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# **City of McComb City**

**2003**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2003**

**Sam C. Mims**  
City Administrator

**Russell L. Wall**  
City Clerk / Director of Finance

Prepared By:  
**The Department of Finance**

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**City of McComb City**  
McComb City Hall  
115 Third Street  
McComb, Mississippi  
39648-0667

**City of McComb City**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2003**

**TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION</b>	1
Letter of Transmittal .....	2
GFOA Certificate of Achievement .....	7
Organizational Chart .....	8
List of Principal Officials .....	9
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	11
Management's Discussion and Analysis .....	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	24
Statement of Activities .....	25
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund .....	29
Statement of Net Assets - Proprietary Funds .....	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	31
Statement of Cash Flows--Proprietary Fund Types .....	32
Statement of Fiduciary Obligations - Agency Funds .....	33
Notes to Financial Statements .....	34
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet Nonmajor Governmental Funds .....	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds .....	48
Schedule of Revenues, Expenditures, and changes in Fund Balances - Budget and Actual:	
Special Projects Fund .....	49
CDBG Block Grant Fund .....	50
City General Obligation Bond Fund .....	51
Fire Protection Fund .....	52
CDBG Jobs Bill Fund .....	53
UDAG Fund .....	54
STP Fund .....	55
Library Support Fund .....	56
Recreation Fund .....	57
Cash Forfeiture Fund .....	58
Fire and Police D and R Fund .....	59
Animal Shelter Fund .....	60
Crime Prevention Program Fund .....	61
Law Enforcement Grant Fund .....	62
Cemetery Fund .....	63
MSD General Obligation Bond Fund .....	64
Special Assessments Fund .....	65

Street Improvement Capital Projects Fund .....	66
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule of General Assets By Source .....	68
Schedule of General Fixed Assets By Function and Activity .....	69

STATISTICAL SECTION

Government wide information:

Schedule of General Governmental Expenses by Function .....	71
Schedule of General Governmental Revenues .....	72

Fund Information:

Schedule of Property Tax Rates Direct and Overlapping Governments .....	73
Ratio of Annual Debt Services Expenditures for General Obligation Bonded Debt .....	74
Schedule of Revenue Bond Coverage .....	75
Schedule of City Property Tax Levies and Collections .....	76
Schedule of Assessed and Estimated Actual Value of Property .....	77
Schedule of Principal Taxpayers (Real Property) .....	78
Schedule of Special Assessment Billings and Collections .....	79
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita .....	80
Demographic Statistics .....	81
Schedule of Property Value, Construction and Bank Deposits .....	82
Computation of Direct and Overlapping Bonded Debt .....	83
Miscellaneous Statistics .....	84

SINGLE AUDIT SECTION

Schedule of Federal Financial Assistance .....	86
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements	
Performed in Accordance with <u>Government Auditing Standards</u> .....	87
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control	
Over Compliance in Accordance with OMB Circular A-133 .....	88
Schedule of Findings and Questioned Costs .....	90

COMPLIANCE SECTION:

Independent Auditor's Report on Compliance with State Laws and Regulations .....	92
Schedule of Surety Bond Coverage .....	93
Statement of Legal Debt Limit .....	94
Schedule of Bonds and Notes Payable .....	95

***INTRODUCTORY SECTION***

Thomas H. Walman  
Mayor

Sam C. Mims  
City Administrator

John H. White, Jr.  
Attorney

April 13, 2004



Selectmen

Danny R. Esch  
Warren Ellis Gilmore  
Marvin Godbold  
Melvin "Joe" Johnson  
Robert M. Maddox  
David W. Myers

## CITY OF McCOMB

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of McComb City:

State law requires that all general-purpose local governments publish within six months of completion of an annual audit each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of McComb City for the fiscal year ended September 30, 2003.

This report consists of management's representations concerning the finances of the City of McComb City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of McComb City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of McComb City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of McComb City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Faust and Associates CPA's PA, a firm of licensed certified public accountants, has audited the City of McComb City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of McComb City for the fiscal year ended September 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of McComb City's financial statements for the fiscal year ended September 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of McComb City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of McComb City's Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of McComb City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of McComb City, incorporated in 1872, is located in the northwest section of Pike County, Mississippi, in the piney woods soil area of the State. The Municipality is located 81 miles southwest of Jackson, the capital city of the state, 86 miles northeast of Baton Rouge, Louisiana, and 109 miles northwest of New Orleans, Louisiana. The City of McComb City currently occupies a land area of 11.7 square miles and serves a population of 13,337. The City of McComb City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The McComb area is served by Interstate 55, which runs north/south and connects New Orleans, Louisiana, with Chicago, Illinois. Two United States highways, 51 and 98, intersect at McComb. U. S. Highway 51 also runs north/south from the great Lakes to the Gulf of Mexico, while U. S. Highway 98 runs east/west from Natchez, Mississippi, to Palm Beach, Florida. State Highways 24, 44, 48 and 570 also serve the immediate area. A number of county highways provide access to many outlying areas in the county.

The city is served by a mainline of Illinois Central Railroad, which runs north/south to the major rail terminals of Memphis, Tennessee, and New Orleans, Louisiana. These two rail terminals link the city with all major manufacturing and distribution centers in the East, Midwest, South, and all ports along the Gulf of Mexico. Amtrak, the national rail passenger service, also serves the city on a daily basis.

The nearest inland Waterway River port to the city is the Mississippi River Port of Natchez, within 85 miles of the city. This port has warehousing facilities, including 53,000 square feet of enclosed storage, and two-mounted diesel cranes, one with lift capacity of 125 tons and the other rated at sixty tons. The port is connected to highway and rail. Deep-water ports are located in Baton Rouge and New Orleans, Louisiana, both within 100 miles of the city.

The McComb Pike County Airport serves the city as a noncommercial air service facility located three miles south of the city limits. The airport, with its 6,000-foot runway and instrument landing systems, can accommodate most private aircraft including corporate jets. Major commercial airports are located in Jackson, Mississippi, Baton Rouge and New Orleans, Louisiana, all within 112 miles.

There are three elementary and four secondary public schools located within the McComb School District. Parklane Academy is a private school located within the city offering grades K-12. St. Alphonsus Catholic School opened in 1994 and at present offers preschool to sixth grade.

Southwest Mississippi Community College, located in the adjoining city of Summit, offers 40 academic programs leading to Associate Degrees and 17 technology programs. In cooperation with the Pike County Chamber of Commerce and Economic Development Foundation and the State of Mississippi, Southwest Mississippi Community College also will structure training programs in any field, according to the needs of local industry.

The Southwest Mississippi Regional Medical Center is located in McComb and is owned by the City of McComb, Pike County and Amite County. The Medical Center is an acute care facility and provides primary medical care to more than 200,000 residents of ten Mississippi counties, and several Louisiana parishes. The medical center was established in 1969, and has continued to increase its level of services with technological advances and increased staffing. The Medical Center recently established a cancer treatment center.

Additional residential health care needs are provided to the citizens of the city by two proprietary nursing homes that have a combined capacity of 141 beds.

Two major recreational facilities located near McComb are Percy Quin State Park and the Bogue Chitto Water Park. Percy Quin State Park is a state recreational facility that contains 1,700 acres. Included in the facilities are 22 furnished cabins, 101 RV campsites, a group camp that will accommodate up to 212 visitors, a nature trail, archery range, miniature golf course, tennis courts, swimming pool, picnic facilities, a multi-use convention center, a motel and modern eighteen-hole golf course. The Bogue Chitto Water Park is a development of the Pearl River Basin Development District, and its facilities include 80 trailer/camper sites, a primitive camping area, basketball, volleyball, and badminton courts, hiking/nature trails, boat launching ramp and canoeing, tubing and swimming areas.

The City of McComb City has operated under the mayor-selectman form of government since 1872. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six Selectman. The governing board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's administrator and attorney. The government's administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government. The board is elected and members serve four-year terms. The mayor is elected to serve a four-year term. Five of the board members are elected by district. The mayor and the remaining selectman are elected at large.

The government provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of streets and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body operates the Water and Sewer System; therefore, these activities are included in the reporting entity. However, the McComb School District, and the Southwest Mississippi Regional Medical Center Hospital District have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The annual budget serves as the foundation for the City of McComb City financial planning and control. All agencies of the City of McComb City are required to submit requests for appropriation to the government's Director of Finance on or before September 1 each year. The government's Director of Finance uses these requests as the starting point for developing a proposed budget. The government's Director of Finance then presents this proposed budget to the council for review prior to

September 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 15. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 29 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 49.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of McComb City operates.

**Local economy.** The City of McComb City currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Pike County is a major producer of timber, lumber and poultry products, and nearly one fourth of employed residents work in the manufacturing industry. It is projected that the county has an available labor force of 16,810 and unemployment at the end of 2003 was 4.6%.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in demand deposits.

**Risk management.** The city continues utilizing a limited risk management program for workers' compensation. Various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. Third party coverage is currently maintained for workers' compensation claims.

**Pension and other post employment benefits.** The City of McComb City 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

PERS members are required to contribute 7.25% of their annual covered salary and the City of McComb City is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

The City of McComb City also contributes to the Mississippi Municipal Retirement System of Mississippi ("MMRS"), a cost sharing, multiple-employer defined benefit pension plan. This plan only covers policeman and fireman employed prior to June 1, 1976. MMRS 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. MMRS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

MMRS members are required to contribute 10.0% of their annual covered salary and the City of McComb City is required to contribute at an actuarially determined rate. The current rate is a 2.48 mills tax levy. The contribution requirements of MMRS members are established and may be amended only by the State of Mississippi Legislature.

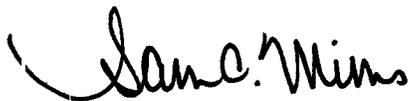
#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McComb City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2002. This was the twelfth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the board of selectman for their unfailing support for maintaining the highest standards of professionalism in the management of the City of McComb City's finances.

Respectfully submitted,



Sam C Mims  
City Administrator



Russell L Wall  
City Clerk/Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of McComb City,  
Mississippi

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2002

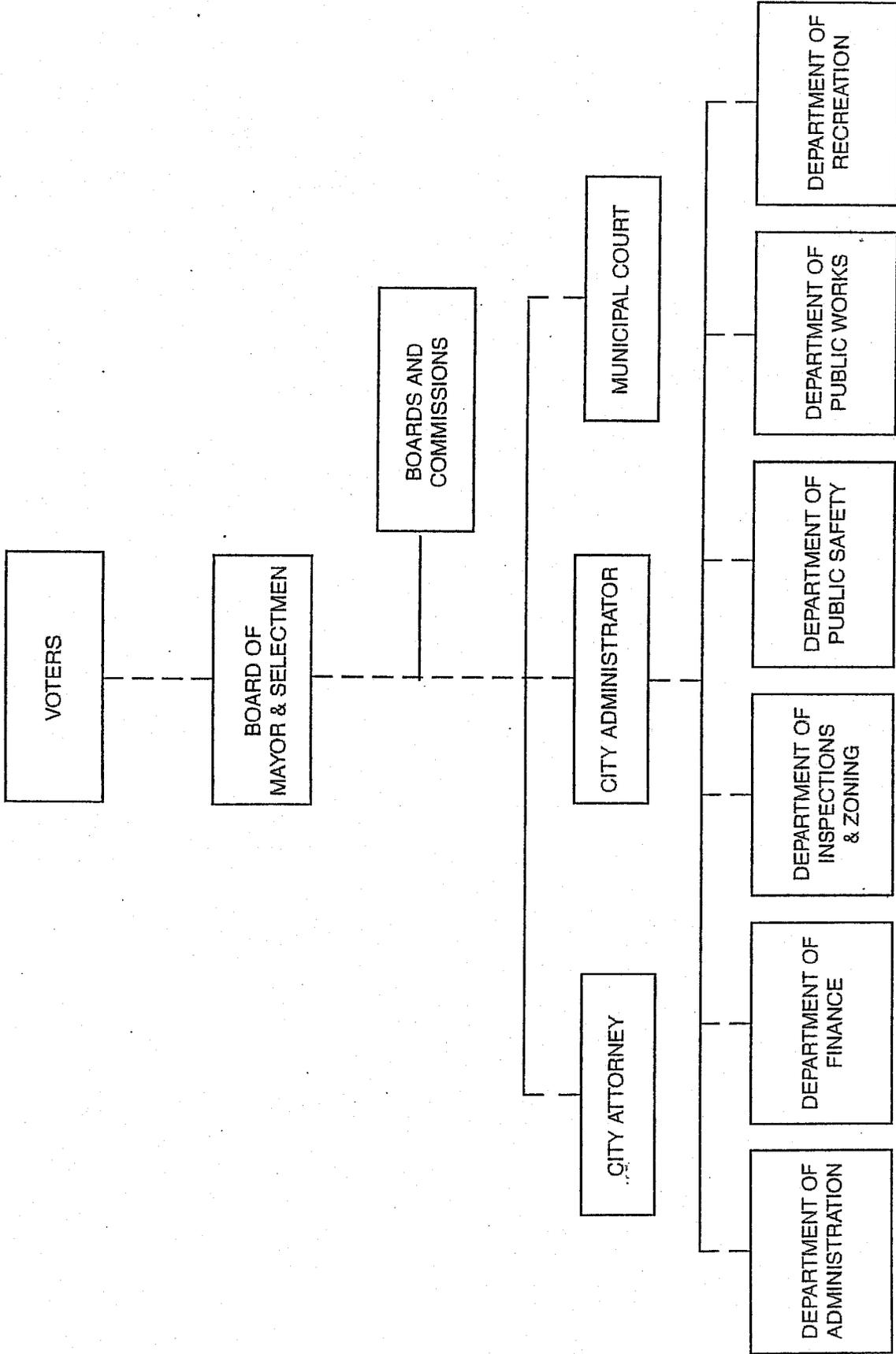
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF MCCOMB  
ORGANIZATIONAL CHART



**City of McComb City  
List of Principal Officials  
September 30, 2003**

<b>Title</b>	<b>Name</b>
Mayor	Thomas H Walman
Selectman	Danny Esch
Selectman	Robert M Maddox
Selectman	David Myers
Selectman	Melvin "Joe" Johnson
Selectman	Warren Ellis Gilmore
Selectman	Marvin Godbold
City Administrator	Sam Mims
City Attorney	John H. White
Director of Administration	Jacqueline Martin
Director of Finance/City Clerk	Russell L. Wall
Director of Inspections and Zoning	Walter Temple
Fire Chief	Vernell Felder
Police Chief	Billie Hughes
Director of Public Works	Ronnie Lindsey
Director of Recreation	Howard Smith

***FINANCIAL SECTION***

# Faust & Associates



Michael C Faust, C.P.A.

McComb, Mississippi

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(601) 684-6382

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Selectmen  
City of McComb City  
McComb, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of McComb City, as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of McComb City, MS, management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McComb City, MS, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2004, on our consideration of the City of McComb, City, MS internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSISSIPPI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

The City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of September 30, 2003.

