

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF DREW, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

CITY OF DREW, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Melanie Townsend Blackmon and
Honorable Members of the Board of Alderpersons
City of Drew, 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 the City of Drew, Mississippi (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

As described in Note 1, the financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the City of Drew, Mississippi, for the year ended September 30, 2020 on the basis of accounting described in Note 1.

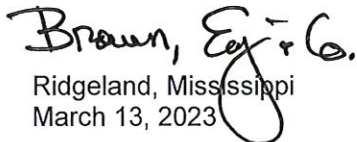
Other Matters

Required Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, on our consideration of the City of Drew, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Ridgeland, Mississippi
March 13, 2023

CITY OF DREW, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
For the Year Ended September 30, 2020

	Program Revenues			Net (Expenses) Revenues Changes in Net Position		Business- Type Activities	Total
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Primary Government:							
Governmental activities:							
Administration	\$ 198,061	-	-	-	(198,061)	-	\$ (198,061)
Public safety	481,287	-	-	-	(481,287)	-	(481,287)
Public works	115,309	9,750	-	15,027	(90,532)	-	(90,532)
Health and welfare	12,607	-	-	-	(12,607)	-	(12,607)
Culture/parks and recreation	20,906	-	-	-	(20,906)	-	(20,906)
Community development	-	-	22,819	-	22,819	-	22,819
Principal payment on debt	85,655	-	-	-	(85,655)	-	(85,655)
Interest on long-term debt	9,713	-	-	-	(9,713)	-	(9,713)
Total governmental activities	<u>923,538</u>	<u>9,750</u>	<u>22,819</u>	<u>15,027</u>	<u>(875,942)</u>	<u>-</u>	<u>(875,942)</u>
Business-type activities:							
Water/Sewer	568,468	473,465	-	174,493	-	79,490	79,490
Total Business-type activities	<u>568,468</u>	<u>473,465</u>	<u>-</u>	<u>174,493</u>	<u>-</u>	<u>79,490</u>	<u>79,490</u>
Total Primary Government	<u>\$ 1,492,006</u>	<u>483,215</u>	<u>22,819</u>	<u>189,520</u>	<u>(875,942)</u>	<u>79,490</u>	<u>\$ (796,452)</u>
General Revenues:							
Property taxes					\$ 416,353	-	\$ 416,353
Sales tax revenue					70,903	-	70,903
Other intergovernmental revenues					64,626	-	64,626
Franchise taxes					41,965	-	41,965
Fines and report fees					25,298	-	25,298
License and permits					11,861	-	11,861
Miscellaneous					30,039	173	30,212
Unrestricted investment earnings					1,245	1,154	2,399
Transfers					191,078	(195,305)	(4,227)
Total general revenues, special items, and transfers					<u>853,368</u>	<u>(193,978)</u>	<u>659,390</u>
Change in net assets					<u>(22,574)</u>	<u>(114,488)</u>	<u>(137,062)</u>
Net Position - Beginning					381,050	424,954	806,004
Prior period adjustments					-	-	-
Net Position - Beginning as restated					<u>381,050</u>	<u>424,954</u>	<u>806,004</u>
Net Position - Ending					<u>\$ 358,476</u>	<u>310,466</u>	<u>\$ 668,942</u>

CITY OF DREW, MISSISSIPPI
Balance Sheet and Net Assets - Cash Basis
Governmental Funds
For the Year Ended September 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalent	\$ 34,632	100,308	-	\$ 134,940
Cash, restricted	-	67,428	-	67,428
Certificate of deposits	156,108	-	-	156,108
TOTAL ASSETS	<u>\$ 190,740</u>	<u>167,736</u>	<u>-</u>	<u>\$ 358,476</u>
NET ASSETS				
Restricted for debt service	\$ -	-	-	\$ -
Restricted for fire protection	1,935	156,142	-	158,077
Restricted for other activity	-	11,594	-	11,594
Unassigned	188,805	-	-	188,805
Total Net Assets	<u>190,740</u>	<u>167,736</u>	<u>-</u>	<u>358,476</u>
TOTAL NET ASSETS	<u>\$ 190,740</u>	<u>167,736</u>	<u>-</u>	<u>\$ 358,476</u>

