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TOWN OF EDWARDS, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

TOWN OF EDWARDS, MISSISSIPPI
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September 30, 2020

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Marcus L. Wallace
and Honorable Members of the Board of Aldermen
Town of Edwards, Mississippi

Report on the Financial Statements

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 Town of Edwards, Mississippi (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 an opinion 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 *Governmental 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 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 Town'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 opinion.

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, each major fund, and the aggregate remaining fund information of the Town of Edwards, Mississippi, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 10 and 41 - 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Edwards, Mississippi's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basis financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, on our consideration of the Town of Edwards, 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 Town's internal control over financial reporting and compliance.


Ridgeland, Mississippi
January 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF EDWARDS, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2020

INTRODUCTION

The discussion and analysis of the Town of Edwards, Mississippi's annual financial performance provides an overall narrative review of the Town's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the Town's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

FINANCIAL HIGHLIGHTS

The assets of the Town of Edwards, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$2,797,620 (*net positions*). Of this amount, \$63,441 (*unrestricted net position*) is not available to meet the Town's ongoing obligations to citizens and creditors due to a deficit.

The Town's total net positions decreased by \$35,686. This is due primarily to a increase in total revenues and an increase in total expenditures.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$109,764, a decrease of \$89,653 in comparison with the prior year. \$27,420 of this total amount is *available for spending* at the Town's discretion (*Unreserved, undesignated fund balance*).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$27,420, or 4.29% of total general fund expenditures.

The Town's total debt decreased by \$38,884, or 19.83%, during the current fiscal year. The key factor in this decrease was due to the retirement of debt.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The Town report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

TOWN OF EDWARDS, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2020

The government-wide financial statements are divided into two categories, which are described as follows:

- ◆ **Governmental Activities** - Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- ◆ **Business - Type Activities** - Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- ◆ **Governmental Funds** - These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- ◆ **Proprietary Fund** - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

TOWN OF EDWARDS, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2020

NET POSITION

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
<u>Assets:</u>						
Current and other assets	\$ 167,389	\$ 252,396	\$ 193,009	\$ 251,680	\$ 360,398	\$ 504,076
Capital assets	<u>767,214</u>	<u>811,623</u>	<u>2,646,272</u>	<u>2,549,769</u>	<u>3,413,486</u>	<u>3,361,392</u>
Total Assets	<u>934,603</u>	<u>1,064,019</u>	<u>2,839,281</u>	<u>2,801,449</u>	<u>3,773,884</u>	<u>3,865,468</u>
Deferred outflow of resources	<u>59,587</u>	<u>74,419</u>	<u>16,471</u>	<u>18,753</u>	<u>76,058</u>	<u>93,172</u>
<u>Liabilities:</u>						
Current and other liabilities	90,404	78,385	75,124	162,725	165,528	241,110
Long-term liabilities	62,289	87,117	94,946	109,002	157,235	196,119
Net pension liability	<u>626,746</u>	<u>574,714</u>	<u>65,913</u>	<u>81,994</u>	<u>692,659</u>	<u>656,708</u>
Total Liabilities	<u>779,439</u>	<u>740,216</u>	<u>235,983</u>	<u>353,721</u>	<u>1,015,422</u>	<u>1,093,937</u>
Deferred inflow of resources	<u>26,702</u>	<u>21,933</u>	<u>10,198</u>	<u>9,464</u>	<u>36,900</u>	<u>31,397</u>
<u>Net Position:</u>						
Invested in capital assets (net)	767,214	811,623	2,017,523	2,017,523	2,784,737	2,829,146
Restricted	-	-	76,324	69,162	76,324	69,162
Unrestricted	<u>(579,165)</u>	<u>(435,334)</u>	<u>515,724</u>	<u>370,332</u>	<u>(63,441)</u>	<u>(65,002)</u>
Total Net Position	<u>\$ 188,049</u>	<u>\$ 376,289</u>	<u>\$ 2,609,571</u>	<u>\$ 2,457,017</u>	<u>\$ 2,797,620</u>	<u>\$ 2,833,306</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position 99.54% are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after September 30, 2020 less any debt used to acquire assets that remains outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets 2.73% represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets (2.27)% may be used to meet the Town's ongoing obligations to citizens and creditors.