The management's discussion and analysis and budgetary comparison information on pages 13 through 22 and 49 through 66, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of McComb City, MS, basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of McComb City, MS. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, compliance and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Faust & Associates, CPA's, P.A.  
McComb, MS

April 13, 2004

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *INTRODUCTION*

The discussion and analysis of the City of McComb City's financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2003. The intent of this discussion and analysis is to look at the City's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-6 of this report.

This discussion and analysis is a new element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented. However, since this is the first year of implementation of the new reporting model contained in GASB Statement No. 34, the Statement permits the omission of prior year data in the year of implementation. The City has elected not to present comparative data.

## *FINANCIAL HIGHLIGHTS*

The assets of the City of McComb City exceeded its liabilities at the close of the most recent fiscal year by \$17,323,121 (*net assets*). Of this amount, \$7,042,901 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$348,857. This increase is due to the increase in sales tax collections from the prior year and the acquisition of assets for recreation from the special projects funds.

The City had \$12,561,180 in total revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,916,218, or 39 percent of total revenues. General revenues in the form of taxes, grants and contributions not restricted to specific programs, unrestricted investment earnings and other revenue account for \$7,644,962, or 61 percent of total revenues.

The City had \$12,212,323 in total expenses. Expenses in the amount of \$4,916,218 were offset by program specific revenues in the form of charges for services and operating grants and contributions. General revenues of \$7,644,962 were adequate to provide for the remainder of the expenses.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,195,159, a decrease of \$789,254 in comparison with the prior year. This decrease is due primarily to the expenditures of over \$550,000 on street improvement projects.

Among major funds, the General Fund had \$7,951,374 in revenues and \$7,800,629 in expenditures. The General Fund's fund balance decreased \$515,851 from the prior year. This decrease is due primarily to the transfer of funds to the street capital project fund. The Special Projects Fund had \$133,731 in revenues and \$635,878 in expenditures. The Special Projects Fund's fund balance decreased \$369,710 due primarily to the expenditure for recreation areas in the city. The CDBG Block Grant Fund had \$437,100 in revenues and \$594,199 in expenditures. After transfers in from other funds, the CDBG Block Grant Fund's fund balance was zero at the end of the fiscal year. The City General Obligation Bond Fund had \$357,508 in revenues and \$217,713 in expenditures. The City General Obligation Bond Fund's fund balance increased \$20,878 from the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,032,985, or 52 percent of total general fund expenditures.

Governmental activities - capital assets, net of accumulated depreciation, increased by \$3,013,482. This increase is due primarily to the addition of infrastructure during the fiscal year. Business-type activities - capital assets, net of accumulated depreciation, increased by \$2,005,396. This increase is due primarily to the purchase of furniture and equipment during the fiscal year.

Long-term debt for governmental activities increased by \$13,303. During the fiscal year the City issued refunding general obligation bonds in the amount of \$2,280,000 to refund old general obligation bonds in the amount of \$2,320,000. Long-term debt for business-type activities decreased by \$340,495. During the fiscal year the City issued revenue refunding bonds in the amount of \$3,115,000 to refund old revenue bonds in the amount of \$3,015,000.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Figure 1 – Required Components of the City's Annual Report**

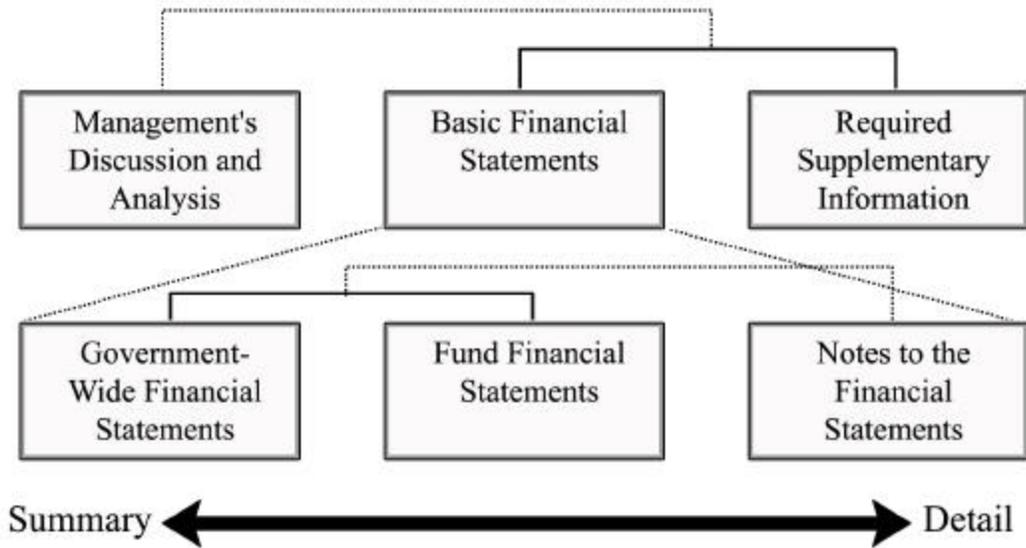


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements.

**Figure 2 – Major Features of the City’s Government-Wide and Fund Financial Statements**

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	<b>Entire City government (except fiduciary funds) and component units</b>	<b>All activities of the City that are not business-type or fiduciary in nature</b>	<b>Activities of the City that operate similar to private businesses</b>	<b>The City is the trustee or agent for someone else’s resources</b>

<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>● Statement of net assets</li> <li>● Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>● Balance sheet</li> <li>● Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>● Statement of net assets</li> <li>● Statement of revenues, expenses and changes in net assets</li> <li>● Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>● Statement of fiduciary net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to private-sector businesses.

The **statement of net assets** presents information on all of the City’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from

other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; economic development; internal services; contributions to state PERS; other services and interest on long-term debt. The business-type activities of the City include the water and sewer authority.

The Government-wide Financial Statements can be found on pages 24-25 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a city's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 26 and 28, respectively.

The City maintains individual governmental funds in accordance with the *Municipal Audit and Accounting Guide* issued by the Mississippi Office of the State Auditor. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 26 thru 28 of this report.

**Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Water and Sewer Authority. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements can be found on pages 30 thru 32 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City's fiduciary activities are presented in a separate Statement of Fiduciary Net Assets, which can be found on page 33 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 34 thru 45 of this report. In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional governmental fund. This required supplementary information can be found on pages 49 thru 66 of this report.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

**Net Assets** – Net assets may serve over time as a useful indicator of the government's financial position. In the case of the City of McComb City, assets exceeded liabilities by \$17,323,121 as of September 30, 2003.

The City's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$10,007,114 of the City's net assets (58%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, furniture and equipment and mobile equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. \$273,106 of the City's net assets (2%) reflects its restricted net assets. A portion of the restricted net assets is expendable for debt service and other purposes. \$7,042,901 of the City's net assets (40%) reflects its unrestricted net assets.

The City's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the City's net assets for the fiscal year ended September 30, 2003.

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Current assets	\$ 8,074,469	\$ 2,175,215
Capital assets, net	<u>5,063,784</u>	<u>10,203,330</u>
Total assets	<u>13,138,253</u>	<u>12,378,545</u>
Current liabilities	826,546	666,754
Long-term debt outstanding	<u>3,701,363</u>	<u>2,999,014</u>
Total liabilities	<u>4,527,909</u>	<u>3,665,768</u>
Net assets:		
Invested in capital assets, net of related debt	2,698,784	7,308,330
Restricted	273,106	0
Unrestricted	<u>5,638,454</u>	<u>1,404,447</u>
Total net assets	<u>\$ 8,610,344</u>	<u>\$ 8,712,777</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- Infrastructure was added to the City's inventory, due to accounting changes implemented by the "Governmental Accounting Standards Board". This resulted in an additional \$2,420,974 of capital assets being booked for the first time in the 2003 fiscal year.
- Business-type activities capital assets increased by approximately \$2,300,000 from the purchase of furniture and equipment during the fiscal year.

**Changes in Net Assets** – The City's total revenues for the fiscal year ended September 30, 2003 were \$12,561,180. The total cost for all services provided was \$12,212,323. The increase in net assets was \$348,857. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2003.

Revenues:	<u>Amount</u>
Program revenues	
Charges for services	\$ 4,227,531
Operating grants and contributions	688,687
General revenues	
Taxes	7,181,241
Grants and contributions not restricted to specific programs	153,284
Unrestricted investment earnings	217,707
Other	<u>92,730</u>
Total Revenues	<u>12,561,180</u>

Expenses:	
General government	1,226,749
Public safety	4,312,279
Public works	2,046,877
Health and welfare	63,785
Culture and recreation	572,638
Economic development	42,178
Water and sewer	3,271,728
Other expenses	<u>676,089</u>
Total Expenses	<u>12,212,323</u>
 Increase in Net Assets	 <u>\$ 348,857</u>

**Governmental Activities** – The following table presents the cost of several major functional activities of the City: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Economic Development and Other Expenses.

The table also shows each function’s net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity). The net cost shows the financial burden that was placed on taxpayers by each of these functions.

	<u>Total Costs</u>	<u>Net Costs</u>
General Government	\$ 1,226,749	\$ 550,131
Public Safety	4,312,279	3,797,439
Public Works	2,046,877	1,449,381
Health and Welfare	63,785	63,785
Culture and Recreation	572,638	544,159
Economic Development	42,178	42,178
Other Expenses	676,089	676,089

**Business-type Activities** – The following table presents the cost of water and sewer activities of the City. The table also shows the net cost (total cost less charges for services generated by the activity). The net cost shows the financial burden that was placed on taxpayers by these activities.

	<u>Total Costs</u>	<u>Net Costs</u>
Water and Sewer	\$ 3,271,728	\$ 172,943

## ***FINANCIAL ANALYSIS OF THE CITY'S FUNDS***

**Governmental funds** – At the close of the fiscal year, the City's governmental funds reported a combined fund balance of \$7,195,159, a decrease of \$789,254. The primary reasons for this decrease are highlighted in the financial highlights section.

The General Fund is the principal operating fund of the City. The decrease in the fund balance of the General Fund for the fiscal year was \$515,851. This decrease was primarily due to operating transfers to other funds.

**Business-type funds** – At the close of the fiscal year, the City's proprietary fund reported total net assets of \$8,712,777. Operating revenues totaled \$3,098,785 and operating expenses totaled \$3,020,563 resulting in operating income of \$78,222. After non-operating expenses of \$183,826 and transfers out of \$157,099, the change in net assets in the proprietary fund was a decrease of \$262,703.

## ***BUDGETARY HIGHLIGHTS OF MAJOR FUNDS***

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund and other funds is provided in this report as required supplementary information.

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets** – As of September 30, 2003, the City's total capital assets was \$29,633,169. This includes land, infrastructure, buildings, furniture and equipment and mobile equipment. This amount represents an increase from the previous year of \$6,061,439. The majority of this increase is due to the reporting of infrastructure for the first time in the amount of \$2,420,974 and the purchase of furniture and equipment in the amount of \$2,858,517.

Total accumulated depreciation as of September 30, 2003 was \$14,366,055, including \$1,042,561 of depreciation expense for the year. The balance in total net capital assets was \$15,267,114 at year-end.

Additional information on the City's capital assets can be found in note 3 on page 42 of this report.

**Debt Administration** – At September 30, 2003, the City had \$6,700,377 in long-term debt outstanding. This includes general obligation bonds, revenue bonds, special assessment debt and compensated absences payable. Of this debt, \$784,938 is due within one year.

During the fiscal year, the City issued general obligation refunding bonds and revenue refunding bonds in order to retire old general obligation and revenue bonds.

The City maintains an “A-” bond rating from Moody’s. The State of Mississippi limits the amount of debt a city can issue to generally 15% of total assessed value. The City’s outstanding debt is significantly below its current limit of 10 million dollars.

Additional information on the City’s long-term debt can be found in note 2 on page 39 of this report.

### ***CURRENT AND FUTURE ITEMS OF IMPACT***

The City of McComb City has an unemployment rate of 4.6% versus 5.9% a year ago. This rate is the lowest rate in over ten years. This compares favorably with the state average rate of 5.6%.

Inflationary trends in the City compare favorably to national indices.

These factors have been considered in preparing the City’s budget for the 2004 fiscal year.

### ***CONTACTING THE CITY’S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of McComb City at P O Box 667 McComb, Mississippi 39649.

***BASIC FINANCIAL STATEMENTS***

**City of McComb City**  
**Statement of Net Assets**  
**September 30, 2003**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,945,049	\$ 815,517	\$ 7,760,566
Receivables (net of allowance for uncollectibles)	1,052,603	402,406	1,455,009
Inventories	6,669	-	6,669
Deferred charges	70,148	101,784	171,932
Restricted Assets	-	855,508	855,508
Capital Assets, net	5,063,784	10,203,330	15,267,114
<b>Total assets</b>	<b>\$ 13,138,253</b>	<b>\$ 12,378,545</b>	<b>\$ 25,516,798</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 753,514	\$ 270,188	\$ 1,023,702
Deferred revenue	55,648	-	55,648
Accrued interest payable	17,384	101,952	119,336
Liabilities payable from restricted assets	-	294,614	294,614
Long term liabilities (due with one year)			
Capital related liabilities	270,000	445,000	715,000
Non-capital liabilities	66,818	3,120	69,938
Long term liabilities (due beyond one year)			
Capital related liabilities	2,095,000	2,450,000	4,545,000
Non-capital liabilities	1,269,545	100,894	1,370,439
<b>Total liabilities</b>	<b>4,527,909</b>	<b>3,665,768</b>	<b>8,193,677</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,698,784	7,308,330	10,007,114
Restricted for:			
Debt service	227,703	-	227,703
Other purposes	45,403	-	45,403
Unrestricted	5,638,454	1,404,447	7,042,901
<b>Total net assets</b>	<b>8,610,344</b>	<b>8,712,777</b>	<b>17,323,121</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,138,253</b>	<b>\$ 12,378,545</b>	<b>\$ 25,516,798</b>

The notes to the financial statements are an integral part of this statement.

