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STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
FINANCIAL STATEMENTS – GENERAL FUND
YEAR ENDED JUNE 30, 2024



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**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
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INDEPENDENT AUDITORS' REPORT

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the general fund of the Mississippi Department of Health (MDH), as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MDH as of June 30, 2024, and the changes in its financial position 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the State of Mississippi, 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 general fund of the MDH and do not purport to, and do not, present fairly the financial position of the MDH as of June 30, 2024, and the changes in its financial position 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.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MDH'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 the 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 financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Mississippi Department of Health
(A Department of the State of Mississippi)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025, on our consideration of the MDH of the State of Mississippi'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 MDH'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 MDH's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
May 21, 2025

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
BALANCE SHEET
JUNE 30, 2024**

	<u>General Fund</u>
ASSETS	
Cash in Banks	\$ 33,775,708
Equity in Funds	165,437,688
Account Receivable, Net	12,892,243
Inventory	14,707,259
Due from Other State Agencies	19,513,119
Due from Federal Agencies	53,835,419
Prepaid	<u>34,000</u>
Total Assets	<u><u>\$ 300,195,436</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Account Payable	\$ 19,225,488
Due to Component Units of the State of Mississippi	2,751,908
Due to Other State Agencies	1,427,613
Due to the Federal Governments	1,181,926
Unearned Federal Revenue	<u>12,299,675</u>
Total Liabilities	<u>36,886,610</u>
FUND BALANCES	
Fund Balance - Nonspendable	14,741,259
Fund Balance - Restricted	197,900,164
Fund Balance - Committed	<u>50,667,403</u>
Total Fund Balances	<u>263,308,826</u>
Total Liabilities and Fund Balances	<u><u>\$ 300,195,436</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>
REVENUES	
Federal Grants	\$ 144,273,161
Indirect Cost Recovery	19,831,688
Payments from Medicaid	46,851,913
Assessments and Fees	13,575,883
Charges for Services	46,669,873
Licenses and Permits	36,202,835
Interest Income	957,237
Miscellaneous Revenue	<u>9,532,370</u>
Total Revenues	317,894,960
EXPENDITURES	
Commodities	143,725,515
Salaries and Benefits	121,405,908
Contractual Services	48,595,727
Grantor Pay Nontax	190,765,776
Administrative Costs	19,631,666
Payments to IT	1,569,541
Capital Expenditures	915,061
Travel Expense	6,206,112
Miscellaneous Expense	<u>7,107,935</u>
Total Expenditures	<u>539,923,241</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(222,028,281)
OTHER FINANCING SOURCES (USES)	
Transfer In	127,826,737
Transfer Out	<u>(14,071,122)</u>
Total Other Financing Sources (Uses)	<u>113,755,615</u>
NET CHANGE IN FUND BALANCES	(108,272,666)
Fund Balances - Beginning of Year	<u>371,581,492</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 263,308,826</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background Information

The Mississippi Department of Health (MDH) was established to protect and advance health throughout Mississippi. The major operations of the agency include disease surveillance, environmental protection, disease and injury prevention, standards of care, immunizations, keeping you safe in emergencies, providing you with information, comprehensive reproductive health, women, infants and children, licenses and records, and social services.

MDH is a state agency included in the State of Mississippi's Annual Comprehensive Financial Report.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America, 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. These financial statements do not include funds 2230400000, 5331500000, 6330200000, 6330300000, 6331B00000, 6331C00000, 6332100000, 6332200000, 6332300000, and 6613010000.

Basis of Accounting/Measurement Focus

The financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are considered to be available when they are both measurable and available to finance expenditures of the current period. Management considers revenue to be available if collected within 60 days. Expenditures are recorded when a liability is incurred.

Fund Accounting

The financial activity of the general fund consists of various individual funds used to report financial position and changes in financial position. 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.

Purpose of General Funds

The general fund of MDH includes the following sub-funds:

Fund 2230100000 – *DOH General Fund* is the state appropriated general fund used to record MDH's administrative expenses, cost share match for federal grants, and miscellaneous grant payments.

Fund 2230200000 – *Medical Cannabis General Fund* is the state appropriated general fund used for activities related to the State's Medical Marijuana program.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purpose of General Funds (Continued)

Fund 2230300000 – *Health Info Network Fund* is the state appropriated general fund used to promote the electronic movement and use of health information among organizations.