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

- ◆ Decrease in total current assets in the amount of \$143,678.
- ◆ Increase in net capital assets in the amount of \$52,094.
- ◆ Decrease in current liabilities in the amount of \$75,582.
- ◆ Decrease in long-term liabilities in the amount of \$38,884.
- ◆ Increase in net pension liabilities in the amount of \$35,686
- ◆ The implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the Town's and the recording of deferred outflows/inflows of resources in the Statement of Net Position.

TOWN OF EDWARDS, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2020

CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Revenues:						
Program Revenue:						
Charges for services	\$ 52,093	\$ 51,656	\$ 408,110	\$ 403,816	\$ 460,203	\$ 455,472
Operating grants and contributions	27,291	180,276	-	-	27,291	180,276
Capital grants and contributions	-	-	246,783	152,851	246,783	152,851
General Revenue:						
Property taxes	296,583	235,097	-	-	296,583	235,097
Sales taxes	73,607	74,172	-	-	73,607	74,172
Franchise taxes	19,291	19,785	-	-	19,291	19,785
Licenses and permits	8,177	12,150	-	-	8,177	12,150
Interest earnings	-	-	-	-	-	-
Fines and forfeits	10,797	12,451	-	-	10,797	12,451
Other	10,048	15,748	34,257	51,044	44,305	66,792
Total Revenue	<u>497,887</u>	<u>601,335</u>	<u>689,150</u>	<u>607,711</u>	<u>1,187,037</u>	<u>1,209,046</u>
Program Expenses:						
General Government						
Finance & administrative	378,012	294,510	-	-	378,012	294,510
Judicial	10,384	9,969	-	-	10,384	9,969
Public Safety						
Police protection	218,513	246,096	-	-	218,513	246,096
Public Works						
Streets	118,785	112,736	-	-	118,785	112,736
Summer feeding program	-	-	-	-	-	-
Interest on long term debt	5,487	7,082	-	-	5,487	7,082
Water/sewer	-	-	497,852	504,372	497,852	504,372
Total Expenses	<u>731,181</u>	<u>670,393</u>	<u>497,852</u>	<u>504,372</u>	<u>1,229,033</u>	<u>1,174,765</u>
Increase in Net Position Before Transfers and Special Items	(233,294) <u>45,054</u>	(69,058) <u>44,876</u>	191,298 <u>(45,054)</u>	103,339 <u>(44,876)</u>	(41,996) <u>-</u>	34,281 <u>-</u>
Change in Net Position	(188,240)	(24,182)	146,244	58,463	(41,996)	34,281
Net Position Beginning	<u>376,289</u>	<u>400,471</u>	<u>2,457,017</u>	<u>2,398,554</u>	<u>2,833,306</u>	<u>2,799,025</u>
Net Position, Oct. 1 as restated	<u>376,289</u>	<u>400,471</u>	<u>2,457,017</u>	<u>2,398,554</u>	<u>2,833,306</u>	<u>2,799,025</u>
Net Position Ending	<u>\$ 188,049</u>	<u>\$ 376,289</u>	<u>\$ 2,603,261</u>	<u>\$ 2,457,017</u>	<u>\$ 2,791,310</u>	<u>\$ 2,833,306</u>

TOWN OF EDWARDS, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2020

The following are significant current year transactions that have had an impact on the Statement of Activities:

Governmental activities. Governmental activities decreased the Town's net position by \$188,240, accounting for 448.23% of the total reduction in growth of the Town's net position. Key elements of this decrease are as follows:

- ◆ The Finance and administrative department expenditures increased by \$83,502, or 28.25%, during the year.
- ◆ The above increases in expenditures are mainly due to an increase in pension expense related to the net pension liability.

Business-type activities. Business-type activities increased the Town's net position by \$146,244, accounting for 5.95% of the total growth in the Town's net assets. Key elements of this decrease are as follows:

- ◆ Capital grants and contributions for the business-type activities increased by \$93,932 or 61.45%.
- ◆ Operating expenses for the business-type activities decreased by \$6,520, or 1.29%, during the year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town's governmental funds reported combined net positions of \$188,049, which represents a decrease of \$188,240 in comparison to the previous balance. In addition, the Town's general fund, which is available for spending at the Town's discretion, reported a net position of \$27,420.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The Town's governmental funds reported combined fund balances of \$188,049, which represents an increase of \$188,240 in comparison, to the previous balance. In addition, the Town's general fund, which is available for spending at the Town's discretion, reported a net position of \$27,420.