CITY OF DREW, MISSISSIPPI
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended September 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
General property taxes	\$ 381,905	-	-	\$ 381,905
Privilege licenses and permits	11,861	-	-	11,861
Intergovernmental revenues	132,240	41,136	-	173,376
Franchise taxes	41,965	-	-	41,965
Fines and report fees	25,298	-	-	25,298
Interest income	963	303	-	1,266
Miscellaneous	66,902	-	-	66,902
Total Revenues	<u>661,134</u>	<u>41,439</u>	<u>-</u>	<u>702,573</u>
EXPENDITURES:				
General Government:				
Administration and finance	198,069	52	-	198,121
Public Safety				
Police department	452,775	-	-	452,775
Fire department	28,333	-	-	28,333
Public works	120,481	-	-	120,481
Health and welfare	12,607	-	-	12,607
Culture and recreation	21,084	-	-	21,084
Community development	-	-	-	-
Debt services:				
Principal	85,268	-	-	85,268
Interest and service charges	10,100	-	-	10,100
Capital outlay:				
Public safety	1,500	-	-	1,500
Public works	-	-	-	-
TOTAL EXPENDITURES	<u>930,217</u>	<u>52</u>	<u>-</u>	<u>930,269</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(269,083)</u>	<u>41,387</u>	<u>-</u>	<u>(227,696)</u>
OTHER CASH SOURCES (USES):				
Operating transfers in	265,353	-	-	265,353
Operating transfers out	-	(18,173)	-	(18,173)
Total Other Financing Sources (Uses)	<u>265,353</u>	<u>(18,173)</u>	<u>-</u>	<u>247,180</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(3,730)	23,214	-	19,484
Cash Basis Fund Balance, October 1	194,469	144,522	-	338,991
Cash Basis Fund Balance, September 30	<u>\$ 190,739</u>	<u>167,736</u>	<u>-</u>	<u>\$ 358,475</u>

CITY OF DREW, MISSISSIPPI
General Fund - Cash Basis
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 492,917	492,917	381,905	\$ (111,012)
Homestead exemption	15,000	15,000	4,040	(10,960)
Licenses and permits	8,625	8,625	11,861	3,236
State shared revenues	11,800	11,800	31,240	19,440
Federal grant revenue	3,600	3,600	3,600	-
Franchise taxes	40,000	40,000	41,965	1,965
Sales tax revenue	70,000	70,000	70,903	903
Grand gulf	13,000	13,000	11,050	(1,950)
Fines and report fees	33,000	33,000	25,298	(7,702)
Interest	600	600	963	363
Rent income	17,000	17,000	11,407	(5,593)
Miscellaneous	<u>95,185</u>	<u>95,185</u>	<u>66,902</u>	<u>(28,283)</u>
TOTAL REVENUES	<u>800,727</u>	<u>800,727</u>	<u>661,134</u>	<u>(139,593)</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	200,000	200,000	198,069	1,931
Public Safety				
Police protection	400,507	400,507	452,775	(52,268)
Fire protection	16,410	16,410	28,333	(11,923)
Public Works				
Streets improvements	148,482	148,482	120,481	28,001
Health and welfare	14,100	14,100	12,607	1,493
Culture and recreation	29,411	29,411	21,084	8,327
Capital Expenditures	-	-	1,500	(1,500)
Debt service	<u>96,000</u>	<u>96,000</u>	<u>95,368</u>	<u>632</u>
Total Expenditures	<u>904,910</u>	<u>904,910</u>	<u>930,217</u>	<u>(25,307)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>(104,183)</u>	<u>(104,183)</u>	<u>(269,083)</u>	<u>(164,900)</u>
Other Financing Sources (Uses):				
Operating transfers in	170,000	170,000	265,353	95,353
Operating transfer out	-	-	-	-
Sale of real property/equipment	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Total Other Financing Sources (Uses)	<u>172,000</u>	<u>172,000</u>	<u>265,353</u>	<u>93,353</u>
Net Change in Fund Balances	67,817	67,817	(3,730)	(71,547)
Cash Basis Fund Balance, Oct. 1	<u>194,469</u>	<u>194,469</u>	<u>194,469</u>	<u>-</u>
Cash Basis Fund Balance, Sept. 30	<u>\$ 262,286</u>	<u>262,286</u>	<u>190,739</u>	<u>\$ (71,547)</u>