**City of McComb City  
Statement of Activities  
For the Year Ended September 30, 2003**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 1,226,749	\$ 676,618	\$ -	\$ -	\$ (550,131)	\$ -	\$ (550,131)
Public safety	4,312,279	316,371	198,469	-	(3,797,439)	-	(3,797,439)
Public works	2,046,877	111,278	486,218	-	(1,449,381)	-	(1,449,381)
Health and welfare	63,785	-	-	-	(63,785)	-	(63,785)
Culture and recreation	572,638	24,479	4,000	-	(544,159)	-	(544,159)
Economic development	42,178	-	-	-	(42,178)	-	(42,178)
Internal services	270,909	-	-	-	(270,909)	-	(270,909)
Contributions to state PERS	171,634	-	-	-	(171,634)	-	(171,634)
Other services	3,970	-	-	-	(3,970)	-	(3,970)
Interest and other expenses on long-term debt	229,576	-	-	-	(229,576)	-	(229,576)
<b>Total governmental activities</b>	<b>8,940,595</b>	<b>1,128,746</b>	<b>688,687</b>	<b>-</b>	<b>(7,123,162)</b>	<b>-</b>	<b>(7,123,162)</b>
<b>Business-type activities:</b>							
Water and Sewer	3,271,728	3,098,785	-	-	-	(172,943)	(172,943)
<b>Total Business-type activities</b>	<b>3,271,728</b>	<b>3,098,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(172,943)</b>	<b>(172,943)</b>
<b>Total primary government</b>	<b>\$ 12,212,323</b>	<b>\$ 4,227,531</b>	<b>\$ 688,687</b>	<b>\$ -</b>	<b>(7,123,162)</b>	<b>(172,943)</b>	<b>(7,296,105)</b>
<b>General revenues:</b>							
Property taxes					2,022,507	-	2,022,507
Sales taxes					4,453,569	-	4,453,569
Motor fuel taxes					20,340	-	20,340
Alcoholic beverage taxes					12,825	-	12,825
Other taxes					672,000	-	672,000
Grants and contributions not restricted to specific programs					153,284	-	153,284
Unrestricted investment earnings					150,368	67,339	217,707
Other					92,730	-	92,730
Gain on sale of capital assets					-	-	-
<b>Total general revenues</b>					<b>7,577,623</b>	<b>67,339</b>	<b>7,644,962</b>
Transfers					157,099	(157,099)	-
<b>Total General Revenues, Special Items, Extraordinary Items &amp; Transfers</b>					<b>7,734,722</b>	<b>(89,760)</b>	<b>7,644,962</b>
Change in Net Assets					611,560	(262,703)	348,857
Net Assets - Beginning					7,998,784	8,975,480	16,974,264
Prior Period Adjustments							
Net Assets - Restated					7,998,784	8,975,480	16,974,264
Net Assets - Ending					<b>\$ 8,610,344</b>	<b>\$ 8,712,777</b>	<b>\$ 17,323,121</b>

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**Balance Sheet - Governmental Funds**  
**September 30, 2003**

	Major Funds				Other Govern- mental Funds	Total Governmental Funds
	General Fund	Special Projects Fund	CDBG Block Grant Fund	City General Obligation Bond Fund		
<b>ASSETS</b>						
Cash in banks	\$ -	\$ -	\$ 157,099	\$ -	\$ 41,377	\$ 198,476
Cash in tax collector's accounts	3,790,436	1,114,879	5,200	127,997	1,710,018	6,748,530
Funds on deposit with State of MS	-	(1,957)	-	-	-	(1,957)
Taxes receivable	145,268	-	-	10,503	19,071	174,842
Accounts receivable	487,661	26,911	83,995	-	14,201	612,768
Note receivable	-	-	-	-	264,993	264,993
Due from other funds	22,029	-	-	-	3,300	25,329
Inventories	6,669	-	-	-	-	6,669
Total assets	<u>\$ 4,452,063</u>	<u>\$ 1,139,833</u>	<u>\$ 246,294</u>	<u>\$ 138,500</u>	<u>\$ 2,052,960</u>	<u>\$ 8,029,650</u>
<b>LIABILITIES &amp; FUND BALANCES</b>						
Liabilities:						
Vouchers payable	\$ 371,333	\$ 70,611	\$ 246,294	\$ -	\$ 65,276	\$ 753,514
Due to other funds	-	-	-	-	25,329	25,329
Deferred revenue	41,076	-	-	8,285	6,287	55,648
Total liabilities	<u>412,409</u>	<u>70,611</u>	<u>246,294</u>	<u>8,285</u>	<u>96,892</u>	<u>834,491</u>
Fund balances:						
Reserved for:						
Inventory	6,669	-	-	-	-	6,669
Non-current note receivable	-	-	-	-	205,042	205,042
Unreserved, Undesignated, reported in:						
General fund	4,032,985	-	-	-	-	4,032,985
Special revenue funds	-	1,069,222	-	-	1,706,302	2,775,524
Debt service funds	-	-	-	130,215	44,724	174,939
Total fund balances	<u>4,039,654</u>	<u>1,069,222</u>	<u>-</u>	<u>130,215</u>	<u>1,956,068</u>	<u>7,195,159</u>
Total liabilities and fund balances	<u>\$ 4,452,063</u>	<u>\$ 1,139,833</u>	<u>\$ 246,294</u>	<u>\$ 138,500</u>	<u>\$ 2,052,960</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,063,784
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	70,148
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,718,747)
Net assets of governmental activities	<u>\$ 8,610,344</u>

**City of McComb City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds**  
**For the Year Ended September 30, 2003**

	Major Funds				Other Govern- mental Funds	Total Governmental Funds
	General Fund	Special Projects Fund	CDBG Block Grant Fund	City General Obligation Bond Fund		
<b>REVENUES</b>						
Taxes	\$ 1,943,659	\$ -	\$ -	\$ 347,293	\$ 253,761	\$ 2,544,713
Licenses and permits	626,618	-	-	-	-	626,618
State shared revenues	4,610,595	114,902	-	-	75,165	4,800,662
Federal shared revenues	-	-	437,100	-	63,690	500,790
Local government revenues	211,050	-	-	-	-	211,050
Recreation fees	12,089	-	-	-	2,320	14,409
Cemetery fees	-	-	-	-	29,850	29,850
Fines and forfeits	313,839	-	-	-	2,532	316,371
Rents	10,070	-	-	-	-	10,070
Interest income	86,109	18,728	-	10,215	35,316	150,368
Employee withholdings	-	-	-	-	5,284	5,284
Miscellaneous income	137,345	-	-	-	-	137,345
Contributions	-	101	-	-	-	101
Total revenues	<u>7,951,374</u>	<u>133,731</u>	<u>437,100</u>	<u>357,508</u>	<u>467,918</u>	<u>9,347,631</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,284,421	-	-	-	-	1,284,421
Public safety	3,879,917	135,116	-	-	49,302	4,064,335
Public works	1,962,141	-	594,199	-	40,405	2,596,745
Health and welfare	35,150	-	-	-	-	35,150
Culture and recreation	325,913	500,762	-	-	64,460	891,135
Economic development	42,178	-	-	-	-	42,178
Internal services	270,909	-	-	-	-	270,909
Contributions to State PERS	-	-	-	-	171,634	171,634
Other services	-	-	-	-	3,970	3,970
Debt service:						
Principal	-	-	-	-	20,000	20,000
Interest	-	-	-	217,713	9,610	227,323
Capital outlay:						
Highways and streets	-	-	-	-	553,633	553,633
Cemetery	-	-	-	-	54,776	54,776
Total expenditures	<u>7,800,629</u>	<u>635,878</u>	<u>594,199</u>	<u>217,713</u>	<u>967,790</u>	<u>10,216,209</u>
Excess (deficiency) of revenues over expenditures	<u>150,745</u>	<u>(502,147)</u>	<u>(157,099)</u>	<u>139,795</u>	<u>(499,872)</u>	<u>(868,578)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of refunding bonds	-	-	-	2,280,000	-	2,280,000
Transfers in	329	358,437	157,099	-	536,425	1,052,290
Other financing sources	-	-	-	-	47,425	47,425
Transfers out	(666,925)	(226,000)	-	-	(2,266)	(895,191)
Transfers to MSD	-	-	-	-	(6,283)	(6,283)
Payment to refunded bonds escrows agent	-	-	-	(2,320,000)	-	(2,320,000)
Cost of bond issuance	-	-	-	(78,917)	-	(78,917)
Total other financing sources and uses	<u>(666,596)</u>	<u>132,437</u>	<u>157,099</u>	<u>(118,917)</u>	<u>575,301</u>	<u>79,324</u>
Net change in fund balances	<u>(515,851)</u>	<u>(369,710)</u>	<u>-</u>	<u>20,878</u>	<u>75,429</u>	<u>(789,254)</u>
Fund balances:						
October 1, 2002	4,555,505	1,438,932	-	109,337	1,880,639	7,984,413
September 30, 2003	<u>\$ 4,039,654</u>	<u>\$ 1,069,222</u>	<u>\$ -</u>	<u>\$ 130,215</u>	<u>\$ 1,956,068</u>	<u>\$ 7,195,159</u>

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities**  
**For the Year Ended September 30, 2003**

	<b>Amounts</b>
<b>Net change in fund balances</b>	<b>\$ (789,254)</b>
 Amounts reported in the Statement of Net Activities (Exhibit 2) are different because:	
 Capital outlays are reported as expenditures in governmental funds but are not reported as expenses in the Statement of Activities. Instead, costs associated with capital assets are capitalized in the Statement of Net Assets. (+)	1,848,616
 Depreciation is not an expenditure in governmental funds but is an expense of allocating the cost of capital assets over their useful lives in the Statement of Activities. (-)	(502,394)
 The issuance of long-term refunding debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets. (-)	(2,280,000)
 Repayment of debt principal and the payment to the bond escrow agent is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. (+)	2,340,000
 Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities	
Bond issuance costs (+)	78,917
Amortization of bond issuance costs (-)	(8,769)
 Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Compensated Absences Increases	(73,303)
Accrued interest on debt Increases	(2,253)
 <b>Change in net assets of governmental activities</b>	<b>\$ 611,560</b>

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ 1,854,394	\$ 1,854,394	\$ 1,943,659	\$ -	\$ 89,265
Licenses and permits	514,700	514,700	626,618	-	111,918
State shared revenues	4,017,631	4,017,631	4,610,595	-	592,964
Local government revenues	152,500	152,500	211,050	-	58,550
Recreation fees	4,625	4,625	12,089	-	7,464
Fines and forfeits	350,000	350,000	313,839	-	(36,161)
Rents	9,000	9,000	10,070	-	1,070
Interest income	75,000	75,000	86,109	-	11,109
Miscellaneous income	129,000	129,000	137,345	-	8,345
<b>Total revenues</b>	<u>7,106,850</u>	<u>7,106,850</u>	<u>7,951,374</u>	<u>-</u>	<u>844,524</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,814,134	1,811,634	1,284,421	2,500	527,213
Public safety	4,314,580	4,297,740	3,879,917	16,840	417,823
Public works	2,076,344	2,113,694	1,962,141	(37,350)	151,553
Health and welfare	35,150	35,150	35,150	-	-
Culture and recreation	384,862	367,962	325,913	16,900	42,049
Economic development	42,075	42,275	42,178	(200)	97
Internal services	400,000	400,000	270,909	-	129,091
<b>Total expenditures</b>	<u>9,067,145</u>	<u>9,068,455</u>	<u>7,800,629</u>	<u>(1,310)</u>	<u>1,267,826</u>
Excess (deficiency) of revenues over expenditures	<u>(1,960,295)</u>	<u>(1,961,605)</u>	<u>150,745</u>	<u>(1,310)</u>	<u>2,112,350</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	330	329	330	(1)
Transfers out	<u>(382,232)</u>	<u>(666,925)</u>	<u>(666,925)</u>	<u>(284,693)</u>	<u>-</u>
<b>Total other financing sources and uses</b>	<u>(382,232)</u>	<u>(666,595)</u>	<u>(666,596)</u>	<u>(284,363)</u>	<u>(1)</u>
<b>Net change in fund balances</b>	<u>(2,342,527)</u>	<u>(2,628,200)</u>	<u>(515,851)</u>	<u>(285,673)</u>	<u>2,112,349</u>
Fund balances:					
October 1, 2002			<u>4,555,505</u>		
September 30, 2003			<u>\$ 4,039,654</u>		

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**Statement of Net Assets - Proprietary Fund**  
**September 30, 2003**

	<u><b>Business-type Activities - Enterprise Fund</b></u>
	<u><b>Water and Sewer Authority</b></u>
<b>ASSETS</b>	
Current assets:	
Cash in banks	\$ 629,874
Cash in tax collector's accounts	185,643
Accounts receivable	402,406
Total current assets	<u>1,217,923</u>
Noncurrent assets:	
Restricted cash and cash equivalents:	
Customer deposits	294,614
Revenue bonds	560,894
Total restricted assets	<u>855,508</u>
Deferred charges	101,784
Capital assets	18,389,386
Less: accumulated depreciation	<u>(8,186,056)</u>
Total capital assets (net of accumulated depreciation)	<u>10,203,330</u>
Total noncurrent assets	<u>11,160,622</u>
Total assets	<u><u>\$ 12,378,545</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 270,188
Interest payable	101,952
Accrued vacation and sick leave - current	3,120
General obligation bonds payable - current	55,000
Revenue bonds payable - current	390,000
Total current liabilities	<u>820,260</u>
Current liabilities payable from restricted assets:	
Customer deposits payable	<u>294,614</u>
Total current liabilities payable from restricted assets	<u>294,614</u>
Noncurrent liabilities:	
Accrued vacation and sick leave	100,894
General obligation bonds payable	105,000
Revenue bonds payable	2,345,000
Total noncurrent liabilities	<u>2,550,894</u>
Total liabilities	<u>3,665,768</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,308,330
Unrestricted	<u>1,404,447</u>
Total net assets	<u>8,712,777</u>
Total liabilities and net assets	<u><u>\$ 12,378,545</u></u>

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund**  
**For the Year Ended September 30, 2003**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Water and Sewer Authority</b>
Operating revenues:	
Charges for services	\$ 2,379,327
Sanitation fees	719,458
Total operating revenues	3,098,785
Operating expenses:	
Utility billing	68,310
Sanitation	846,965
Construction	217,838
Meter reading	125,444
Maintenance	421,289
Infiltration project	120,224
Waste water treatment	80,368
Water plant	395,342
Water plant repairs	3,868
Special projects	200,748
Depreciation	540,167
Total operating expenses	3,020,563
Operating income (loss)	78,222
Non-operating revenues (expenses):	
Investment earnings	67,339
Interest expense	(251,165)
Total non-operating revenue (expenses)	(183,826)
Income (loss) before transfers	(105,604)
Transfers out	(157,099)
Change in net assets	(262,703)
Total net assets - beginning	8,975,480
Total net assets - ending	\$ 8,712,777

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**Statement of Cash Flows - Proprietary Fund**  
**For the Year Ended September 30, 2003**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Water and Sewer Authority</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 3,015,983
Payments to suppliers	(1,754,678)
Payments to employees	(678,478)
Net cash provided by operating activities	<u>582,827</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers to other funds	(157,099)
Net cash provided (used) by noncapital financing activities	<u>(157,099)</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchases of capital assets	(2,545,563)
Proceeds from refunding bonds	3,115,000
Principal paid on capital debt	(3,450,000)
Interest paid on capital debt	(251,165)
Net cash provided (used) by capital and related financing activities	<u>(3,131,728)</u>
<b>Cash flows from investing activities:</b>	
Interest received	67,339
Net cash provided by investing activities	<u>67,339</u>
Net increase (decrease) in cash	(2,638,661)
Cash and cash equivalents, October 1:	
In bank accounts	3,226,885
In restricted accounts	938,227
In tax collector's accounts	144,574
Total cash and cash equivalents, October 1	<u>4,309,686</u>
Cash and cash equivalents, September 30:	
In bank accounts	924,488
In restricted accounts	560,894
In tax collector's accounts	185,643
Total cash and cash equivalents, September 30	<u>\$ 1,671,025</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ 78,222
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	540,167
(Increase) decrease in accounts receivable	(82,802)
(Increase) decrease in deferred charges	(28,903)
Increase (decrease) in interest payable	16,177
Increase (decrease) in accounts payable	60,433
Increase (decrease) in accrued vacation and sick leave	(5,495)
Increase in customer deposits	5,028
Total adjustments	<u>504,605</u>
Net cash provided by operating activities	<u>\$ 582,827</u>

The notes to the financial statements are an integral part of this statement.