TOWN OF EDWARDS, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2020

Proprietary Funds - are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a proprietary fund to account for the water and sewer, solid waste, and electric funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.

GENERAL FUND BUDGET HIGHLIGHTS

The Town's general fund is required to adopt a budget. The budget is amended as necessary and appropriations increased as a result of the rising cost described in the preceding section.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2020, the Town's total capital assets were \$5,499,528. This includes land, buildings, furniture and equipment, mobile equipment, and infrastructures. This amount represents a gross increase, before depreciation, of \$220,616 from the previous year. The majority of this increase is due to the construction of a new all purpose community center.

Total accumulated depreciation as of September 30, 2020 was \$2,085,962, including \$168,442, of depreciation expenses for the year. The balance in total net capital assets was \$3,413,566 at year-end. Additional information on the Town's capital assets can be found in Note 6 on pages 28-29 of this report.

Debt Administration - As of September 30, 2020, the Town had \$197,121 in long-term debt outstanding. This includes general obligation bonds, revenue bonds, special assessment debt, obligations under capital leases, notes payable, and compensated absences payable. Of this debt, \$40,194 is due within one year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Town of Edwards at 310 Front Street, P. O. Box 215, Edwards, Mississippi 39066.

FINANCIAL STATEMENTS

TOWN OF EDWARDS, MISSISSIPPI
Statement State of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 131,113	\$ 83,472	\$ 214,585
Accounts receivable, net	16,146	35,954	52,100
Other receivables	8,660	-	8,660
Intergovernmental receivables	6,655	9	6,664
Due from other funds	4,815	36,150	40,965
Restricted Assets:			
Cash and cash equivalents	-	37,424	37,424
Capital Assets:			
Land	12,421	13,500	25,921
Buildings	611,807	-	611,807
Automotive and equipment	6,495	-	6,495
Infrastructure	-	2,226,235	2,226,235
Construction in progress	136,491	406,537	543,028
TOTAL ASSETS	<u>934,603</u>	<u>2,839,281</u>	<u>3,773,884</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	59,587	16,471	76,058
Total deferred outflows of resources	<u>59,587</u>	<u>16,471</u>	<u>76,058</u>
TOTAL ASSETS	<u>\$ 994,190</u>	<u>\$ 2,855,752</u>	<u>\$ 3,849,942</u>
LIABILITIES			
Accounts payable, general	\$ 28,106	\$ 37,948	\$ 66,054
Accrued interest payable	-	2,535	2,535
Customer's deposits	-	15,780	15,780
Due to other funds	36,150	4,815	40,965
Noncurrent liabilities:			
Due within one year	26,148	14,046	40,194
Due in more than one year	62,289	94,946	157,235
Net pension liabilities	626,746	65,913	692,659
Total Liabilities	<u>779,439</u>	<u>235,983</u>	<u>1,015,422</u>
Deferred Inflow of Resources			
Deferred inflows - pensions	26,702	10,198	36,900
Total deferred inflow of resources	<u>26,702</u>	<u>10,198</u>	<u>36,900</u>
Net Position:			
Net investment in capital assets	767,214	2,017,523	2,784,737
Restricted	-	76,324	76,324
Unrestricted	(579,165)	515,724	(63,441)
Total Net Position	<u>188,049</u>	<u>2,609,571</u>	<u>2,797,620</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 994,190</u>	<u>\$ 2,855,752</u>	<u>\$ 3,849,942</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2020