CITY OF DREW, MISSISSIPPI
Statement of Net Position - Cash Basis
Proprietary Fund
For the Year Ended September 30, 2020

	<u>Business Type Activities</u>
	<u>Water/Sewer Fund</u>
Assets	
Cash and cash equivalents	\$ 208,426
Cash, restricted	18,612
Investments - certificate of deposit	<u>83,428</u>
Total Assets	<u>\$ 310,466</u>
Net Position	
Restricted for debt service	\$ 18,612
Unrestricted	<u>291,854</u>
Total Net Position	<u>310,466</u>
Total Net Position	<u>\$ 310,466</u>

CITY OF DREW, MISSISSIPPI
Statement of Revenues, Expenses, and Changes in Net Position - Cash Basis
Proprietary Funds
For the Year Ended September 30, 2020

	<u>Business -Type Activities</u>
	<u>Water/Sewer Fund</u>
Operating Revenues:	
Sales to customers	\$ 473,465
Other revenue	<u>173</u>
Total Operating Revenues	<u>473,638</u>
Operating Expenses:	
Personnel services	126,290
Supplies	38,855
Other services and charges	<u>279,806</u>
Total Operating Expenses	<u>444,951</u>
Operating income (loss)	<u>28,687</u>
Nonoperating revenues (expenses)	
Contribution from federal grant	174,493
Interest income	1,154
Principal payment on debt	(28,022)
Interest and service charges on long-term debt	(15,265)
Capital outlays	<u>(80,232)</u>
Total Nonoperating revenues	<u>52,128</u>
Net Income Before Operating Transfers	80,815
Operating Transfers In	-
Operating Transfers (Out)	<u>(195,303)</u>
Change in Net Position	(114,488)
Cash Basis Net Position, October 1	<u>424,954</u>
Cash Basis Net Position, September 30	<u>\$ 310,466</u>

CITY OF DREW, MISSISSIPPI
All Agency Funds
Combining Balance Sheet and Nets Assets - Cash Basis
For the Year Ended September 30, 2020

	<u>Payroll Clearing Fund</u>	<u>Accounts Payable Clearing</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 9,069	9,463	\$ 18,532
Total Assets	<u>\$ 9,069</u>	<u>9,463</u>	<u>\$ 18,532</u>
Net Assets			
Held for other	\$ 9,069	9,463	\$ 18,532
Total Net Assets	<u>\$ 9,069</u>	<u>9,463</u>	<u>\$ 18,532</u>

CITY OF DREW, MISSISSIPPI
All Agency Funds
Combining Statement of Changes in Net Assets - Cash Basis
For the Year Ended September 30, 2020

	Payroll Clearing Fund	Accounts Payable Clearing	Total
Additions			
Interest	\$ 48	107	\$ 155
Other additions	<u>7,007</u>	<u>6,323</u>	<u>13,330</u>
Total Additions	<u>7,055</u>	<u>6,430</u>	<u>13,485</u>
Deductions			
General government	<u>1</u>	<u>32</u>	<u>33</u>
Total Deductions	<u>1</u>	<u>32</u>	<u>33</u>
Change in Net Assets	7,054	6,398	13,452
Net Asset at beginning of year	<u>2,015</u>	<u>3,065</u>	<u>5,080</u>
Net Asset at end of year	<u>\$ 9,069</u>	<u>9,463</u>	<u>\$ 18,532</u>

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Drew, Mississippi, the (City) have been prepared in conformity with the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenses and requisition of assets are recognized when cash is disbursed rather than when the obligation is incurred. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles 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 does not apply FASB pronouncements issued after November 30, 1989. The more significant of the government's accounting policies are described below.

