471)
<b>DEBT SERVICE</b>				
Principal payments	-	(271,648)	-	(271,648)
Interest expense	-	(26,593)	-	(26,593)
Total debt service	-	(298,241)	-	(298,241)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,716,863	42,942,482	406,607	51,065,952
Transfers out	(3,157,966)	(8,505,515)	(408,699)	(12,072,180)
Total financing sources (uses)	4,558,897	34,436,967	(2,092)	38,993,772
Excess (deficiency) of revenues and debt service and other financing sources (uses) over (under) expenditures	405,871	(7,823,719)	(2,092)	(7,419,940)
Fund balance (deficit), beginning of year	(405,871)	20,894,273	2,092	20,490,494
Fund balance (deficit), end of year	\$ -	\$ 13,070,554	\$ -	\$ 13,070,554

See accompanying notes to the financial statements.

MISSISSIPPI DEPARTMENT OF MENTAL HEALTH  
BOSWELL REGIONAL CENTER  
SELECTED FUNDS  
Year Ended June 30, 2022

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 1. Significant Accounting Policies**

Background Information

Boswell Regional Center (the "Department") is a Mississippi State Agency directly under the Mississippi Department of Mental Health ("MS DMH") whose main function is to provide comprehensive, 24-hour care, treatment and habilitation to individuals who have intellectual disabilities/developmental disabilities ("ID/DD") and who are legal residents of the State of Mississippi. The Department has six major programs to help carry out the goals and objectives of this department including:

*ID/DD* – Institutional Care Program provides comprehensive, 24-hour care, treatment and habilitation in a residential therapeutic setting to individuals who are 21 years of age and older.

*ID/DD* – Group Homes Program provides housing in six existing community-based homes licensed as Intermediate Care Facilities for individuals with ID/DD.

*ID/DD* – Community Program provides comprehensive, residential and nonresidential services to ID/DD individuals via an array of community-based services and supports.

*ID/DD* – Support Services Program provides a comprehensive range of services designed to serve the needs of the ID/DD individuals and employees of the Department. This program coordinates the Department's efforts to meet its objectives and report to administrative agencies within state government.

*ID/DD* – Institutional Care Program provides comprehensive, 24-hour care, treatment and habilitation in a residential therapeutic setting to adolescents who have ID/DD.

MS DMH is a state agency included in the State of Mississippi's Annual Comprehensive Financial Report ("ACRF"). The consolidated financial statements include the Selected Funds identified below, which are held by the Department. All significant interfund accounts and transactions have been eliminated in consolidation.

Purpose of General Funds

*Fund 2238200000* – is related to the general funds which are used to pay the annual Medicaid match among other things.

*Fund 3338200000* – is related to all services rendered for Medicaid-covered patients and thus the primary source of revenue for Fund 3338200000 is payments from the Mississippi Division of Medicaid.

*Fund 6238300000* – is related to the healthcare expendable fund created by the Mississippi State Legislature.

MISSISSIPPI DEPARTMENT OF MENTAL HEALTH  
BOSWELL REGIONAL CENTER  
SELECTED FUNDS  
Year Ended June 30, 2022

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 1. Continued**

Basis of Presentation

The accompanying fund financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). These financial statements do not constitute a complete presentation because they do not present the government-wide financial statements, reconciliations to the government-wide financial statements, management's discussion and analysis, or budgetary information. Additionally, it is the policy of MS DMH to account for certain transactions at the ACFR level, including transactions associated with the following:

- GASB No. 68, *Accounting and Financial Reporting for Pensions*;
- GASB No. 87, *Leases*;
- Compensated absences; and
- Certain contingent liabilities, including litigation.

Therefore, these transactions are not included in these fund financial statements.

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available, and expenditures are generally recognized when they are incurred.

Fund Accounting

The financial activities of the Department are recorded in individual funds and account groups used to report financial position and changes in fund balance. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The Department funds presented herein utilize the governmental fund category, which is further divided into separate "fund types". General funds are used to account for the proceeds of revenue sources that are not legally restricted to expenditures for specified purposes. Special revenue funds are intended to be used to report specific revenue sources that are limited to being used for a particular purpose.

Account Classifications

The account classifications used in the financial statement conform to the classifications recommended in *Government Accounting, Auditing & Financial Reporting* as issued by the Government Finance Officers Association.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 balance sheet date and the reported amounts of revenues, expenditures and other changes in fund balances during the reporting period. Actual results could differ from those estimates.

**MISSISSIPPI DEPARTMENT OF MENTAL HEALTH  
BOSWELL REGIONAL CENTER  
SELECTED FUNDS  
Year Ended June 30, 2022**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 1. Continued**

Cash and Cash Equivalents

Cash and cash equivalents include petty cash and cash held in checking accounts.