		Program Revenues		Net (Expenses) Revenues			
		Charges	Operating	Capital	Governmental	Business-	
	Expenses	for	Grants and	Grants and	Activities	Type	Total
		Service	Contributions	Contributions		Activities	
Primary Government:							
Governmental activities:							
Administration	\$ 378,012	\$ -	\$ 5,889	\$ -	\$ (372,123)	\$ -	\$ (372,123)
Judicial	10,384	-	-	-	(10,384)	-	(10,384)
Public safety	218,513	-	21,402	-	(197,111)	-	(197,111)
Public works	118,785	52,093	-	-	(66,692)	-	(66,692)
Summer feeding program	-	-	-	-	-	-	-
Interest on long-term debt	5,487	-	-	-	(5,487)	-	(5,487)
Total governmental activities	<u>731,181</u>	<u>52,093</u>	<u>27,291</u>	<u>-</u>	<u>(651,797)</u>	<u>-</u>	<u>(651,797)</u>
Business-type activities:							
Water/Sewer	<u>497,852</u>	<u>408,110</u>	<u>-</u>	<u>246,783</u>	<u>-</u>	<u>157,041</u>	<u>157,041</u>
Total Business-type activities	<u>497,852</u>	<u>408,110</u>	<u>-</u>	<u>246,783</u>	<u>-</u>	<u>157,041</u>	<u>157,041</u>
Total Primary Government	<u>\$ 1,229,033</u>	<u>\$ 460,203</u>	<u>\$ 27,291</u>	<u>\$ 246,783</u>	<u>\$ (651,797)</u>	<u>\$ 157,041</u>	<u>\$ (494,756)</u>
General Revenues:							
Property taxes					\$ 296,583	\$ -	\$ 296,583
Sales taxes					73,607	-	73,607
Franchise taxes					19,291	-	19,291
Fines and report fees					10,797	-	10,797
License and permits					8,177	-	8,177
Miscellaneous					10,048	34,257	44,305
Transfers					<u>45,054</u>	<u>(45,054)</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>463,557</u>	<u>(10,797)</u>	<u>452,760</u>
Change in net assets					<u>(188,240)</u>	<u>146,244</u>	<u>(41,996)</u>
Net Position - Beginning					<u>376,289</u>	<u>2,457,017</u>	<u>2,833,306</u>
Net Position - Ending					<u>\$ 188,049</u>	<u>\$ 2,603,261</u>	<u>\$ 2,791,310</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2020

Total Fund Balances - Governmental Funds		\$ 109,764
Amounts reported for net position in the Statement of Net Position are different because:		
Capital Assets	1,337,627	
Less: Accumulated Depreciation	<u>(570,413)</u>	767,214
Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		
Net pension liability	(626,746)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	59,587	
Deferred inflows of resource related to pensions	<u>(26,702)</u>	(593,861)
Long-term liabilities not due and payable in the current period are not reported in the funds, as follows:		
Notes payable	(88,437)	
Other adjustments	<u>(6,630)</u>	<u>(95,067)</u>
Net Position of Governmental Activities		\$ <u><u>188,050</u></u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Balance Sheet
Governmental Funds
For the Year Ended September 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 48,725	\$ 82,388	\$ 131,113
Accounts receivable, net of allowances	16,146	-	16,146
Other receivables	8,660	-	8,660
Intergovernmental receivable	6,655	-	6,655
Due from other funds	4,815	-	4,815
TOTAL ASSETS	<u>\$ 85,001</u>	<u>\$ 82,388</u>	<u>\$ 167,389</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable, general	\$ 21,431	\$ 44	\$ 21,475
Due to other funds	36,150	-	36,150
Total Liabilities	<u>57,581</u>	<u>44</u>	<u>57,625</u>
Fund Balance			
Restricted	-	82,344	82,344
Unassigned	27,420	-	27,420
Total Fund Balance	<u>27,420</u>	<u>82,344</u>	<u>109,764</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 85,001</u>	<u>\$ 82,388</u>	<u>\$ 167,389</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
General property taxes	\$ 296,583	\$ -	\$ 296,583
Privilege licenses and permits	8,177	-	8,177
Intergovernmental revenues	101,292	6,238	107,530
Franchise taxes	19,291	-	19,291
Charges for services	52,093	-	52,093
Fines and report fees	10,797	-	10,797
Miscellaneous	10,048	-	10,048
Total Revenues	<u>498,281</u>	<u>6,238</u>	<u>504,519</u>
EXPENDITURES:			
General Government:			
Administration	299,819	-	299,819
Judicial	10,384	-	10,384
Public safety	179,095	527	179,622
Public works	106,696	-	106,696
Debt services:			
Principal	24,086	-	24,086
Interest and service charges	5,487	-	5,487
Capital outlay:			
Public safety	13,132	-	13,132
TOTAL EXPENDITURES	<u>638,699</u>	<u>527</u>	<u>639,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(140,418)</u>	<u>5,711</u>	<u>(134,707)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	45,054	-	45,054
Total Other Financing Sources (Uses)	<u>45,054</u>	<u>-</u>	<u>45,054</u>
Net Change in Fund Balances	(95,364)	5,711	(89,653)
FUND BALANCE, OCT. 1	122,784	76,633	199,417
FUND BALANCE, SEPT. 30	<u>\$ 27,420</u>	<u>\$ 82,344</u>	<u>\$ 109,764</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2020