A. Fund Accounting

The financial statement consists of all the funds of the City of Drew: General Fund, Special Revenue Funds, and the Enterprise Funds.

The accounts of the City of Drew are organized on the basis of funds, each of which is considered a separate accounting entity.

GOVERNMENTAL FUNDS

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the City's restricted resources.

PROPRIETARY FUNDS

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Water and Sewer Funds are included in this category.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MAJOR FUNDS

For the year ended September 30, 2020, the City reports the following major funds:

General Fund - reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Water and Sewer Fund - accounts for the operating activities of the City's water and sewer utility services.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are prepared on a cash receipts and disbursements basis, according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

C. Total Columns on Combined Statement

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the City as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

D. Cash and Cash Equivalents

The City deposits excess funds in the financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposits with maturities greater than 12 months when acquired.

E. Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality, or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For accounting purposes, certificates of deposits are classified as investments if they have a maturity greater than 12 months when acquired.

Investments are reported at fair value.

F. Report Classification

Receipts and disbursements were classified according to requirements for small Towns in the State of Mississippi as prescribed by the Office of the State Auditor.

G. Property Tax

Property taxes attach as an enforceable lien on property January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. The millage rate for the City for the fiscal year ended September 30, 2020, was 82.0 mills for general purposes.

NOTE 2 - BUDGET POLICY

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

- ◆ Prior to September 30, the City Clerk submits to the Mayor and Alderpersons a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenses and expenditures and the means of financing them.
- ◆ Public notice is given of the City's budget meetings being open to the public, so that a public hearing is conducted on the budget.
- ◆ The budget as submitted is reviewed by the Mayor and Alderpersons and necessary revisions are made to the budget. Then, the budget is approved prior to September 15.
- ◆ The Budget is formally revised during July of each year or anytime a deficit is indicated.
- ◆ Budgetary comparisons are employed by management as a management control device during the year for all funds.
- ◆ Appropriations lapse at the end of each fiscal year.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 2 - BUDGET POLICY (Continued)

Mississippi laws require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws. The major reconciling items between the budgetary and cash basis presentations are presented on the "budget to actual" statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The collateral for public entities, deposits in financial institutions, is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

The carrying amount of the City's deposits with financial institutions in the governmental activities, business-type activities funds, and the agency funds were \$358,476, \$310,466, and \$18,532 respectively. The bank balance was \$723,735.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk's on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2020, none of the City's bank balance of \$723,735 was exposed to custodial credit risk.

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

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2020, none of the City's bank balance of \$723,735 was exposed to custodial credit risk.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2020, the City had no investments.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 4 - LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

A. Governmental Type Activities

During the year ended September 30, 2020, the following changes occurred in liabilities reported for the General Government:

	Balance Oct. 1, 2019	Additions	Retirements	Balance Sept. 30, 2020	Amount due Within one year
General obligation bonds	\$ 165,000	-	40,000	\$ 125,000	\$ 40,000
Total	\$ 165,000	-	40,000	\$ 125,000	\$ 40,000

General Obligation Bonds

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 4 - LONG-TERM DEBT (Continued)

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:

1. General Obligation Bonds Payable

The outstanding General Obligation Bonds are as follows as of September 30, 2020.

	Amount Outstanding
On June 26, 2008, the Mayor and Board of Alderman authorized the issuance of \$500,000 in general obligation bonds with interest rates of 3.90% maturing May 1, 2023. Proceeds from these bonds were used for street improvements. This debt will be retired from the City's General Obligation Bond Fund.	\$ <u>125,000</u>

Annual debt service requirements to maturity for general obligation bonds for the General Government are as follows:

Fiscal year ending September 30	Principal	Interest	Total
2021	\$ 40,000	4,875	\$ 44,875
2022	40,000	3,315	43,315
2023	45,000	1,155	46,155
Total	\$ <u>125,000</u>	<u>9,345</u>	\$ <u>134,345</u>

CHANGES IN LONG-TERM LIABILITIES

B. Business-Type Activities

During the year ended September 30, 2020, the following changes occurred in liabilities reported for the Water/Sewer Fund:

	Balance Oct. 1, 2020	Additions	Retirements	Balance Sept. 30, 2020	Amount due within one year
Combined water/sewer revenue bonds series 2013	\$ 394,875	-	10,321	\$ 384,554	\$ 10,542
State revolving loan	342,960	-	12,907	330,053	13,183
Note payable	12,335	-	4,793	7,542	4,981
Total	\$ <u>750,170</u>	<u>-</u>	<u>28,021</u>	\$ <u>722,149</u>	\$ <u>28,706</u>

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 4 - LONG-TERM DEBT (Continued)

The following is outstanding debt related to Business-Type Activities as of September 30, 2020.

1. Revenue Bonds Payable

The outstanding Revenue Bond Payable is as follows as of September 30, 2020.

	<u>Amount Outstanding</u>
<u>Loan Number 1</u>	
On February 5, 2012, the Mayor and Board of Alderman authorized the issuance of \$1,713,030 in combined water/sewer series 2013 revenue bonds with an interest rate of 2.125% maturing May 3, 2048. This debt will be retired from the City's Water/Sewer Fund.	\$ 384,554
<u>Loan Number 2</u>	
In October 2013, the Mayor and Board of Alderman authorized the issuance of \$28,098 revolving state loan with an interest rate of 1.95% maturing March 2034. This debt will be retired from the City's Water/Sewer Fund.	330,053
<u>Loan Number 3</u>	
In September 2016, the Mayor and Board of Alderman authorized the issuance of a \$28,098 note payable to John Deere Financial for the purchase of a used utility tractor with an interest rate of 3.90% maturing September 2022. This debt will be retired from the City's Water/Sewer Fund.	<u>7,542</u>
Total Revenue Bonds and Notes Payable	<u>\$ 722,149</u>

Annual debt service requirements to maturity for revenue refunding bonds and notes payable for the Proprietary Fund are as follows:

Loan Number 1

Fiscal year ending September 30	Principal	Interest	Total
2021	\$ 10,542	8,070	\$ 18,612
2022	10,769	7,843	18,612
2023	11,000	7,612	18,612
2024	11,236	7,376	18,612
2025	11,477	7,135	18,612
Thereafter	<u>329,530</u>	<u>84,311</u>	<u>413,841</u>
Total	<u>\$ 384,554</u>	<u>122,347</u>	<u>\$ 506,901</u>

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 4 - LONG-TERM DEBT (Continued)

Loan Number 2

Fiscal year ending September 30	Principal	Interest	Total
2021	\$ 13,183	6,318	\$ 19,501
2022	13,442	6,059	19,501
2023	13,707	5,797	19,504
2024	13,976	5,525	19,501
2025	14,251	5,250	19,501
Thereafter	261,494	37,090	298,584
Total	<u>\$ 330,053</u>	<u>66,039</u>	<u>\$ 396,092</u>

* During fiscal 2017, a debt forgiveness was made by the State of Mississippi Department of Health in the amount of \$149,625, reducing the original loan principal plus accrued interest and administrative fees amount from \$529,894 to \$380,269

Loan Number 3

Fiscal year ending September 30	Principal	Interest	Total
2021	\$ 4,981	193	\$ 5,174
2022	2,561	-	2,561
Total	<u>\$ 7,542</u>	<u>193</u>	<u>\$ 7,735</u>

NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS

The City of Drew had \$1,500 in capital outlay disbursements during the current fiscal year.

NOTE 6 - FEDERAL AND STATE GRANTS

During the fiscal year ended September 30, 2020, the City received federal grants and state grant funds in the amount of \$212,339 and incurred grant expenditures in the same amount.