**City of McComb**  
**Statement of Fiduciary Obligations - Agency Funds**  
**September 30, 2003**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash in tax collector's accounts	\$ 151,111
Taxes receivable	<u>271,782</u>
Total Assets	<u><u>422,893</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>422,893</u>
Total Liabilities	<u><u>\$ 422,893</u></u>

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2003**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of McComb City, Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The city operates under a Mayor-Selectmen form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, inspections and zoning, and general administrative services. The following is a summary of the more significant policies:

**A. REPORTING ENTITY**

The financial statements of the reporting entity include those of the City of McComb City. There are no component units.

**RELATED ORGANIZATIONS**

McComb School District—This potential component unit has both elected and appointed board members and provides services to residents, and non-residents of the government. The city appoints a majority of the board. This potential component unit is excluded from the reporting entity because the government does not have the ability to exercise influence over its daily operations. The school district is responsible for setting its own budget and assessing its own taxes, and the majority of the district's revenues are derived from state sources. If the City of McComb City was to cease existing it is probable that the McComb School District would continue in existence. It is the opinion of management that no financial benefit will be provided or that no financial burden will be imposed on the City of McComb City by this potential component unit.

McComb Housing Authority—Board members of the Authority are appointed by the city. The city does not provide funding and has no obligation for the debt issued by the Authority and cannot impose its will.

**JOINTLY GOVERNED ORGANIZATIONS**

Pike Amite Walthall Library—This potential component unit has appointed board members and provides services to residents, generally within the geographic boundaries of the government. The city does not appoint a majority of the board. This potential component unit is excluded from the reporting entity because the government does not have the ability to exercise influence over its daily operations.

Southwest Mississippi Regional Medical Center—The Medical Center is a public trust created to provide medical care and is governed by a board composed of appointees by the city, Pike County and Amite County. The city has no equity interest other than approval of property transactions involving the Medical Center. Financial statements for the Medical Center can be obtained directly from the Medical Center.

McComb Pike County Airport Board—The Airport is a public trust created to operate a local airport and is governed by a board composed of appointees from the city and Pike County. Financial statements for the Airport may be obtained from Pike County.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the

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**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Projects Fund – This fund accounts for the resources used for special projects as determined by the Board of Selectman.

CDBG Block Grant Fund – This fund accounts for the resources of the CDBG West Interceptor grant.

City General Obligation Bond Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The government reports the following major proprietary fund:

Water and Sewer Authority Fund - This fund accounts for the activities of the Authority which include the operation of the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

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**City of McComb City**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

Additionally, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs. Revenues for this purpose include ad valorem property taxes, special assessment taxes, and investment interest income.

Capital Projects Funds - Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Authority are charges to customers for services. The Authority also recognizes sanitation fees as operating revenue. Operating expenses for the Authority include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The city follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Finance Director submits to the Board of Mayor and Selectmen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to or on September 15, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
5. Budgets for the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Trust funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end.

Budgeted amounts are as originally adopted, or as amended by the Board of Mayor and Selectmen. Appropriations are budgeted at the department level. The management of the city has no authority to amend the budget at the department level or higher. City and state laws and ordinances require the Board of Mayor and Selectmen authorize

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**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

all budget amendments. Individual amendments were not material in relation to the original appropriations. Expenditures may not legally exceed budgeted appropriations at the department level.

**E. CASH AND INVESTMENTS**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U. S. Treasury, the State of Mississippi and its political subdivisions.

Investments are stated at cost or amortized cost.

Deposits. At year-end, the carrying amount of the government's deposits was \$8,767,185 and the bank balance was \$8,866,505. Of the bank balance, \$284,444 was covered by federal depository insurance and \$8,582,061 was covered by pledged securities held by the State Treasurer's Office.

**F. INTERFUND ASSETS/LIABILITIES and TRANSFERS**

The following is a summary of due from/to other funds and transfers in/out.

	<b>Due From</b>	<b>Due To</b>
Major Funds:		
General Fund	\$ 22,029	\$ 0
MSD General Obligation	0	11,357
Non-major Funds	3,300	13,972
Total	\$ 25,329	\$ 25,329
	<b>Transfers in</b>	<b>Transfers out</b>
Major Funds:		
General Fund	\$ 329	\$ 666,925
Special Projects Fund	358,437	226,000
CDBG Block Grant Fund	157,099	0
Non-major Funds	536,425	2,266
Enterprise Fund	0	157,099
Total	\$ 1,052,290	\$ 1,052,290

The due to from other funds arise from short-term borrowings to meet cash requirements. Operating transfers arise primarily from the Board of Selectman moving money to the proper fund for expenditure.

**G. INVENTORIES**

Inventory is valued at average cost. Inventory of \$6,669 in the General Fund consists of expendable supplies held for consumption. The costs of governmental fund-type inventories are determined by the consumption method. Costs are recorded as expenditures when consumed rather than when purchased.

**H. RESTRICTED ASSETS**

Certain proceeds of the Water and Sewer Authority enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Cash related to customer deposits is also reported as restricted assets.

**City of McComb City**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

**I. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and systems	25-30 years
Improvements	10-25 years
Equipment	3-10 years

The City's capitalization policy requires that all assets over \$5,000 be capitalized.

**J. LONG-TERM LIABILITIES**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. ACCUMULATED UNPAID VACATION AND SICK PAY**

Accumulated unpaid vacation and sick pay are accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts are not accrued in governmental funds (using the modified accrual basis of accounting). At September 30, 2003, accumulated unpaid vacation and sick pay of \$1,336,363 were reported.

**L. FUND EQUITY**

In the fund financial statement, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**M. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end are not reported as reservations of fund balances since they did not constitute expenditures or liabilities. All appropriations lapse at year-end.

**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

**N. EDUCATION**

The City of McComb City collects ad valorem tax for the McComb School District. All education expenses shown on the books of the City of McComb City are a pass through of collections on the books of the City of McComb City is a clearing account and all of the income and expenditures of the McComb School District are audited under separate cover.

**O. PROPERTY TAXES**

The financial statements of the various funds reflect the accrual of the estimated 2003 tax levy. The property tax revenues include adjustments of prior years' estimates of taxes receivable and receipt of property taxes from years previously fully reserved.

The following is a brief description of the property tax calendar used by the city.

1. In September of the prior fiscal year receive and adopt assessments from Pike County, Mississippi. Adopt the tax levy for ensuing year.
2. In December mail tax statements to taxpayers and begin collections.
3. On February 1 taxes become delinquent and penalties and interest are added to the taxes.
4. In August publish in a local newspaper a listing of all unpaid property taxes scheduled to be sold at a tax sale.
5. On the last Monday of August hold a public sale of all unpaid property taxes.
6. On September 15 a lien is placed on all property with outstanding taxes.

All taxes not collected within 60 days of the fiscal year end are shown as deferred revenues for financial reporting purposes

**(2) LONG-TERM DEBT**

**GENERAL OBLIGATION BONDS AND NOTES**

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and business-type activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

**GENERAL GOVERNMENT**

During the fiscal year, the Board of Mayor and Selectmen authorized the issuance of \$2,280,000 general obligation refunding bonds with interest rates of 1.0% to 3.3% maturing in fiscal year 2012. Proceeds from these bonds were used to refund both the Street Improvement Bonds of 1991 and the Law Enforcement Complex Bonds of 1992 in the 2003 fiscal year. As a result of this refunding the city will reduce its debt service payment over the remaining life of the bonds by \$320,747. This will result in an economic gain in fiscal year 2003 (difference between the present values of the new and old debt service payments) of \$291,838. This debt will be retired from the City General Obligation Bond Fund.

**PROPRIETARY**

On June 1, 1985, the Board of Mayor and Selectmen authorized the issuance of \$400,000 general obligation bonds with interest of 7.7% to 10.5% maturing in fiscal year 2005. The outstanding bonds, as of September 30, 2003 are

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**City of McComb City**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

\$70,000. All bonds due to mature in the years 1996 through 2005 are subject to redemption on June 1, 1995 or any anniversary date thereafter. This debt will be retired from the Water and Sewer Enterprise Fund.

On August 26, 1986, the Board of Mayor and Selectmen authorized the issuance of \$350,000 general obligation bonds with interest of 6.5% to 8.0% maturing in fiscal year 2006. The outstanding bonds, as of September 30, 2003 are \$90,000. This issue is without option of prior payment. This debt will be retired from the Water and Sewer Enterprise Fund.

PURPOSE	Interest Rates	Amount
General government	1.0% - 3.3%	\$ 2,280,000
Proprietary	6.50% -10.50%	160,000
		<u>\$ 2,440,000</u>

Annual debt service requirements to maturity for general obligation bonds, including interest of \$318,289 are as follows:

Fiscal year ending September 30	Enterprise Fund	Governmental Funds	Total
2004	\$ 78,675	\$ 309,127	\$ 387,802
2005	73,950	303,180	377,130
2006	33,950	309,737	343,687
2007	0	310,365	310,365
2008	0	309,965	309,965
2009-2013	0	1,029,340	1,029,340
Total	<u>\$ 186,575</u>	<u>\$ 2,571,714</u>	<u>\$ 2,758,289</u>

**SPECIAL ASSESSMENT BONDS**

The City of McComb City issued \$260,000 of special assessment bonds with interest of 7.5% to 9.75% on May 15, 1987. This bond was to provide for the construction of sewer lines to a residential area. These bonds are backed by the full faith and credit of the City of McComb City. The outstanding balance as of September 30, 2003 is \$85,000. This debt will be retired from the City Special Assessment Fund.

Special assessment bond debt service requirements to maturity, including \$18,155 of interest, are as follows:

Fiscal year ending September 30	Amount
2004	26,990
2005	25,365
2006	23,725
2007	27,075
Total	<u>\$ 103,155</u>

**REVENUE REFUNDING BONDS**

During the fiscal year, the Board of Mayor and Selectmen authorized the issuance of \$3,115,000 in combined water and sewer system revenue refunding bonds with interest rates of 2.15% to 3.125% maturing in fiscal year 2010. Proceeds from these bonds were used to refund both the Water and Sewer System Revenue Refunding Bonds of 1989 and the Water and Sewer System Junior lien Revenue Bonds of 1992 in the 2003 fiscal year. As a result of this

**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

refunding the city will reduce its debt service payment over the remaining life of the bonds (2010) by \$457,727. This will result in an economic gain in fiscal year 2003 (difference between the present values of the new and old debt service payments) of \$418,657. This debt will be retired from the Water and Sewer Enterprise Fund.

Purpose	Interest Rates	Amount
Proprietary	2.15% - 3.13%	\$ 2,735,000
Total		\$ 2,735,000

Annual debt service requirements to maturity for special revenue refunding bonds, including interest of \$303,703 are as follows:

Fiscal year ending September 30	Amount
2004	\$ 462,868
2005	463,312
2006	469,713
2007	464,545
2008	393,415
2009-2013	784,850
Total	\$ 3,038,703

**PRIOR YEAR DEFEASANCE OF DEBT**

In prior years the city defeased certain revenue bond obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2003, \$2,220,000 of bonds outstanding are considered defeased.

**COMPENSATED ABSENCES**

In addition to the above mentioned debts the City of McComb City has recorded a debt of \$1,336,363 for the general government and \$104,014 for the proprietary fund which represents a liability for unpaid vacation and sick leave of the city's employees which the city will be obligated to pay at some point in the future.

**CHANGES IN LONG-TERM LIABILITIES**

During the year ended September 30, 2003, the following changes occurred in liabilities reported for the General Government:

	Balance 10/01/02	Additions	Retirements	Balance 9/30/03	Amount due within one year
Compensated absences	\$ 1,263,060	\$ 506,154	\$ 432,851	\$ 1,336,363	\$ 66,818
General obligation	2,320,000	2,280,000	2,320,000	2,280,000	250,000
Special assessment	105,000	0	20,000	85,000	20,000
Total	\$ 3,688,060	\$ 2,786,154	\$ 2,772,851	\$ 3,701,363	\$ 336,818

**City of McComb City**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

During the year ended September 30, 2003, the following changes occurred in liabilities reported for the Proprietary Fund:

	Balance 10/01/02	Additions	Retirements	Balance 9/30/03	Amount due within one year
Compensated absences	\$ 109,509	\$ 0	\$ 5,495	\$ 104,014	\$ 3,120
General obligation Revenue bonds	215,000		55,000	160,000	55,000
	3,015,000	3,115,000	3,395,000	2,735,000	390,000
<b>Total</b>	<b>\$ 3,339,509</b>	<b>\$ 3,115,000</b>	<b>\$ 3,455,495</b>	<b>\$ 2,999,014</b>	<b>\$ 448,120</b>

**(3) CHANGES IN GENERAL FIXED ASSETS**

The following is a summary of changes in capital assets reported for the General Government:

	Balance 10/01/02	Additions	Retirements	Adjustments	Balance 9/30/03
<b>Non-depreciable capital assets:</b>					
Land	\$ 373,622	\$ 4,000	\$ 0	\$ 37,729	\$ 415,351
Infrastructure	0	1,113,414	0	1,117,941	2,231,355
<b>Total non-depreciable capital assets</b>	<b>373,622</b>	<b>1,117,414</b>	<b>0</b>	<b>1,155,670</b>	<b>2,646,706</b>
<b>Depreciable capital assets:</b>					
Buildings	3,293,737	66,488	0	600,810	3,961,035
Equipment	1,556,670	563,494	0	466,241	2,586,405
Mobile equipment	2,503,878	101,220	0	(555,461)	2,049,637
<b>Total depreciable capital assets</b>	<b>7,354,285</b>	<b>731,202</b>	<b>0</b>	<b>511,590</b>	<b>8,597,077</b>
<b>Less accumulated depreciation:</b>					
Buildings	(3,156,072)	(44,930)	0		(3,201,002)
Equipment	(1,335,414)	(255,590)	0		(1,591,004)
Mobile equipment	(1,186,119)	(201,874)	0		(1,387,993)
<b>Total accumulated depreciation</b>	<b>(5,677,605)</b>	<b>(502,394)</b>	<b>0</b>	<b>0</b>	<b>(6,179,999)</b>
<b>Total depreciable capital assets, net</b>	<b>1,676,680</b>	<b>228,808</b>	<b>0</b>	<b>511,590</b>	<b>2,417,078</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,050,302</b>	<b>\$ 1,346,222</b>	<b>0</b>	<b>\$ 1,667,260</b>	<b>\$ 5,063,784</b>

The following is a summary of changes in capital assets reported for the Proprietary Fund:

	Balance 10/01/02	Additions	Retirements	Balance 9/30/03
<b>Non-depreciable capital assets:</b>				
Land	\$ 35,199	\$ 9,375	\$ 0	\$ 44,574
<b>Total non-depreciable capital assets</b>	<b>35,199</b>	<b>9,375</b>	<b>0</b>	<b>44,574</b>
<b>Depreciable capital assets:</b>				
Buildings	8,836,269	0	0	8,836,269
Equipment	6,356,327	2,295,023	0	8,651,350
Mobile equipment	616,028	51,546	0	667,574
Infrastructure		189,619	0	189,619
<b>Total depreciable capital assets</b>	<b>15,808,624</b>	<b>2,536,188</b>	<b>0</b>	<b>18,344,812</b>

**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

Less accumulated depreciation:				
Buildings	(5,460,819)	(260,172)	0	(5,720,991)
Equipment	(1,682,223)	(216,976)	0	(1,899,199)
Mobile equipment	(502,847)	(60,254)	0	(563,101)
Infrastructure		(2,765)	0	(2,765)
Total accumulated depreciation	(7,645,889)	(540,167)	0	(8,186,056)
Total depreciable capital assets, net	8,162,735	1,996,021	0	10,158,756
Business-type activities capital assets, net	\$ 8,197,934	\$ 2,005,396	\$ 0	\$ 10,203,330

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 61,196
Public safety	305,662
Public works	86,478
Health and welfare	28,635
Culture and recreation	20,423
Total depreciation expense – governmental activities	<u>\$ 502,394</u>
Business-type activities:	
Water and Sewer	<u>\$ 540,167</u>
Total depreciation expense – business-type activities	<u>\$ 540,167</u>

**(4) DEFINED BENEFIT PENSION PLAN**

***Public Employees' Retirement System***

The City of McComb City 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

PERS members are required to contribute 7.25% of their annual covered salary and the City of McComb City is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of McComb City contributions to PERS for the years ending September 30, 2003, 2002, and 2001 were \$441,729, \$430,587, and \$403,117, respectively, equal to the required contributions for each year.