		<u>AMOUNTS</u>
Net change in fund balances		\$ (89,653)
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlays	-	
Depreciation expense	<u>(44,409)</u>	(44,409)
The statement of activities reports pension expense and other activity related to net pension liability:		
Pension expense	(87,642)	
Contributions made after the measurement date	<u>9,378</u>	(78,264)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		24,086
Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Compensated Absences decrease	-	
Other adjustments	<u>-</u>	<u>-</u>
Change in net position of governmental activities		<u>\$ (188,240)</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 248,737	\$ 263,905	\$ 296,583	\$ 32,678
Privilege licenses and permits	12,115	8,250	8,177	(73)
Intergovernmental revenues	88,370	110,734	101,292	(9,442)
Franchise taxes	20,000	21,000	19,291	(1,709)
Charges for services	48,000	50,000	52,093	2,093
Fines and report fees	19,200	23,533	10,797	(12,736)
Miscellaneous	<u>168,264</u>	<u>4,456</u>	<u>10,048</u>	<u>5,592</u>
TOTAL REVENUES	<u>604,686</u>	<u>481,878</u>	<u>498,281</u>	<u>16,403</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	134,022	157,555	299,819	(142,264)
Judicial	10,404	10,384	10,384	-
Public Safety				
Police protection	193,151	216,520	179,095	37,425
Public Works				
Streets improvements	105,702	113,005	106,696	6,309
Capital Expenditures	218,552	10,000	13,132	(3,132)
Debt service	<u>30,364</u>	<u>29,573</u>	<u>29,573</u>	<u>-</u>
Total Expenditures	<u>692,195</u>	<u>537,037</u>	<u>638,699</u>	<u>(101,662)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>(87,509)</u>	<u>(55,159)</u>	<u>(140,418)</u>	<u>(85,259)</u>
Other Financing Sources (Uses):				
Operating transfers in	50,702	55,159	45,054	(10,105)
Sale of real property/equipment	<u>2,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>53,285</u>	<u>55,159</u>	<u>45,054</u>	<u>(10,105)</u>
Net Change in Fund Balances	(34,224)	-	(95,364)	(95,364)
Fund Balance at beginning of year	<u>122,784</u>	<u>122,784</u>	<u>122,784</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 88,560</u>	<u>\$ 122,784</u>	<u>\$ 27,420</u>	<u>\$ (95,364)</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Statement of Net Position
Proprietary Fund
For the Year Ended September 30, 2020

	Business Type Activities - Enterprise Funds		
	Water/Sewer Fund	Nonmajor Enterprise Funds	Totals
Assets			
Cash and cash equivalents	\$ 83,472	\$ -	\$ 83,472
Accounts receivable, net of allowances	33,204	2,750	35,954
Intergovernmental receivable	9	-	9
Due from other funds	-	36,150	36,150
Total Current Assets	116,685	38,900	155,585
Restricted Assets:			
Cash and cash equivalents	-	37,424	37,424
Property, Plant and Equipment, at Cost			
Land	13,500	-	13,500
Water plant, distribution system and equipment	3,741,784	-	3,741,784
	3,755,284	-	3,755,284
Less: accumulated depreciation	(1,515,549)	-	(1,515,549)
	2,239,735	-	2,239,735
Construction in progress	406,537	-	406,537
Net property, plant and equipment	2,646,272	-	2,646,272
Deferred Outflow of Resources			
Deferred outflows of resources - pension	16,471	-	16,471
Total Deferred Outflows of Resources	16,471	-	16,471
Total Assets	\$ 2,779,428	\$ 76,324	\$ 2,855,752
Liabilities and Net Position			
Accounts payable	\$ 37,948	\$ -	\$ 37,948
Due to other funds	4,815	-	4,815
Total Current Liabilities	42,763	-	42,763
Current Liabilities Payable from Restricted Assets:			
Customer deposits	15,780	-	15,780
Accrued interest payable	2,535	-	2,535
Current portion of compensated absences	760	-	760
Current portion of notes payable	3,896	-	3,896
Current portion of revenue bonds payable	9,390	-	9,390
Total Current Liabilities Payable from Restricted Assets	32,361	-	32,361
Long-Term Debt (less amounts classified as current)			
Net pension liability	65,913	-	65,913
Compensated absences	760	-	760
Revenue bonds (net of unamortized discount/ premium)	94,186	-	94,186
Total Long-Term Debt	160,859	-	160,859
Deferred Inflows of Resources			
Deferred inflows of resources - pension	10,198	-	10,198
Total Deferred Inflows of Resources	10,198	-	10,198
Net Position			
Investment in Capital Assets, net of related debt	2,017,523	-	2,017,523
Restricted for debt service	-	76,324	76,324
Unrestricted	515,724	-	515,724
Total Net Position	2,533,247	76,324	2,609,571
Total Liabilities and Net Position	\$ 2,779,428	\$ 76,324	\$ 2,855,752