Equity in Internal Investment Pool

Equity in internal investment pool is defined as demand deposit accounts and equity in Mississippi State Treasury Funds. Equity in internal investment pool consists of pooled cash held by the Treasurer of the State of Mississippi.

Accounts Receivables

Patient service revenue is reported at the amount that reflects the consideration to which the Department expects to be entitled for providing patient care. No allowance for uncollectible accounts is considered necessary at June 30, 2022.

Due To and Due From

Transactions between other governments and/or other funds, that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as due from or due to other governments and/or other funds.

Inventory

Inventories consist primarily of pharmaceuticals and supplies and are valued at the lower of cost or market.

Compensated Absences

The Department provides paid leave, which generally will accumulate or carry over if not use by the employee. GASB requires such paid leave benefits to be accrued as a liability at each balance sheet date; however, it is the policy of MS DMH and the Department not to accrue for such liability. In accordance with this reporting policy, the Department did not record a provision for this liability at June 30, 2022. The impact cannot be reasonably quantified.

Federal Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenue when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Revenue Recognition

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

**MISSISSIPPI DEPARTMENT OF MENTAL HEALTH**  
**BOSWELL REGIONAL CENTER**  
**SELECTED FUNDS**  
Year Ended June 30, 2022

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 1. Continued**

The primary third-party program is Medicaid, which accounts for a significant amount of the Department's revenue. The laws and regulations under which the Medicaid program operates are complex and subject to interpretation and frequent changes. As part of operating under this program, there is a possibility that government authorities may review the Department's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Department to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

Medicaid Match

Medicaid is jointly funded by the federal government and the states. The federal government's share of most Medicaid expenditures is called the federal medical assistance percentage ("FMAP") and the remainder is referred to as the state share. The FMAP rate is generally determined annually and has a statutory minimum of 50 percent and a statutory maximum of 83 percent. Mississippi's weighted average FMAP rate for the state fiscal year ended June 30, 2022 was 78.31 percent.

During the Coronavirus Disease 2019 ("COVID-19") public health emergency period, the Family First Coronavirus Response Act ("FFCRA") provided a 6.2 percentage point increase to the regular FMAP rates for all states beginning on January 1, 2020 through the last day of the calendar quarter in which the COVID-19 public health emergency period ended. Receipt of the FFCRA FMAP increase by a state was subject to meeting certain conditions.

Transfers In and Transfers Out

Transactions for services rendered by one State agency, including other department funds, to another are treated as revenues of the recipient fund and expenditures of the disbursing fund. Reimbursements of expenditures made by one State agency, including other department funds, for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Transfers to and transfers from other State agencies represent flows of assets between funds of the State without equivalent flows of assets in return and without a requirement for payment.

Risk Management

The Department is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters. The State of Mississippi has elected to finance most exposures to risk through the retention of risk. The State of Mississippi utilizes the internal service Risk Management Fund to account for these activities.

It is the policy of the MS DMH not to record any estimate liabilities and contingencies in the financial statements of the Department until such time as specific expenses are allocated. Accordingly, the Department's financial statements do not reflect any such liabilities or contingencies and potential disclosures related to litigation and risk that could be reasonably estimated and quantified prior to the issuance of these financial statements.

MISSISSIPPI DEPARTMENT OF MENTAL HEALTH  
BOSWELL REGIONAL CENTER  
SELECTED FUNDS  
Year Ended June 30, 2022

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 1. Continued**

Fund Balances

The Department presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on the fund balances. The classifications used in the financial statements are based on the following methodology:

*Unassigned* – the residual classification for the general fund and includes all amounts not contained in the other classifications.

*Nonspendable* – this classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

*Restricted* – this classification includes amounts that may only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – this classification includes amounts that can be used only for the specific purposes determined by enabling legislations by the Mississippi State Legislature.

*Assigned* – this classification includes amounts where constraints are imposed on the use of resources through the intent of the Mississippi State Legislature or by its delegation to each agency director.

The Department considers restricted amounts to have been spent when the expenditure is incurred for purposes determined for which both restricted and unrestricted fund balances are available.