Fund 3330000000 – *Local Fund* is used to directly pay county activities from revenue collected at the local health department level and from county appropriations.

Fund 3330100000 – *Miscellaneous Fees* is used for the majority of all activities paid from self-generated revenues.

Fund 3330700000 – *Domestic Violence Fund* supports domestic violence victims and is received from court assessments.

Fund 3330800000 – *Mississippi Burn Care* fund is used to receive revenue from individual income taxes, auto privilege and tag fees, and donations. The revenue is used to help cover uncompensated burn care for Mississippi burn care patients.

Fund 3331000000 – *Mississippi Trauma Care Escrow Fund* is supported by license plate fees and point-of-sale fees on motorcycles, ATVs, and personal watercraft. In addition, hospitals non-participation fees also provide funding. The funds are used to cover administration expenses of the MDH trauma centers and ambulance districts.

Fund 3331200000 – *MSDH Medical Marijuana* fund is used for activities related to the State's Medical Marijuana program.

Fund 3331300000 – *Rural Hospital Operations and Facilities Revolving Loan* fund is used to collect funds and provide loans to rural hospitals.

Fund 333H200000 – *Health Info Network Fees* fund used to promote the electronic movement and use of health information among organizations.

Fund 5331400000 – *Health Grant Funds* supports federal activities and other non-federal grants.

Fund 5820130100 – *MSDH COVID-19* is used for federal grants received related to COVID-19.

Fund 6230500000 – *MSDH Health Care Expendable* is used for activities related to the Health Care Expendable funds appropriated by the state legislature each fiscal year.

Fund 6430100000 – *Health-Capital Expense Fund* is used to reimburse specific legal fees approved by the Office of the Attorney General, and to provide additional funding under the Victims of Crime Act (VOCA) program as outlined by the legislature in annual appropriation bills.

STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purpose of General Funds (Continued)

Fund 6431200000 – *Medical Cannabis* fund is used for activities related to the State's Medical Cannabis program.

Fund 6530600000 – *Tobacco Settlement* fund is used for activities related to the Tobacco Control funds appropriate by the state legislature each year.

Fund 6820130100 – *MSDH CARES Act* is used to reimburse hospitals for their necessary and other medical providers for necessary expenditures incurred due to the COVID-19 public health emergency.

Fund 6820130200 – *MSDH ICU Fund* is used for establishing and administering the ICU Infrastructure Program for the purpose of providing funds to hospitals to increase treatment capacity related to COVID-19.

Fund 6820130300 – *MSDH Special Specialty Hospitals* is used to reimburse licensed specialty hospitals for their necessary expenditures incurred due to COVID-19.

Fund 6822130200 – *ARPA Hospital Expanded Capacity* is used to provide funds to hospitals that increased treatment capacity related to COVID-19.

Fund 6822130300 – *ARPA Local Provider Innovation Grant* is used to provide funding for the COVID-19 Mississippi Local Provider Innovation Grant Program.

Fund 6822130400 – *Health – Coronavirus State Fiscal Recovery Fund* is used for operational expenditures needed to respond to COVID-19.

Fund 6822130500 – *MS Hospital Sustainability Grant Program* is used for the Mississippi Hospital Sustainability Grant Program to strengthen, improve, and preserve access to Mississippi hospital care services.

Fund 8830100000 – *Boswell Memorial* is a bank account at Regions and Community Bank for funds donated to the agency by Henry Boswell years ago to support tuberculosis activities.

Fund 8830130100 – *MSDH eWIC EBT* is a bank account at Trustmark National Bank used for the WIC EBT clearing house activities.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents are defined as demand deposit accounts and equity in State Treasury Funds. Equity in State Treasury Funds consists of pooled cash held by the Treasurer of the state of Mississippi.

Deposits not held with the State Treasury had a carrying amount of \$33,775,709 at June 30, 2024. Cash on hand totaled \$6,110 on June 30, 2024.

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MDH'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 State of Mississippi Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). This program establishes the requirements for a financial institution to be approved as a qualified public funds depository. Generally, financial institutions make annual application to the State Treasurer for state funds by signing a contract and supplying the financial report as provided to its regulatory authority to assure the statutory required 5.5% primary capital to total assets ratio. When so approved by the State Treasurer, the financial institution is required to place on deposit with the State Treasurer collateral equal to at least 105% of the amount of public funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). All bank deposits were maintained in collateralized accounts or covered by federal depository insurance and were not exposed to custodial credit risk.