A single audit in accordance with the Uniform Guidance was not required for the year ended September 30, 2020.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 7 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of City of Drew, Mississippi, evaluated the activity of the Organization through March 13, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 8 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

SUPPLEMENTAL INFORMATION

CITY OF DREW, MISSISSIPPI
Schedule of Investments - All Funds
For the Year Ended September 30, 2020

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Financial Institution</u>	<u>Investment Balance</u>
General Fund	Certificate of Deposit	.340%	01/24/19	01/24/20	Southern Bancorp	\$ 23,462
General Fund	Certificate of Deposit	.340%	11/02/18	11/02/19	Southern Bancorp	119,103
General Fund	Certificate of Deposit	.340%	12/24/18	12/24/19	Southern Bancorp	13,542
Fire Protection	Certificate of Deposit	1.490%	11/21/18	12/21/19	Southern Bancorp	67,428
Enterprise Fund	Certificate of Deposit	1.490%	11/21/18	12/21/19	Southern Bancorp	<u>83,428</u>
Total Investments						<u>\$ 306,963</u>

All certificates of deposit are included in the cash balance at year end. The fair value of the certificates of deposits is approximately the same as the carrying value.

CITY OF DREW, MISSISSIPPI
Schedule of Long -Term Debt
September 30, 2020

	Interest Rates	Issue Date	Final Maturity Date	Authorized	Issued	Balance at 10/01/2019	Additions	Deletions	Balance at 09/30/2020
General Government:									
General Obligations Bonds:									
Street improvement bonds	3.90%	06/26/2008	05/01/2023	\$ 500,000	425,000	165,000	-	-	\$ 165,000
Total General Government Debt				\$ 500,000	425,000	165,000	-	-	\$ 165,000
Business Type - Activities									
Revenue Bonds									
Combined Revenue Bonds Series 2013	2.125%	05/03/2013	05/03/2048	1,713,030	1,713,030	394,875	-	10,321	384,554
State Revolving Loan	1.95%	10/2013	03/2034	460,175	460,175	342,961	-	12,908	330,053
Total Revenue Bonds				2,173,205	2,173,205	737,836	-	23,229	714,607
Notes Payable:									
Note Payable - John Deere Financial	3.90%	9/16/2016	09/09/2022	23,098	23,098	12,335	-	4,793	7,542
Total Proprietary Debt				\$ 2,196,303	2,196,303	750,171	-	28,022	\$ 722,149
Grand Total				\$ 2,696,303	2,621,303	915,171	\$ -	28,022	\$ 887,149

CITY OF DREW, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2020

Name	Position	Company	Amount of Bond
Harvey Burchfield	Mayor	Scott Insurance Agency	\$ 50,000
Viscia Pointer	Vice Mayor	Scott Insurance Agency	50,000
Hazel Wallace	Alderwoman	Scott Insurance Agency	50,000
Ben Alexander	Alderman	Scott Insurance Agency	50,000
Kyree Smith	Alderwoman	Scott Insurance Agency	50,000
Tara Coleman	Alderwoman	Scott Insurance Agency	50,000
Patricia Johnson	City Clerk	Scott Insurance Agency	50,000
Derice Randle	Deputy Clerk	Scott Insurance Agency	50,000
Terry Tyler	Chief of Police	Scott Insurance Agency	50,000



REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Melanie Townsend Blackmon and
Honorable Members of the Board of Alderpersons
City of Drew, Mississippi

We have audited the accompanying cash basis financial statements of the City of Drew, Mississippi (the City), as of and for the year ended September 30, 2020, and have issued our report thereon dated March 13, 2023. 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.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Ridgeland, Mississippi
March 13, 2023

CITY OF DREW, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2020

The City of Drew did not have prior year findings.

STATE LEGAL COMPLIANCE SECTION



BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

To the Honorable Mayor Melanie Townsend Blackmon and
Honorable Members of the Board of Alderpersons
of the City of Drew, Mississippi

We have audited the cash basis financial statements of the City of Drew, Mississippi, (the City) as of and for the year ended September 30, 2020, and have issued our report thereon dated March 13, 2023.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States America, *Governmental Auditing Standards*, issued by the Comptroller General.

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 procedures performed to test compliance with certain other laws and regulations and our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the Mayor, Board of Alderpersons, management 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. However, this report is a matter of public record and its distribution is not limited.

Brown, Ewing & Co.
Ridgeland, Mississippi
March 13, 2023