The City of McComb City also contributes to the Mississippi Municipal Retirement System of Mississippi ("MMRS"), a cost sharing, multiple-employer defined benefit pension plan. This plan only covers policeman and fireman employed prior to June 1, 1976. MMRS 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

**City of McComb City**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

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

MMRS members are required to contribute 10.0% of their annual covered salary and the City of McComb City is required to contribute at an actuarially determined rate. The current rate is a 2.48 mills tax levy. The contribution requirements of MMRS members are established and may be amended only by the State of Mississippi Legislature. The City of McComb City contributions to MMRS for the years ending September 30, 2003, 2002, and 2001 were \$156,329, \$208,510, and \$214,761, respectively, equal to the required contributions for each year.

**(5) LITIGATION**

The City of McComb City is a defendant in litigation concerning various claims against the city. If the litigants were to prevail in these litigations the financial position of the city could be substantially affected. The city's insurance coverage is \$1,000,000 per each covered event.

Although the outcome of these lawsuits is not presently determinable, in the opinion of the city attorney the resolution of these matters will not have a material adverse effect on the financial condition of the city.

**(6) NONPAYMENT RESOLUTION—C.D.B.G. GRANT, EDGEWOOD MALL**

The City of McComb City is committed to reimburse the Governor's Office of Federal-State Programs, Department of Community Development, for balance of funds should Edgewood Mall Developers fail to make repayment of said funds. Should the repayment not be made, the City of McComb City out of its own resources shall place in a C.D.B.G. trust account an amount equal to the unpaid balance within a time period mutually agreed to by the City of McComb City and the Governor's Office of Federal-State Programs, Department of Community Development. As of September 30, 1993 Edgewood Mall Developers and the State of Mississippi have restructured this loan. As of September 30, 2003 the outstanding balance on this guarantee was \$66,174.

**(7) OTHER DISCLOSURES**

**A. DISABILITY AND RELIEF FUND**

On July 14, 1987, the Board of Mayor and Selectmen authorized the transfer of the Disability and Relief Fund to the Mississippi Public Employment Retirement System. This transfer was made as required under Mississippi Senate Bill No. 2602. The transfer was effective July 1, 1987. The amount transferred was \$467,801.79.

**B. RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The government carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) SUBSEQUENT EVENTS**

On November 7, 2003, the City of McComb received a violation report from the Mississippi Department of Environmental Quality (MDEQ). The report stated that the City had failed to chlorinate/dechlorinate its wastewater at

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**City of McComb City**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2003**

the east and west treatment facilities and further failed to discharge its wastewater through sand filters at the east wastewater treatment facility. The MDEQ assessed a monetary penalty of \$150,000 and proposed four action items to be included in an agreed order. The action items included were: 1.) Weekly sampling for three months, 2.) Split/joint sampling with MDEQ, 3.) Perform a short/long term engineering study of Wastewater Treatment Plants, and 4.) Name a new certified operator.

On November 25, 2003, the City in a letter to the MDEQ agreed to an order from MDEQ to the proposed action items and informed the MDEQ the City plans to seek penalty mitigation utilizing the provisions of the Supplemental Environmental Projects Policy (SEP). Under the provisions of this policy the City would pay 25% (\$37,500) of the penalty in cash and the remaining 75% (\$112,500) would be spent on projects beneficial to the environment and the local community. The cash amount of the penalty could be less if the projects are of "outstanding quality". The proposed projects were:

1. Provide for automated switch over of the Chlorination Systems at each wastewater treatment plant.
2. Provide leak detection and alarm systems at the wastewater treatment facilities.
3. Provide a collection facility for materials removed from restaurant grease traps. This facility would be available to anyone and would provide for the disposal (recycling) of the materials through contract with the City of McComb.
4. Provide Self-Contained Breathing Apparatus (SCBA) at the wastewater treatment facilities.
5. Other projects as may be agreed upon as part of the settlement.

In April 2004, the City received the agreed order from the MDEQ. In the order, the City agreed to pay a monetary penalty amount of \$150,000 as full and complete monetary settlement. The penalty will be payable as follows: 1.) A monetary penalty of \$15,000 will be paid within thirty (30) days after execution of the order, and 2.) The city will be allowed to credit against the civil penalty expenditures of \$135,000 toward the implementation of the Supplemental Environmental Project (SEP).

The City agreed to the following additional remedies concerning the SEP:

1. Implement a SEP by providing treatment and recycling of waste grease from local small generators.
2. Any public statement, oral or written, in print, film, or other media made by the City making reference to the SEP shall include the following language: "This project was undertaken in connection with the settlement of an environmental enforcement action taken by the Mississippi Commission on Environmental Quality."
3. The SEP completion date for final construction is October 31, 2005.
4. The City shall submit an annual report by January 28 following the end of each calendar year for 2006 and 2007. The report shall detail the revenues and expenditures related to the SEP for the previous year.

A Completion Report will be required to be submitted to MDEQ upon completion of the SEP. The MDEQ will have sixty days to either accept or reject the report. In the event that the City does not complete the SEP or the MDEQ rejects the report the City would be liable for the \$135,000 less any amounts expended on the SEP.

At the April 13, 2004, board meeting of the City of McComb City, the board of selectmen, with all members voting aye, approved the agreed order and further authorized the Mayor to sign the order.

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**FIRE PROTECTION FUND** - This fund is used to account for state fire insurance premium refunds which are legally restricted for use in fire protection.

**C.D.B.G. JOBS BILL FUND** - This fund is legally restricted to activities determined to be eligible under C.D.B.G. regulations and the State of Mississippi.

**U.D.A.G. FUND** - This fund is legally restricted to activities determined to be eligible under U.D.A.G. or C.D.B.G. regulations.

**STP FUND** - This fund is used to account for Surface Transportation Projects and is restricted to use as approved by the Mississippi Department of Transportation.

**LIBRARY SUPPORT FUND** - This fund is used to account for property taxes levied for Library support.

**RECREATION SPECIAL FUND** - This fund is used to account for donations that are specifically restricted for use in recreation in the city.

**CASH FORFEITURE FUND** - This fund is used to account for cash forfeitures and is legally restricted in use for public safety purposes.

**FIRE AND POLICE DISABILITY AND RELIEF FUND** - This fund is used to account for taxes levied for special police and fire retirement as well as employee withholdings. This fund is legally restricted to be used only to make contributions as mandated by the State of Mississippi Public Employees Retirement System.

**ANIMAL SHELTER FUND** - This fund is used to account for contributions received by the city which are restricted in their use to the animal shelter.

**CRIME PREVENTION & EDUCATION FUND** - This fund is used to account for fines restricted to use for these purposes.

**LAW ENFORCEMENT GRANT FUND** - This fund is used to account for various law enforcement grants.

**CEMETERY FUND** - This fund is used to account for donations that are restricted for use in cemetery maintenance.

## ***Debt Service Funds***

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principle and interest from special assessment levies when the government is obligated in some manner for the payment.

**MSD GENERAL OBLIGATION BOND FUND** - This fund is used to account for repayment of all McComb School District general obligation bonds administered by the city.

**SPECIAL ASSESSMENTS FUND** - This fund is used to account for all special assessment debts of the city.

## ***Capital Projects Funds***

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**City of McComb City  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2003**

	Special Revenue											Debt Service		Capital Projects	Totals Nonmajor Governmental Funds		
	Fire Protection	C.D.B.G. Jobs Bill	U.D.A.G.	STP	Library Support	Recreation	Cash Forfeiture	Fire & Police D&R	Animal Shelter	Crime Prevention Program	Law Enforcement Grant	Cemetery Fund	MSD General Obligation Bond	Special Assesments Fund		Street Improvement Capital Projects	
<b>Assets</b>																	
Cash in banks	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,377	\$ 41,377
Cash in tax collector's accounts	248,613	588,846	219,796	27,000	7,594	80	32,015	16,773	6,445	0	10,127	508,005	0	44,724	0	0	1,710,018
Funds on deposit with State of MS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes receivable	0	0	0	0	1,722	0	0	5,359	0	0	0	0	11,990	0	0	0	19,071
Accounts receivable	0	0	0	0	0	0	0	0	0	0	14,201	0	0	0	0	0	14,201
Note receivable	0	0	264,993	0	0	0	0	0	0	0	0	0	0	0	0	0	264,993
Due from other funds	0	0	0	0	0	0	0	0	0	0	3,300	0	0	0	0	0	3,300
Total assets	<u>\$ 248,613</u>	<u>\$ 588,846</u>	<u>\$ 484,789</u>	<u>\$ 27,000</u>	<u>\$ 9,316</u>	<u>\$ 80</u>	<u>\$ 32,015</u>	<u>\$ 22,132</u>	<u>\$ 6,445</u>	<u>\$ 0</u>	<u>\$ 27,628</u>	<u>\$ 508,005</u>	<u>\$ 11,990</u>	<u>\$ 44,724</u>	<u>\$ 41,377</u>	<u>\$ 2,052,960</u>	
<b>Liabilities and fund balance</b>																	
Vouchers payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,861	\$ 0	\$ 0	\$ 17,872	\$ 0	\$ 0	\$ 268	\$ 2,898	\$ 0	\$ 0	\$ 41,377	\$ 65,276	
Deferred revenues	0	0	0	0	1,394	0	0	4,260	0	0	0	0	633	0	0	0	6,287
Due to other funds	0	0	0	0	0	0	0	0	0	0	13,972	0	11,357	0	0	0	25,329
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,255</u>	<u>0</u>	<u>0</u>	<u>22,132</u>	<u>0</u>	<u>0</u>	<u>14,240</u>	<u>2,898</u>	<u>11,990</u>	<u>0</u>	<u>41,377</u>	<u>96,892</u>	
Fund balance:																	
Reserved for non current note receivable	0	0	205,042	0	0	0	0	0	0	0	0	0	0	0	0	0	205,042
Reserved for debt service	0	0	0	0	0	0	0	0	0	0	0	0	0	44,724	0	0	44,724
Unreserved, undesignated	248,613	588,846	279,747	27,000	5,061	80	32,015	0	6,445	0	13,388	505,107	0	0	0	0	1,706,302
Total fund balances	<u>248,613</u>	<u>588,846</u>	<u>484,789</u>	<u>27,000</u>	<u>5,061</u>	<u>80</u>	<u>32,015</u>	<u>0</u>	<u>6,445</u>	<u>0</u>	<u>13,388</u>	<u>505,107</u>	<u>0</u>	<u>44,724</u>	<u>0</u>	<u>0</u>	<u>1,956,068</u>
Total liabilities and fund balance	<u>\$ 248,613</u>	<u>\$ 588,846</u>	<u>\$ 484,789</u>	<u>\$ 27,000</u>	<u>\$ 9,316</u>	<u>\$ 80</u>	<u>\$ 32,015</u>	<u>\$ 22,132</u>	<u>\$ 6,445</u>	<u>\$ 0</u>	<u>\$ 27,628</u>	<u>\$ 508,005</u>	<u>\$ 11,990</u>	<u>\$ 44,724</u>	<u>\$ 41,377</u>	<u>\$ 2,052,960</u>	