**Note 2. Equity in State Treasury Funds**

Custodial credit risk is the risk that in the event of the failure of a financial institution, the government will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Department's deposit policy for protection of custodial risk is handled under a statewide collateral program. The collateral for public entities' deposits in financial institutions is held by the depository bank in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the State's funds are protected through a collateral pool administered by the Mississippi 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 Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

**MISSISSIPPI DEPARTMENT OF MENTAL HEALTH  
BOSWELL REGIONAL CENTER  
SELECTED FUNDS  
Year Ended June 30, 2022**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**Note 3. Interfund Transfers, Due To and Due From**

At June 30, 2022, due from (to) other funds, consisted of:

	<b>Due From</b>	<b>Due To</b>
Division of Medicaid	\$ 3,219,713	\$ (467,987)
Hudspeth Regional Center	1,907,130	-
Total	<u>\$ 5,126,843</u>	<u>\$ (467,987)</u>

At June 30, 2022, due from (to) other governments, consisted of:

	<b>Due From</b>	<b>Due To</b>
U.S. Treasury	\$ -	\$ (4,110,142)
Various	-	(3,530)
Total	<u>\$ -</u>	<u>\$ (4,113,672)</u>

Transfers from and (to) other State agencies, including other department funds, occurring through June 30, 2022 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
Division of Medicaid	\$ 43,149,916	\$ (4,469,243)
Department of Mental Health	541,360	(366,846)
Department of Finance and Administration	-	(464,529)
Hudspeth Regional Center	(345,633)	(5,912,928)
State General Appropriations	7,716,863	-
Various	3,446	(858,634)
Total	<u>\$ 51,065,952</u>	<u>\$ (12,072,180)</u>

**MISSISSIPPI DEPARTMENT OF MENTAL HEALTH**  
**BOSWELL REGIONAL CENTER**  
**SELECTED FUNDS**  
Year Ended June 30, 2022

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 4. Lease Obligation**

The Department entered into a Master Lease for a new software related to their Electronic Medical Records on December 17, 2020 for \$1,410,178. The lease obligation has a maturity date of 2025 with annual interest of 2.21 percent and semi-annual payments of \$149,120. The Department recognized the related lease asset on the accompanying balance sheet in cash and cash equivalents; principal payments and interest expense of \$298,241 were expensed on the accompanying statement of revenues, expenditures and changes in fund balances.

The estimated debt service requirements of the lease obligation at June 30, 2022, are as follows:

	<b>Principal</b>	<b>Interest</b>
2023	\$ 277,684	\$ 20,556
2024	283,855	14,386
2025	290,163	8,078
2026	147,490	1,630
Total	<u>\$ 999,192</u>	<u>\$ 44,650</u>

**Note 5. Defined Benefit Pension Plan**

The Department participates in the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by Mississippi State law and may be amended only by the Mississippi State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This information may be obtained by contacting PERS.

During 2022, PERS members were required to contribute 9 percent of their annual covered salary and the Department is required to contribute at an actuarially determined rate, which was 17.40 percent of annual covered payroll. The contribution requirements of PERS members are established and may only be amended by the Mississippi State Legislature. During the year ended June 30, 2022, the Department recognized expenditures of approximately \$4,260,000 in connection with required contributions to PERS.



**MISSISSIPPI DEPARTMENT OF MENTAL HEALTH**  
**BOSWELL REGIONAL CENTER**  
**SELECTED FUNDS**  
Year Ended June 30, 2022

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Note 6. Contingencies and Commitments**

The Department has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Department. The amount, if any, of expenditures that may be disallowed by the grantors cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

In August 2016, the United States sued the State of Mississippi in the United States District Court for the Southern District of Mississippi alleging that the State's mental health system violates Title II of the Americans with Disabilities Act (the "ADA") and in September 2019, the district court issued a liability opinion holding that the State was in violation of Title II of the ADA. In September 2021, the district court issued a remedial order which imposed a number of requirements on the State regarding its mental health system. In October 2021, the State appealed the district court's liability opinion and orders to the United States Court of Appeals for the Fifth Circuit. The appeal currently remains pending. The Department is not a named party in the lawsuit. Likewise, the remedial order is addressed to the State, not the Department, however the requirements of the remedial order impact the operation of the State's mental health system. The ultimate outcome and the impacts on the financial statements and operations cannot be determined and no provision for any liability or remediation is recorded at the fund level as of June 30, 2022.

The Department leases various equipment and facilities under operating leases expiring at various dates through 2026.

**Note 7. Subsequent Events**

The Department has evaluated subsequent events through January 13, 2023, which is the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S 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***

Board of Mental Health  
Mississippi Department of Mental Health  
Boswell Regional Center  
Magee, 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 selected funds 2238200000, 3338200000, and 6238300000 of Boswell Regional Center (Agency 3382) (the "Department"), an agency within the Mississippi Department of Mental Health ("MS DMH"), which comprise the balance sheet as of June 30, 2022 and the related statement of revenues, expenditures and changes in fund balances for the year then ended and the related notes to the financial statements and have issued our report thereon dated January 13, 2023, which contained an unmodified opinion with an Emphasis Matter paragraph and the omission of management's discussion and analysis from the Required Supplementary Information paragraph.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Department's internal control over financial reporting ("internal control") as a basis for designing 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 the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 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 a material weakness. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements of the selected funds 2238200000, 3338200000, and 6238300000 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.

*HORNE LLP*

Ridgeland, Mississippi  
January 13, 2023