Accounts Receivable

Accounts receivable consist of amounts billed for patient services in which the revenue is earned but not received by June 30, 2024. Accounts receivable is reported net of allowances for uncollectible accounts, where applicable. The allowance for uncollectible accounts was \$(708,759) at June 30, 2024.

Inventories

Inventory, consisting of prescription medication and food, is valued using the average cost method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. As of June 30, 2024, inventory consisted of the following:

Food Inventory	\$ 14,571,528
Prescription Drug Inventory	135,731
Total Inventory	<u>\$ 14,707,259</u>

Unearned Revenue

Unearned revenue represents grant revenue received prior to all eligibility requirements being met. Unearned revenue is reported as a liability until the eligibility requirements are met.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances – Governmental Funds

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

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 State legislature.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amount had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MDH considers restricted resources to have been spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, MDH considers committed, assigned, and unassigned amounts to have been spent in that order.

Revenue Recognition

Charges for patient services, fines, fees, permits and assessments are charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by MDH.

Grant revenue is recognized when the related liability or expenditure is incurred. Other revenues in the funds are generally recognized when the revenue is received or appropriated by the State of Mississippi Legislature.

Account Classifications

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

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires MDH 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, expenditures and other changes in fund balances during the period. Actual results could differ from those estimates.

NOTE 2 INTERFUND TRANSFERS

Interfund transfers received from other funds are reported as Other Financing Sources rather than revenue, and interfund transfers sent to other funds are recorded as Other Financing Uses. Transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund.

As of June 30, 2024, Fund transfers in consisted of:

	<u>Transfers In</u>
Division of Budgets	\$ 1,000,000
Office of State Treasurer	43,100,793
Division of Medicaid	5,031,535
Mississippi Emergency Management Agency	2,459,764
DPS - Public Safety	2,846,118
Department of Education Tech/Strategic Services	700,000
Mississippi State General Fund	69,003,366
Other Departments	3,685,161
Total Transfers In	<u>\$ 127,826,737</u>

As of June 30, 2024, Fund transfers out consisted of:

	<u>Transfers Out</u>
Attorney General's Office	\$ 930,787
MS Department of Finance & Administration	993,988
Division of Medicaid	1,546,643
MS Department of Education	3,421,177
Health Care Expendable Fund	3,138,743
MSDH Office of Tobacco Control	2,020,411
Health Grants Fund	463,955
Other Departments	1,555,418
Total Transfers Out	<u>\$ 14,071,122</u>

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DUE TO AND DUE FROM

Due from and due to balances are amounts due from and to the other departments and agencies within the State of Mississippi and state granting agencies. All amounts due to MDH are expected to be collected in fiscal year 2024.

As of June 30, 2024, due from consisted of the following:

	<u>Due From</u>
Due from Federal Agencies:	
U.S. Department of Health and Human Services and Other Federal Agencies	\$ 53,835,419
Due from Other Mississippi Funds:	
Mississippi Division of Medicaid	5,909,861
Mississippi Office of Administration - Child Development Fund	3,323,150
Mississippi Department of Public Safety	105,138
Mississippi Department of Finance and Accounting	-
Office of the State Treasury	3,875,960
Other Mississippi Agencies	<u>6,299,010</u>
Total	<u>19,513,119</u>
Total Due From	<u><u>\$ 73,348,538</u></u>

As of June 30, 2024, due to consisted of the following:

	<u>Due To</u>
Due to the Federal Government:	
Due to U.S. Department of Treasury	\$ 1,181,926
Due to Other Funds:	
Mississippi Attorney General's Office	243,674
Mississippi Division of Medicaid	648,604
Mississippi Department of Finance and Accounting	487,435
Other Mississippi Agencies	<u>47,900</u>
Total	<u>1,427,613</u>
Due to Other Component Units:	
University of Mississippi Medical Center	<u>2,751,908</u>
Total Due To	<u><u>\$ 5,361,447</u></u>

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CONTINGENCIES AND COMMITMENTS

Federal Grants

MDH receives federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreement and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance of program uses of funds may be a liability of MDH's.

Litigation

MDH is party to various legal proceedings that arise in the normal course of governmental operations. If an unfavorable outcome of the litigation is determined to be likely and probable, MDH will record a liability to reflect the estimated outcome of the litigation.