**City of McComb City**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended September 30, 2003**

	Special Revenue										Debt Service		Projects	Totals Nonmajor Governmental Funds		
	Fire Protection	C.D.B.G. Jobs Bill	U.D.A.G.	STP	Library Support	Recreation	Cash Forfeiture	Fire & Police D&R	Animal Shelter	Crime Prevention Program	Law Enforcement Grant	Cemetery Fund	MSD General Obligation Bond		Special Assesments Fund	Street Improvement Capital Projects
<b>Revenues:</b>																
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,387	\$ 0	\$ 0	\$ 155,146	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,225	\$ 34,003	\$ 0	\$ 253,761
State shared revenues	60,282	0	0	0	0	4,000	0	10,883	0	0	0	0	0	0	0	75,165
Federal shared revenues	0	0	0	40,405	0	0	0	0	0	23,285	0	0	0	0	0	63,690
Recreation fees	0	0	0	0	0	2,320	0	0	0	0	0	0	0	0	0	2,320
Cemetery fees	0	0	0	0	0	0	0	0	0	0	29,850	0	0	0	0	29,850
Fines and forfeits	0	0	0	0	0	0	2,532	0	0	0	0	0	0	0	0	2,532
Interest income	2,927	8,470	14,876	0	123	3	450	321	93	0	205	7,135	58	655	0	35,316
Employee withholding	0	0	0	0	0	0	0	5,284	0	0	0	0	0	0	0	5,284
<b>Total revenues</b>	<b>63,209</b>	<b>8,470</b>	<b>14,876</b>	<b>40,405</b>	<b>58,510</b>	<b>6,323</b>	<b>2,982</b>	<b>171,634</b>	<b>93</b>	<b>0</b>	<b>23,490</b>	<b>36,985</b>	<b>6,283</b>	<b>34,658</b>	<b>0</b>	<b>467,918</b>
<b>Expenditures</b>																
<b>Current:</b>																
Public Safety	0	0	0	0	0	0	0	0	0	0	49,302	0	0	0	0	49,302
Public works	0	0	0	40,405	0	0	0	0	0	0	0	0	0	0	0	40,405
Culture and recreation	0	0	0	0	56,666	7,794	0	0	0	0	0	0	0	0	0	64,460
Contribution to state PERS	0	0	0	0	0	0	0	171,634	0	0	0	0	0	0	0	171,634
Other services	0	0	0	0	0	0	0	0	0	0	3,970	0	0	0	0	3,970
<b>Debt service:</b>																
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	20,000	0	20,000
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	9,610	0	9,610
<b>Capital outlay:</b>																
Highways and streets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	553,633	553,633
Cemetery	0	0	0	0	0	0	0	0	0	0	54,776	0	0	0	0	54,776
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,405</b>	<b>56,666</b>	<b>7,794</b>	<b>0</b>	<b>171,634</b>	<b>0</b>	<b>0</b>	<b>49,302</b>	<b>58,746</b>	<b>0</b>	<b>29,610</b>	<b>553,633</b>	<b>967,790</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>63,209</b>	<b>8,470</b>	<b>14,876</b>	<b>0</b>	<b>1,844</b>	<b>(1,471)</b>	<b>2,982</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>(25,812)</b>	<b>(21,761)</b>	<b>6,283</b>	<b>5,048</b>	<b>(553,633)</b>	<b>(499,872)</b>
<b>Other financing sources (uses):</b>																
Operating transfers in	0	0	0	27,000	0	1,400	0	0	0	0	1,232	0	0	0	506,793	536,425
Sale of equipment and land	0	0	0	0	0	0	0	0	0	0	47,425	0	0	0	0	47,425
Operating transfers (out)	0	0	0	(1,937)	0	0	0	0	0	(329)	0	0	0	0	0	(2,266)
Transfers to MSD	0	0	0	0	0	0	0	0	0	0	0	0	(6,283)	0	0	(6,283)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,063</b>	<b>0</b>	<b>1,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(329)</b>	<b>1,232</b>	<b>47,425</b>	<b>(6,283)</b>	<b>0</b>	<b>506,793</b>	<b>575,301</b>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<b>63,209</b>	<b>8,470</b>	<b>14,876</b>	<b>25,063</b>	<b>1,844</b>	<b>(71)</b>	<b>2,982</b>	<b>0</b>	<b>93</b>	<b>(329)</b>	<b>(24,580)</b>	<b>25,664</b>	<b>0</b>	<b>5,048</b>	<b>(46,840)</b>	<b>75,429</b>
<b>Fund balances at beginning of year</b>	<b>185,404</b>	<b>580,376</b>	<b>469,913</b>	<b>1,937</b>	<b>3,217</b>	<b>151</b>	<b>29,033</b>	<b>0</b>	<b>6,352</b>	<b>329</b>	<b>37,968</b>	<b>479,443</b>	<b>0</b>	<b>39,676</b>	<b>46,840</b>	<b>1,880,639</b>
<b>Fund balances at end of year</b>	<b>\$ 248,613</b>	<b>\$ 588,846</b>	<b>\$ 484,789</b>	<b>\$ 27,000</b>	<b>\$ 5,061</b>	<b>\$ 80</b>	<b>\$ 32,015</b>	<b>\$ 0</b>	<b>\$ 6,445</b>	<b>\$ 0</b>	<b>\$ 13,388</b>	<b>\$ 505,107</b>	<b>\$ 0</b>	<b>\$ 44,724</b>	<b>\$ 0</b>	<b>\$ 1,956,068</b>

The notes to the financial statements are an integral part of this statement.

**City of McComb City**  
**Special Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
State shared revenues	\$ 25,000	\$ 125,000	\$ 114,902	\$ 100,000	\$ (10,098)
Interest income	25,000	25,000	18,728	-	(6,272)
Contributions	100	100	101	-	1
<b>Total revenues</b>	<u>50,100</u>	<u>150,100</u>	<u>133,731</u>	<u>100,000</u>	<u>(16,369)</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	50,000	150,000	135,116	(100,000)	14,884
Culture and recreation	<u>1,527,080</u>	<u>1,529,580</u>	<u>500,762</u>	<u>(2,500)</u>	<u>1,028,818</u>
<b>Total expenditures</b>	<u>1,577,080</u>	<u>1,679,580</u>	<u>635,878</u>	<u>(102,500)</u>	<u>1,043,702</u>
Excess (deficiency) of revenues over expenditures	<u>(1,526,980)</u>	<u>(1,529,480)</u>	<u>(502,147)</u>	<u>(2,500)</u>	<u>1,027,333</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	354,000	356,500	358,437	2,500	1,937
Transfers out	(226,000)	(226,000)	(226,000)	-	-
<b>Total other financing sources and uses</b>	<u>128,000</u>	<u>130,500</u>	<u>132,437</u>	<u>2,500</u>	<u>1,937</u>
<b>Net change in fund balances</b>	<u>(1,398,980)</u>	<u>(1,398,980)</u>	<u>(369,710)</u>	<u>-</u>	<u>1,029,270</u>
Fund balances:					
October 1, 2002			<u>1,438,932</u>		
September 30, 2003			<u>\$ 1,069,222</u>		

**City of McComb City**  
**CDBG Block Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Federal shared revenues	\$ 450,000	\$ 450,000	\$ 437,100	\$ -	\$ (12,900)
Total revenues	450,000	450,000	437,100	-	(12,900)
<b>EXPENDITURES</b>					
Current:					
Public works	1,200,000	1,148,270	594,199	51,730	554,071
Total expenditures	1,200,000	1,148,270	594,199	51,730	554,071
Excess (deficiency) of revenues over expenditures	(750,000)	(698,270)	(157,099)	51,730	541,171
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	750,000	698,270	157,099	(51,730)	(541,171)
Total other financing sources and uses	750,000	698,270	157,099	(51,730)	(541,171)
Net change in fund balances	-	-	-	-	-
Fund balances:					
October 1, 2002			-		
September 30, 2003			<u>\$ -</u>		

**City of McComb City**  
**City General Obligation Bond Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ 344,615	\$ 344,615	\$ 347,293	\$ -	\$ 2,678
Interest income	-	-	10,215	-	10,215
Total revenues	<u>344,615</u>	<u>344,615</u>	<u>357,508</u>	<u>-</u>	<u>12,893</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	190,000	2,320,000	2,320,000	(2,130,000)	-
Interest	<u>154,615</u>	<u>322,615</u>	<u>217,713</u>	<u>(168,000)</u>	<u>104,902</u>
Total expenditures	<u>344,615</u>	<u>2,642,615</u>	<u>2,537,713</u>	<u>(2,298,000)</u>	<u>104,902</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,298,000)</u>	<u>(2,180,205)</u>	<u>(2,298,000)</u>	<u>117,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of general obligation bonds	-	2,300,000	2,280,000	2,300,000	(20,000)
Cost of bond issuance	<u>-</u>	<u>(80,000)</u>	<u>(78,917)</u>	<u>(80,000)</u>	<u>1,083</u>
Total other financing sources and use:	<u>-</u>	<u>2,220,000</u>	<u>2,201,083</u>	<u>2,220,000</u>	<u>(18,917)</u>
Net change in fund balances	<u>-</u>	<u>(78,000)</u>	<u>20,878</u>	<u>(78,000)</u>	<u>98,878</u>
Fund balances:					
October 1, 2002			<u>109,337</u>		
September 30, 2003			<u>\$ 130,215</u>		

**City of McComb City**  
**Fire Protection Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
State shared revenues	\$ 52,000	\$ 52,000	\$ 60,282	\$ -	\$ 8,282
Interest income	1,000	1,000	2,927	-	1,927
Total revenues	<u>53,000</u>	<u>53,000</u>	<u>63,209</u>	<u>-</u>	<u>10,209</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	<u>33,000</u>	<u>33,000</u>	<u>63,209</u>	<u>-</u>	<u>30,209</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>33,000</u>	<u>33,000</u>	<u>63,209</u>	<u>-</u>	<u>30,209</u>
Fund balances:					
October 1, 2002			<u>185,404</u>		
September 30, 2003			<u>\$ 248,613</u>		

**City of McComb City**  
**C.D.B.G. Jobs Bill Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Interest income	\$ 9,000	\$ 9,000	\$ 8,470	\$ -	\$ (530)
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>8,470</u>	<u>-</u>	<u>(530)</u>
<b>EXPENDITURES</b>					
Current:					
Public works	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,000</u>	<u>9,000</u>	<u>8,470</u>	<u>-</u>	<u>(530)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>9,000</u>	<u>9,000</u>	<u>8,470</u>	<u>-</u>	<u>(530)</u>
Fund balances:					
October 1, 2002			<u>580,376</u>		
September 30, 2003			<u>\$ 588,846</u>		

**City of McComb City**  
**U.D.A.G. Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Interest income	\$ 9,000	\$ 20,400	\$ 14,876	\$ 11,400	\$ (5,524)
Total revenues	<u>9,000</u>	<u>20,400</u>	<u>14,876</u>	<u>11,400</u>	<u>(5,524)</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,000</u>	<u>20,400</u>	<u>14,876</u>	<u>11,400</u>	<u>(5,524)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>9,000</u>	<u>20,400</u>	<u>14,876</u>	<u>11,400</u>	<u>(5,524)</u>
Fund balances:					
October 1, 2002			<u>469,913</u>		
September 30, 2003			<u>\$ 484,789</u>		

**City of McComb City**  
**STP Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Federal shared revenues	\$ 241,521	\$ 250,000	\$ 40,405	\$ 8,479	\$ (209,595)
Total revenues	<u>241,521</u>	<u>250,000</u>	<u>40,405</u>	<u>8,479</u>	<u>(209,595)</u>
<b>EXPENDITURES</b>					
Current:					
Public works	<u>268,521</u>	<u>268,521</u>	<u>40,405</u>	<u>-</u>	<u>228,116</u>
Total expenditures	<u>268,521</u>	<u>268,521</u>	<u>40,405</u>	<u>-</u>	<u>228,116</u>
Excess (deficiency) of revenues over expenditures	<u>(27,000)</u>	<u>(18,521)</u>	<u>-</u>	<u>8,479</u>	<u>18,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	27,000	27,000	27,000	-	-
Transfers out	<u>-</u>	<u>(1,937)</u>	<u>(1,937)</u>	<u>(1,937)</u>	<u>-</u>
Total other financing sources and use	<u>27,000</u>	<u>25,063</u>	<u>25,063</u>	<u>(1,937)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>6,542</u>	<u>25,063</u>	<u>6,542</u>	<u>18,521</u>
Fund balances:					
October 1, 2002			<u>1,937</u>		
September 30, 2003			<u>\$ 27,000</u>		

**City of McComb City**  
**Library Support Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ 57,657	\$ 57,657	\$ 58,387	\$ -	\$ 730
Interest income	-	-	123	-	123
Total revenues	<u>57,657</u>	<u>57,657</u>	<u>58,510</u>	<u>-</u>	<u>853</u>
<b>EXPENDITURES</b>					
Current:					
Culture and recreation	<u>57,657</u>	<u>57,657</u>	<u>56,666</u>	<u>-</u>	<u>991</u>
Total expenditures	<u>57,657</u>	<u>57,657</u>	<u>56,666</u>	<u>-</u>	<u>991</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,844</u>	<u>-</u>	<u>1,844</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,844</u>	<u>-</u>	<u>1,844</u>
Fund balances:					
October 1, 2002			<u>3,217</u>		
September 30, 2003			<u>\$ 5,061</u>		

**City of McComb City  
Recreation Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
State shared revenues	\$ -	\$ -	\$ 4,000	\$ -	\$ 4,000
Recreation fees	3,000	3,000	2,320	-	(680)
Interest income	-	-	3	-	3
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>6,323</u>	<u>-</u>	<u>3,323</u>
<b>EXPENDITURES</b>					
Current:					
Culture and recreation	<u>3,000</u>	<u>8,800</u>	<u>7,794</u>	<u>(5,800)</u>	<u>1,006</u>
Total expenditures	<u>3,000</u>	<u>8,800</u>	<u>7,794</u>	<u>(5,800)</u>	<u>1,006</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,800)</u>	<u>(1,471)</u>	<u>(5,800)</u>	<u>4,329</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>-</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(4,400)</u>	<u>(71)</u>	<u>(4,400)</u>	<u>4,329</u>
Fund balances:					
October 1, 2002			<u>151</u>		
September 30, 2003			<u>\$ 80</u>		

**City of McComb City**  
**Cash Forfeiture Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Fines and forfeits	\$ 4,500	\$ 4,500	\$ 2,532	\$ -	\$ (1,968)
Interest income	500	500	450	-	(50)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>2,982</u>	<u>-</u>	<u>(2,018)</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,982</u>	<u>-</u>	<u>(2,018)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and use:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>5,000</u>	<u>5,000</u>	<u>2,982</u>	<u>-</u>	<u>(2,018)</u>
Fund balances:					
October 1, 2002			<u>29,033</u>		
September 30, 2003			<u>\$ 32,015</u>		

**City of McComb City**  
**Fire and Police D and R Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ 150,372	\$ 150,372	\$ 155,146	\$ -	\$ 4,774
State shared revenues	8,983	8,983	10,883	-	1,900
Interest income	-	-	321	-	321
Employee withholdings	5,000	5,000	5,284	-	284
<b>Total revenues</b>	<b>164,355</b>	<b>164,355</b>	<b>171,634</b>	<b>-</b>	<b>7,279</b>
<b>EXPENDITURES</b>					
Current:					
Contributions to State PERS	164,355	164,355	171,634	-	(7,279)
<b>Total expenditures</b>	<b>164,355</b>	<b>164,355</b>	<b>171,634</b>	<b>-</b>	<b>(7,279)</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:					
October 1, 2002			-		
September 30, 2003			<u>\$ -</u>		

**City of McComb City  
Animal Shelter Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Interest income	\$ -	\$ 100	\$ 93	\$ 100	\$ (7)
Contributions	250	-	-	(250)	-
Total revenues	<u>250</u>	<u>100</u>	<u>93</u>	<u>(150)</u>	<u>(7)</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>250</u>	<u>100</u>	<u>93</u>	<u>(150)</u>	<u>(7)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>250</u>	<u>100</u>	<u>93</u>	<u>(150)</u>	<u>(7)</u>
Fund balances:					
October 1, 2002			<u>6,352</u>		
September 30, 2003			<u>\$ 6,445</u>		

**City of McComb City**  
**Crime Prevention Program Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(329)	(329)	(329)	-	-
Total other financing sources and uses	(329)	(329)	(329)	-	-
Net change in fund balances	(329)	(329)	(329)	-	-
Fund balances:					
October 1, 2002			329		
September 30, 2003			<u>\$ -</u>		

**City of McComb City**  
**Law Enforcement Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
State shared revenues	\$ 10,000	\$ 10,000	\$ -	-	(10,000)
Federal shared revenues	11,085	38,000	23,285	26,915	(14,715)
Interest income	-	100	205	100	105
Total revenues	<u>21,085</u>	<u>48,100</u>	<u>23,490</u>	<u>27,015</u>	<u>(24,610)</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	<u>52,657</u>	<u>61,294</u>	<u>49,302</u>	<u>(8,637)</u>	<u>11,992</u>
Total expenditures	<u>52,657</u>	<u>61,294</u>	<u>49,302</u>	<u>(8,637)</u>	<u>11,992</u>
Excess (deficiency) of revenues over expenditures	<u>(31,572)</u>	<u>(13,194)</u>	<u>(25,812)</u>	<u>18,378</u>	<u>(12,618)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>1,232</u>	<u>1,232</u>	<u>1,232</u>	<u>-</u>	<u>-</u>
Total other financing sources and use	<u>1,232</u>	<u>1,232</u>	<u>1,232</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(30,340)</u>	<u>(11,962)</u>	<u>(24,580)</u>	<u>18,378</u>	<u>(12,618)</u>
Fund balances:					
October 1, 2002			<u>37,968</u>		
September 30, 2003			<u>\$ 13,388</u>		

**City of McComb City  
Cemetery Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Cemetery fees	\$ 35,000	\$ 35,000	\$ 29,850	\$ -	\$ (5,150)
Interest income	-	-	7,135	-	7,135
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>36,985</u>	<u>-</u>	<u>1,985</u>
<b>EXPENDITURES</b>					
Current:					
Public works	<u>82,000</u>	<u>82,000</u>	<u>58,746</u>	<u>-</u>	<u>23,254</u>
Total expenditures	<u>82,000</u>	<u>82,000</u>	<u>58,746</u>	<u>-</u>	<u>23,254</u>
Excess (deficiency) of revenues over expenditures	<u>(47,000)</u>	<u>(47,000)</u>	<u>(21,761)</u>	<u>-</u>	<u>25,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Other financing sources	<u>10,000</u>	<u>10,000</u>	<u>47,425</u>	<u>-</u>	<u>37,425</u>
Total other financing sources and uses	<u>10,000</u>	<u>10,000</u>	<u>47,425</u>	<u>-</u>	<u>37,425</u>
Net change in fund balances	<u>(37,000)</u>	<u>(37,000)</u>	<u>25,664</u>	<u>-</u>	<u>62,664</u>
Fund balances:					
October 1, 2002			<u>479,443</u>		
September 30, 2003			<u>\$ 505,107</u>		

**City of McComb City**  
**MSD General Obligation Bond Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ 7,000	\$ 6,225	\$ 7,000	\$ (775)
Interest income	-	-	58	-	58
Total revenues	-	7,000	6,283	7,000	(717)
<b>EXPENDITURES</b>					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	7,000	6,283	7,000	(717)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to MSD	-	(7,000)	(6,283)	(7,000)	717
Total other financing sources and use	-	(7,000)	(6,283)	(7,000)	717
Net change in fund balances	-	-	-	-	-
Fund balances:					
October 1, 2002			-		
September 30, 2003			\$ -		

**City of McComb City**  
**Special Assessments Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ 31,000	\$ 31,000	\$ 34,003	\$ -	\$ 3,003
Interest income	-	-	655	-	655
Total revenues	<u>31,000</u>	<u>31,000</u>	<u>34,658</u>	<u>-</u>	<u>3,658</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	20,000	20,000	20,000	-	-
Interest	<u>10,610</u>	<u>10,610</u>	<u>9,610</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>30,610</u>	<u>30,610</u>	<u>29,610</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of revenues over expenditures	<u>390</u>	<u>390</u>	<u>5,048</u>	<u>-</u>	<u>4,658</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>390</u>	<u>390</u>	<u>5,048</u>	<u>-</u>	<u>4,658</u>
Fund balances:					
October 1, 2002			<u>39,676</u>		
September 30, 2003			<u>\$ 44,724</u>		

**City of McComb City**  
**Street Improvement Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>EXPENDITURES</b>					
Capital outlay:					
Highways and streets	400,803	555,633	553,633	(154,830)	2,000
Total expenditures	400,803	555,633	553,633	(154,830)	2,000
Excess (deficiency) of revenues over expenditures	(400,803)	(555,633)	(553,633)	(154,830)	2,000
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	226,000	508,793	506,793	282,793	(2,000)
Total other financing sources and use	226,000	508,793	506,793	282,793	(2,000)
Net change in fund balances	(174,803)	(46,840)	(46,840)	127,963	-
Fund balances:					
October 1, 2002			46,840		
September 30, 2003			<u>\$ -</u>		

***CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS***

**City of McComb City**  
**Comparative Schedule of General Fixed Assets by Sources**  
**September 30, 2003 and 2002**

	2003	2002
<b>General fixed assets:</b>		
Land	\$ 415,351	\$ 373,622
Infrastructure	2,231,355	\$ 0
Buildings	3,961,035	3,293,737
Equipment	2,586,405	1,320,561
Mobile equipment	2,049,637	2,503,878
Other	0	236,109
<b>Total fixed assets</b>	<u>\$ 11,243,783</u>	<u>\$ 7,727,907</u>
<b>Investment in general fixed assets from:</b>		
General fund revenues	\$ 8,902,221	\$ 5,939,978
Special revenue funds	2,116,987	1,563,354
Trust funds	224,575	224,575
<b>Total investment in general fixed assets</b>	<u>\$ 11,243,783</u>	<u>\$ 7,727,907</u>

**City of McComb City**  
**Schedule of General Fixed Assets by Function and Activity**  
**September 30, 2003**

	Land	Buildings	Equipment	Mobile Equipment	Infrastructure	Total
<b>General government</b>						
9/30/02	\$ 411,351	\$ 3,894,547	\$ 2,022,911	\$ 1,948,417	\$ 1,117,941	\$ 9,395,167
Additions	4,000	66,488	563,494	101,220	1,113,414	1,848,616
Deletions		0	0	0	0	0
<b>Total fixed assets</b>	<u>\$ 415,351</u>	<u>\$ 3,961,035</u>	<u>\$ 2,586,405</u>	<u>\$ 2,049,637</u>	<u>\$ 2,231,355</u>	<u>\$ 11,243,783</u>

***STATISTICAL SECTION***

**City of McComb City**  
**Schedule of General Governmental Expenses by Function (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Public Works	Health & Welfare	Culture & Recreation	Economic Development	Internal Services	Other Services	Contribution	Capital Improvements	Debt Service	TOTAL
									to State PERS			
94	795,663	2,411,529	1,222,724	7,000	192,286	36,500	277,352	8,000	208,960	894,966	721,299	6,776,279
95	772,165	2,566,514	1,145,444	16,852	181,791	34,675	300,087	28,363	233,069	10,705	715,223	6,004,888
96	773,234	2,558,554	1,310,858	60,414	194,673	40,075	324,040	0	254,037	12,842	675,023	6,203,750
97	944,386	2,814,969	1,693,022	35,002	212,489	40,075	180,051	0	246,100	10,793	656,096	6,832,983
98	862,015	2,942,164	1,823,276	100,676	255,671	40,075	199,239	0	227,912	249,039	671,335	7,371,402
99	996,988	3,138,625	1,721,221	10,914	753,964	48,909	196,585	0	207,387	147,530	667,571	7,889,694
00	1,138,015	3,372,437	2,562,872	121,561	268,073	74,279	169,929	0	218,312	242,665	613,842	8,781,985
01	997,640	4,065,917	1,769,664	53,650	282,632	80,881	235,654	0	214,761	300,506	594,793	8,596,098
02	1,137,875	4,252,204	2,025,234	7,500	326,887	77,995	240,360	0	208,537	228,043	573,413	9,078,048
03	1,284,421	4,064,335	2,596,745	35,150	891,135	42,178	270,909	3,970	171,634	608,409	2,567,323	12,536,209

(1) Includes general, special revenue, debt service and capital projects funds.

**City of McComb City**  
**Schedule of General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental</b>	<b>Charges for Services</b>	<b>Fines</b>	<b>Interest Income</b>	<b>Rents</b>	<b>Employee Withholding</b>	<b>Non-operating</b>	<b>Total</b>
<b>94</b>	1,973,299	404,358	3,156,043	12,721	206,913	88,317	46,712	24,934	88,920	6,002,217
<b>95</b>	2,057,380	395,265	3,323,600	9,464	237,996	126,910	45,060	21,370	305,822	6,522,867
<b>96</b>	2,131,038	422,688	3,575,858	7,876	270,333	163,810	42,556	18,379	305,822	6,938,360
<b>97</b>	2,222,090	381,014	4,247,219	9,598	320,170	194,460	40,558	18,379	71,714	7,505,202
<b>98</b>	2,351,433	548,201	4,679,961	19,787	326,862	240,711	38,586	18,138	71,962	8,295,641
<b>99</b>	2,221,392	377,316	4,889,808	16,957	297,978	268,026	44,624	12,090	120,069	8,248,260
<b>00</b>	2,312,559	548,182	5,243,678	11,803	382,962	327,163	9,067	9,352	121,865	8,966,631
<b>01</b>	2,467,741	638,436	4,973,148	14,629	462,393	336,946	23,450	9,145	196,663	9,122,551
<b>02</b>	2,588,075	566,813	5,410,800	13,305	502,864	112,969	30,646	8,143	88,120	9,321,735
<b>03</b>	2,544,713	626,618	5,512,502	44,259	316,371	150,368	10,070	5,284	137,446	9,347,631

(1) Includes general, special revenue, debt service and capital projects funds.

**City of McComb City**  
**Schedule of Property Tax Rates Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of McComb				McComb School District						Total
	Operating Millage	Debt Service Millage	City D & R Millage	Total City Millage	School G O Millage	School Note Millage	School Minimum Program Millage	School Operating Millage	School Vocational Millage	Total School Millage	
94	23.37	5.65	4.13	33.15	4.07	3.60	2.60	55.50	0.00	65.77	98.92
95	25.55	7.34	4.38	37.27	3.98	3.48	2.69	51.50	0.00	61.65	98.92
96	25.55	7.34	4.88	37.77	3.87	3.26	2.72	51.80	0.00	61.65	99.42
97	26.01	7.25	4.76	38.02	3.65	2.35	2.35	54.05	0.00	62.40	100.42
98	27.16	6.75	4.11	38.02	3.58	2.67	2.20	54.94	0.00	63.40	101.42
99	27.16	6.75	4.11	38.02	3.58	2.68	2.20	54.94	0.00	63.40	101.42
00	28.71	5.80	3.51	38.02	3.09	2.57	2.00	56.00	0.00	63.66	101.68
01	25.50	5.98	3.03	34.51	2.76	2.77	1.78	56.35	0.00	63.66	98.17
02	25.48	6.03	3.00	34.51	2.72	2.79	1.76	56.39	0.00	63.66	98.17
03	26.32	5.19	3.00	34.51	2.72	3.43	1.76	55.75	0.00	63.66	98.17

**City of McComb City**  
**Ratio of Annual Debt Services Expenditures for General Obligation Bonded Debt (1)**  
**To Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest (2)</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Expenditures</b>
<b>94</b>	357,483	363,816	721,299	6,776,279	10.64%
<b>95</b>	375,364	339,859	715,223	6,004,888	11.91%
<b>96</b>	360,855	314,168	675,023	6,203,750	10.88%
<b>97</b>	362,742	293,354	656,096	6,832,983	9.60%
<b>98</b>	362,742	293,354	656,096	6,832,983	9.60%
<b>99</b>	416,065	251,506	667,571	7,889,694	8.46%
<b>00</b>	390,989	222,853	613,842	8,461,834	7.25%
<b>01</b>	409,864	184,929	594,793	8,596,098	6.92%
<b>02</b>	404,233	169,180	573,413	9,078,048	6.32%
<b>03</b>	0	227,323	227,323	12,536,209	1.81%

(1) General obligation bonds reported in the enterprise funds have been excluded.

(2) Excludes bond issuance and other costs.

**City of McComb City**  
**Schedule of Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues Including Interest	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Services Requirements			Coverage
				Principal	Interest	Total	
<b>94</b>	2,940,868	1,447,154	1,493,714	200,000	399,996	599,996	2.49
<b>95</b>	3,037,899	1,509,282	1,528,617	215,000	403,870	618,870	2.47
<b>96</b>	3,007,762	1,409,974	1,597,788	225,000	366,919	591,919	2.70
<b>97</b>	3,205,819	1,516,021	1,689,798	240,000	413,325	653,325	2.59
<b>98</b>	3,089,813	1,877,737	1,212,076	260,000	380,283	640,283	1.89
<b>99</b>	3,487,162	1,947,095	1,540,067	280,000	370,481	650,481	2.37
<b>00</b>	3,466,872	1,701,322	1,765,550	295,000	340,857	635,857	2.37
<b>01</b>	3,331,412	2,067,420	1,263,992	325,000	275,665	600,665	2.10
<b>02</b>	3,177,748	2,285,806	891,942	350,000	282,579	632,579	1.41
<b>03</b>	3,166,124	2,480,396	685,728	335,000 (2)	251,165	586,165	1.17

(1) Total operating expenses exclusive of depreciation.

(2) Principal requirement for 2003 is shown net of refinancing of \$3,115,000

**City of McComb City**  
**Schedule of City Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Collections</b>	<b>Percent Current Collections</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Tax</b>	<b>Ratio of Delinquent Tax Collections to Tax Levy</b>
94	1,447,754	1,402,688	96.89%	14,847	1,417,535	97.91%	40,257	2.78%
95	1,671,629	1,582,845	94.69%	13,556	1,596,401	95.50%	129,041	7.72%
96	1,762,824	1,683,129	95.48%	22,628	1,705,757	96.76%	208,736	11.84%
97	1,737,963	1,698,951	97.76%	42,149	1,741,100	100.18%	166,587	9.59%
98	1,830,372	1,897,700	103.68%	45,464	1,943,164	106.16%	136,868	7.48%
99	1,888,773	2,023,927	107.16%	36,253	2,060,180	109.08%	170,545	9.03%
00	2,267,001	2,229,160	98.33%	65,301	2,294,461	101.21%	223,160	9.84%
01	2,149,725	2,226,685	103.58%	39,666	2,266,351	105.43%	68,346	3.18%
02	2,144,678	2,171,792	101.26%	30,412	2,202,204	102.68%	70,412	3.28%
03	2,162,503	2,140,568	98.99%	77,318	2,217,886	102.56%	79,507	3.68%

**City of McComb City**  
**Schedule of Assessed and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property		Motor Vehicles		Public Utilities (1)		Totals		Ratio of Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated	Assessed Value	Estimated	Assessed Value	Estimated	Assessed Value	Estimated	Assessed Value	Estimated	
		Actual Value		Actual Value		Actual Value		Actual Value		Actual Value	
94	27,583,226	217,808,165	6,580,252	43,868,347	6,551,875	21,839,583	4,136,502	13,788,340	44,851,855	297,304,435	15.09%
95	27,801,041	219,528,119	7,061,581	47,077,207	7,294,287	24,314,290	4,208,805	14,029,350	46,365,714	304,948,966	15.20%
96	30,378,205	239,878,435	7,471,099	49,807,327	8,387,988	27,959,960	4,081,024	13,603,413	50,318,316	331,249,135	15.19%
97	25,775,012	203,529,785	7,471,099	49,807,327	8,387,988	27,959,960	4,077,722	13,592,407	45,711,821	294,889,479	15.50%
98	26,949,726	212,805,796	7,980,793	53,205,287	9,256,948	30,856,493	3,954,877	13,182,923	48,142,344	310,050,499	15.53%
99	27,287,987	215,476,840	8,346,187	55,641,247	10,020,622	33,402,073	4,023,602	13,412,007	49,678,398	317,932,167	15.63%
00	36,344,030	286,986,971	9,543,179	63,621,193	10,541,537	35,138,457	3,197,789	10,659,297	59,626,535	396,405,918	15.04%
01	37,065,590	292,684,697	10,761,730	71,744,867	10,254,542	34,181,807	4,220,845	14,069,483	62,302,707	412,680,853	15.10%
02	36,610,919	289,097,433	10,481,464	69,876,427	10,678,589	35,595,297	4,375,581	14,585,270	62,146,553	409,151,426	15.19%
03	37,082,979	292,822,007	10,597,851	70,652,340	10,732,102	35,773,673	4,237,109	14,123,697	62,650,041	413,371,717	15.16%