NOTE 5 RETIREMENT PLAN

MDH contributes to 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 state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1- 800-444-PERS.

PERS members are required to contribute 9.00% of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. As of June 30, 2024, MDH contributed \$16,037,634 to PERS for the funds included in these financial statements.



**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**

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, 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 general fund of the Mississippi Department of Health (MDH) as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MDH'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 MDH's internal control. Accordingly, we do not express an opinion on the effectiveness of MDH's internal control.

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Mississippi Department of Health's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the MDH's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. MDH's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 MDH's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDH's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
May 21, 2025

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

2024-001	Lack of accounts receivable and receipt reconciliation
Type of Finding	Significant deficiency in Internal Control over Financial Reporting
Criteria or Specific Requirement and Condition	Governmental Auditing Standards requires the Mississippi Department of Health to establish proper internal controls over accounts receivable. The following conditions were identified: 1. The collectability of the outstanding balance for medical billing as of June 30, 2024, cannot be determined. 2. Lack of formal reconciliation processes and procedures between the general ledger system (Magic) and the cash receipts module (EPIC). 3. There is no established process for calculating the allowance for bad debt, and the rationale for the current practice is unclear.
Cause	The ongoing practice of the department improperly followed.
Effect	Accounts receivable may be overstated and undetected.
Recommendation	CLA recommends that the Department implement procedures for identifying and posting receipts to the appropriate payee or billing account. Receipts should be accurately coded to the correct payee or billing accounts to ensure that the account balance reflects the true outstanding balance. Write-off entries should be posted upon the supervisor's approval to remove balances that are no longer outstanding. Furthermore, the percentage of subsequent collections to the outstanding balance should be evaluated periodically and used to calculate more accurate uncollectible amount. A reconciliation process should also be implemented to ensure the agreement of billing, collection, and any write-offs in EPIC (cash receipts module) and entries made to Magic (GL).
Repeat Finding	No
Views of Responsible Officials and Planned Corrective Action	There is no disagreement with the audit finding. A review will be conducted to determine the additional procedures needed to improve the accuracy of the accounts receivable process for medical billings. Once the procedures are identified they will be implemented by the necessary staff.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

2024-002	Lack of 60-day receipt revenue recognition determination
Type of Finding	Significant deficiency in Internal Control over Financial Reporting
Criteria or Specific Requirement and Condition	Governmental Auditing Standards requires the Mississippi Department of Health to establish proper internal controls over revenue recognition. Subsequent receipt evaluations of overall revenue for revenue recognition are not being assessed.
Cause	The ongoing practice of the department improperly followed.
Effect	Revenues may be overstated and undetected.
Recommendation	CLA recommends that the Department implement procedures to adhere to the revenue recognition policy and evaluate subsequently received cash receipts for revenue recognition determination.
Repeat Finding	No
Views of Responsible Officials and Planned Corrective Action	There is no disagreement with the audit finding. A review will be conducted to determine the additional procedures needed to improve the accuracy of the revenue recognition determination. Once the procedures are identified they will be implemented by the necessary staff.



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MISSISSIPPI STATE DEPARTMENT OF HEALTH

FINANCIAL AUDIT FINDINGS

April 15, 2025

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. White:

We have reviewed the audit findings below in reference to the Mississippi State Department of Health 2024 fiscal year financial audit. Listed below is our individual response and plan for corrective action:

AUDIT FINDING:

2024-001 Lack of accounts receivable and receipt reconciliation

Response: The Agency concurs with the finding.

Corrective Action: A review will be conducted to determine the additional procedures needed to improve the accuracy of the accounts receivable process for medical billings. Once the procedures are identified, they will be implemented by the necessary staff.

Name of contact person responsible for corrective action: Lucreta Tribune

Anticipated completion date of corrective action: December 2025

2024-002 Lack of 60-day receipt revenue determination

Response: The Agency concurs with the finding.

Corrective Action: A review will be conducted to determine the additional procedures needed to improve the accuracy revenue recognition determination. Once the procedures are identified, they will be implemented by the necessary staff.

Name of contact person responsible for corrective action: Lucreta Tribune

Anticipated completion date of corrective action: December 2025

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7354 or Lucreta Tribune at 601-576-8169.

Sincerely,

Daniel Edney, MD

Daniel P. Edney, MD, FACP, FASAM
State Health Officer