(1) Excluding Grand Gulf public utilities tax

**City of McComb City**  
**Schedule of Principal Taxpayers (Real Property)**  
**September 30, 2003**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2003 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Centre Pointe LLC	Shopping Mall	\$ 2,421,911	37.98%
Wal-Mart Supercenter	Discount Shopping	794,450	12.46%
Croft Metals, Inc.	Office Complex	538,526	8.44%
Parklane Apartments LP	Apartment Complex	538,958	8.45%
Pike County National Bank	Bank	415,449	6.51%
Medical Arts Building	Office Complex	348,107	5.46%
CPM Associates, LP	Shopping Mall	308,046	4.83%
Bank Chase Manhattan Trustee	Motel	325,108	5.10%
Magnolia Properties	Nursing Home	357,999	5.61%
Southern Hospitality of McComb, Inc.	Apartment Complex	328,488	5.15%
		<u>\$ 6,377,042</u>	<u>100.00%</u>

**City of McComb City**  
**Schedule of Special Assessment Billings and Collections**  
**Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected</u>
94	28,300	27,680
95	28,461	27,234
96	28,398	27,635
97	27,599	27,599
98	27,493	27,493
99	28,394	28,394
00	30,000	30,000
01	27,000	27,000
02	27,000	29,868
03	29,610	34,003

**City of McComb City**  
**Ratio of Net General Obligation Bonded Debt**  
**To Assessed Value and Net General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Less Debt Service Fund (4)</b>	<b>Debt Payable From Enterprise Fund (5)</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
94	11,633	44,789,899	5,600,000	57,338	540,000	5,002,662	11.17%	430
95	11,633	44,851,855	5,280,000	68,864	505,000	4,706,136	10.49%	405
96	14,000	45,715,123	5,125,000	89,614	470,000	4,565,386	9.99%	326
97	14,500	45,715,123	5,010,000	95,660	435,000	4,479,340	9.80%	309
98	14,500	48,142,344	4,185,000	102,321	395,000	3,687,679	7.66%	254
99	13,697	49,678,398	3,780,000	96,492	355,000	3,328,508	6.70%	243
00	13,245	59,626,535	3,395,000	94,126	315,000	2,985,874	5.01%	225
01	13,337	62,302,707	2,975,000	126,626	265,000	2,583,374	4.15%	194
02	13,337	62,146,553	2,535,000	149,013	215,000	2,170,987	3.49%	163
03	13,337	62,650,041	2,440,000	174,939	160,000	2,105,061	3.36%	158

(1) Estimate

(2) From Table # 7

(3) Amount does not include special assessment bonds and revenue bonds.

(4) Amount available for repayment of general obligation bonds.

(5) This amount included the general obligation bonds that are being repaid from water and sewer revenues.

**City of McComb City  
Demographic Statistics  
Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (2)</b>
94	11,633	12,436	4,400	7.80%
95	11,633	12,985	4,344	7.10%
96	14,000	13,270	4,375	4.80%
97	14,500	15,954	3,981	5.10%
98	14,500	17,242	4,174	5.10%
99	13,697	17,242	4,285	5.20%
00	13,245	17,242	4,034	6.40%
01	13,337	18,335	4,003	6.60%
02	13,337	18,112	3,961	5.90%
03	13,337	18,697	3,808	4.60%

(1) Estimates.

(2) Estimates of the Mississippi Employment Security Commission.

(3) Includes public and private schools.

**City of McComb City**  
**Schedule of Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Property Value (1)</b>	<b>Construction # of Units (2)</b>	<b>Construction Value</b>	<b>Bank Deposits (3)</b>
94	27,801,041	288	6,344,595	362,403,000
95	46,365,714	325	7,236,205	385,757,461
96	50,318,316	240	5,272,000	326,300,000
97	45,711,821	106	16,547,400	385,757,461
98	48,142,344	106	16,547,400	385,757,461
99	49,678,398	150	14,365,019	392,367,433
00	59,626,535	152	5,954,903	461,796,000
01	62,302,707	168	7,639,124	500,576,000
02	62,146,553	126	5,161,542	499,172,000
03	62,650,041	140	24,596,108	523,434,000

(1) From Table #7

(2) Building permits issued.

(3) Per bank market summary report.

**City of McComb City**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**September 30, 2003**

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<u><b>Jurisdiction</b></u>	<u><b>Net General Obligation Bonded Debt Outstanding</b></u>
Direct:	
City of McComb City	\$ 2,440,000
Overlapping:	
Pike County	<u>9,837,582</u>
<b>Total</b>	<u><u>\$ 12,277,582</u></u>

**City of McComb City**  
**Miscellaneous Statistics**  
**September 30, 2003**

Date of Incorporation	1872
Form of Government	Special Charter
Number of employees (excluding police and fire):	
Non-exempt	60
Exempt	22
Area in square miles	11.7
City of McComb City facilities and services:	
Miles of streets	116.0
Number of city owned and operated cemeteries	3
Number of street lights	1,730
Culture and recreation:	
Parks	8
Park acreage	65
Tennis courts	7
Fire protection:	
Number of stations	3
Number of fire personnel and officers	38
Number of calls answered	370
Number of inspections conducted	1,002
Police protection:	
Number of stations	1
Number of police personnel and officers	55
Number of patrol units	13
Number of detective units	3
Number of law violations:	
Calls answered	20,904
Traffic violations	2,368
Sewerage system:	
Miles of sanitary sewers	130
Miles of storm sewers	60
Number of treatment plants	2
Number of service connections	5,416
Daily average treatment (in million gallons)	2.6
Maximum daily capacity of treatment plant (in million gallons)	3.7
Water system:	
Miles of water lines	125
Number of service connections	5,460
Number of fire hydrants	715
Maximum daily pumping capacity (in million gallons)	7.5
Number of water storage tanks	6
Maximum combined storage capacity (in million gallons)	1.9
Daily average treatment (in million gallons)	3.0
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	5
Number of elementary school instructors	116
Number of secondary schools	5
Number of secondary school instructors	102
Number of special education instructors	31
Hospitals:	
Number of hospitals	1
Number of patient beds	160

***SINGLE AUDIT SECTION***

**City of McComb City**  
**Schedule of Federal Financial Assistance**  
**For the Year Ended September 30, 2003**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Revenue	Other Revenue (1)	Total Expenditures	Federal Expenditures
<u>Housing and Urban Development</u>					
CDBG Block Grant	14.228	437,100	157,100	594,200	437,100
Total Housing and Urban Development		<u>437,100</u>	<u>157,100</u>	<u>594,200</u>	<u>437,100</u>
<u>U.S. Department of Justice</u>					
Local Law Enforcement Block Grant	16.592	11,085	1,232	12,317	11,085
Total U.S. Department of Justice		<u>11,085</u>	<u>1,232</u>	<u>12,317</u>	<u>11,085</u>
<u>Department of Transportation</u>					
MS Department of Transportation					
I-55 Lighting Project	20.205	19,429 (2)	3,894	23,323	19,429
McComb Train Shelter	20.205	40,405	0	40,405	40,405
Urban Youth Corps Program	20.205	12,200	8,772	20,972	12,200
Total Department of Transportation		<u>72,034</u>	<u>12,666</u>	<u>84,700</u>	<u>72,034</u>
<u>U.S. Office of the Attorney General</u>					
MS Office of the Attorney General					
Tobacco Compliance Grant	21.052	0	96	2,302	2,302
Total U.S. Office of the Attorney General		<u>0</u>	<u>96</u>	<u>2,302</u>	<u>2,302</u>
Total Federal Financial Assistance		<u><u>520,219</u></u>	<u><u>171,094</u></u>	<u><u>693,519</u></u>	<u><u>522,521</u></u>

NOTE: The revenue and expenditure amounts include transfers in (out).

(1) Other revenues included required matching funds.

(2) Included in prior year revenues on financial statements on modified accrual basis.

The Schedule of Federal Financial Assistance is prepared on the modified accrual basis of accounting.

# Faust & Associates

CPA'S



P. A.

McComb, Mississippi

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Board of Mayor and Selectmen  
City of McComb  
McComb, Mississippi 39648

We have audited the general purpose financial statements of the City of McComb City, Mississippi as of and for the year ended September 30, 2003, and have issued our report thereon dated April 13, 2004. 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.

### Compliance

As part of obtaining reasonable assurance about whether City of McComb, City, Mississippi's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered City of McComb City, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the city board, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Faust and Associates  
Certified Public Accountants, P.A.  
April 13, 2004

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSISSIPPI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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Michael C Faust, C.P.A.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Board of Mayor and Selectmen  
City of McComb  
McComb, Mississippi 39648

### Compliance

We have audited the compliance of City of McComb City, Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2003. The city's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the city's management. Our responsibility is to express an opinion on the city's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the city'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. Our audit does not provide a legal determination on the city's compliance with those requirements.

In our opinion, the City McComb City, Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

### Internal Control over Compliance

The management of City of McComb City, Mississippi is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of McComb, City, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

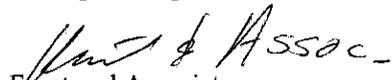
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of

performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule Of Expenditures of Federal Awards

We have audited the general purpose financial statements of City of McComb City, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated April 13, 2004. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of City of McComb City, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the city board, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Faust and Associates  
Certified Public Accountants, P.A.  
April 13, 2004

City of McComb City  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2003

Section 1: Summary of Auditor's Results

1. An unqualified opinion was issued on the general-purpose financial statements.
2. The audit of the general-purpose financial statements did not disclose any material weakness in internal control over financial reporting.
3. The audit did not disclose any noncompliance which is material to the general-purpose financial statements.
4. The audit did not disclose any material weakness in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit did not disclose audit findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The program tested as a major program was CDBG Block Grant.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300, 000.
9. The auditee was not determined to be a low risk auditee.
10. There are no prior 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 315(b) of OMB Circular A-133.

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 by *Government Auditing Standards*.

Section 3. Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.

***COMPLIANCE SECTION***

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## REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Board of Mayor and Selectmen  
City of McComb  
McComb, Mississippi 39648

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of McComb City, Mississippi as of and for the year ended September 30, 2003, and have issued our report thereon dated April 13, 2004. We conducted our audit in accordance with generally accepted auditing standards.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general-purpose financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended for the information of the city board and management. However, this report is a matter of public record and its distribution is not limited.

Faust & Associates  
Certified Public Accountants, P.A.  
April 13, 2004

**City of McComb City**  
**Schedule of Surety Bond Coverage**  
**September 30, 2003**

<b>NAME</b>	<b>OFFICIAL</b>	<b>COMPANY</b>	<b>BOND COVERAGE</b>
Thomas H Walman	Mayor	U S F & G	\$ 40,000
Marvin Godbold	Selectman at Large	U S F & G	40,000
Danny Esch	Selectman Ward 1	U S F & G	40,000
Robert M Maddox	Selectman Ward 2	U S F & G	40,000
David Myers	Selectman Ward 3	U S F & G	40,000
Melvin "Joe" Johnson	Selectman Ward 4	U S F & G	40,000
Warren Ellis Gilmore	Selectman Ward 5	U S F & G	40,000
Samuel C Mims IV	City Administrator	U S F & G	50,000
Russell L Wall	City Clerk/Finance Director	U S F & G	50,000
Billie T Hughes	Chief of Police	U S F & G	50,000
Nelson Estess	Police Justice	U S F & G	20,000

**City of McComb City**  
**Statement of Legal Debt Limit**  
**September 30, 2003**

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**Authorized debt limit**

	10%	15%
*Assessed valuation for fiscal year ended September 30, 2003	\$ 6,816,963	\$ 10,225,444
Present debt subject to limitation	2,280,000	2,365,000
Margin for further debt under respective debt limits	\$ 4,536,963	\$ 7,860,444

\*Total assessed valuation                      68,169,629

**Statutory Debt Limits**

As set forth by the Mississippi Code, section 21-33-303, no municipality shall issue bonds for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either 10% of the assessed value of the taxable property within such municipality. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness for school, water, sewerage systems, and for the construction of special improvements primarily chargeable to the property benefited.

In addition, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding indebtedness, both bonded and floating, shall exceed 15% of the assessed value of all taxable property within such municipality.

**City of McComb City**  
**Schedule of Bonds and Notes Payable**  
**September 30, 2003**

	Interest rates	Issue Date	Final Maturity date	Authorized	Issued	Bonds & Notes Retired	Outstanding
<b>GENERAL OBLIGATION BONDS:</b>							
Special Assessment	9.75% , to 7.5%	05/15/87	Serially to 2007 Callable 05/15/97	\$ 260,000	\$ 260,000	\$ 175,000	\$ 85,000
Street improvement	5.9%.6%, 6.1%, 6.2%, 6.25%, 6.3%, 6.4%, 6.5%, 6.6%,6.7% 6.75%, 6.8%,7.75% 8.4%	09/01/91	Called 7/01/03	2,500,000	2,500,000	2,500,000	0
Law enforcement	4.6% to 6.5%	09/01/92	Called 7/01/03	1,250,000	1,250,000	1,250,000	0
Refunding bonds 2003	1.0% to 3.30%	07/01/03	Serially to 2001 Not callable	2,280,000	2,280,000	0	2,280,000
Total General Obligation Bonds				<u>6,290,000</u>	<u>6,290,000</u>	<u>3,925,000</u>	<u>2,365,000</u>
<b>ENTERPRISE DEBT:</b>							
Water and Sewer GO	10.5% to 7.7%	06/01/85	Serially to 2005 Callable 06/01/95	400,000	400,000	330,000	70,000
Water and Sewer GO	8.0% to 6.5%	10/15/86	Serially to 2006 Not callable	350,000	350,000	260,000	90,000
Water Refunding	6.75% to 7.20%	10/15/89	Called 9/27/02	4,380,000	4,380,000	4,380,000	0
Water revenue junior lien	4.75% to 6.4%	09/01/92	Called 9/27/02	725,000	725,000	725,000	0
Water Refunding 2002	1.60% to 3.30%	09/27/02	Serially to 2010 Not callable	3,115,000	3,115,000	380,000	2,735,000
Total Water and Sewer				<u>8,970,000</u>	<u>8,970,000</u>	<u>6,075,000</u>	<u>2,895,000</u>
<b>Grand Total</b>				<u>\$ 15,260,000</u>	<u>\$ 15,260,000</u>	<u>\$ 10,000,000</u>	<u>\$ 5,260,000</u>