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	<u>Business - Type Activities - Enterprise Funds</u>		
	<u>Water/Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Operating Revenues:			
Sales to customers	\$ 408,110	\$ -	\$ 408,110
Intergovernmental	<u>246,783</u>	<u>-</u>	<u>246,783</u>
Total Operating Revenues	<u>654,893</u>	<u>-</u>	<u>654,893</u>
Operating Expenses:			
Personnel services	95,931	-	95,931
Supplies	14,228	-	14,228
Other services and charges	249,497	6,311	255,808
Provision for bad debt	-	-	-
Depreciation	<u>124,033</u>	<u>-</u>	<u>124,033</u>
Total Operating Expenses	<u>483,689</u>	<u>6,311</u>	<u>490,000</u>
Operating income (loss)	<u>171,204</u>	<u>(6,311)</u>	<u>164,893</u>
Nonoperating revenues (expenses)			
Other income	34,256	-	34,256
Interest and service charges on long-term debt	<u>(7,852)</u>	<u>-</u>	<u>(7,852)</u>
Total nonoperating revenues	<u>26,404</u>	<u>-</u>	<u>26,404</u>
Net Income Before Operating Transfers	197,608	(6,311)	191,297
Operating Transfers In	6,312	33,528	39,840
Operating Transfers (Out)	<u>(58,528)</u>	<u>(20,055)</u>	<u>(78,583)</u>
Change in Net Position	145,392	7,162	152,554
Net Position, October 1	<u>2,387,855</u>	<u>69,162</u>	<u>2,457,017</u>
Net Position, September 30	<u>\$ 2,533,247</u>	<u>\$ 76,324</u>	<u>\$ 2,609,571</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended September 30, 2020

	<u>Business - Type Activities</u>	<u>Enterprise Fund</u>	
	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 408,110	\$ -	\$ 408,110
Payments to suppliers	(263,725)	-	(263,725)
Payments to employees	(95,931)	(6,311)	(102,242)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>48,454</u>	<u>(6,311)</u>	<u>42,143</u>
 (Increase) Decrease in:			
Accounts receivable	14,870	(2,750)	12,120
Intergovernmental receivable	108,644	-	108,644
Cash, time deposits	(26,247)	-	(26,247)
Due from other funds	8,461	(10)	8,451
 Increase (Decrease) in:			
Due to other funds	(5,422)	-	(5,422)
Sale taxes payable	146	-	146
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>100,452</u>	<u>(2,760)</u>	<u>97,692</u>
 CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in	6,312	33,528	39,840
Operating transfers out	(58,528)	(20,055)	(78,583)
NET CASH FLOWS USED FOR NONCAPITAL ACTIVITIES	<u>(52,216)</u>	<u>13,473</u>	<u>(38,743)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of capital assets	(220,536)	-	(220,536)
Capital contribution - federal grant	246,783	-	246,783
Other investing activities	(51,249)	-	(51,249)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(25,002)</u>	<u>-</u>	<u>(25,002)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:			
Deferred inflows on pension liability	734	-	734
Deferred outflows on pension liability	2,282	-	2,282
Change in net pension liability	(16,081)	-	(16,081)
Interest paid on retirement of long-term debt	(7,852)	-	(7,852)
Other income	34,255	-	34,255
Repayment of long-term debt	(18,884)	-	(18,884)
NET CASH FLOWS USED BY FINANCING ACTIVITIES	<u>(5,546)</u>	<u>-</u>	<u>(5,546)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,142	4,402	70,544
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>17,330</u>	<u>33,022</u>	<u>50,352</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 83,472</u>	<u>\$ 37,424</u>	<u>\$ 120,896</u>
 <u>Supplemental cash flow information:</u>			
Cash paid during the year:			
Interest expense	<u>\$ 7,852</u>	<u>\$ -</u>	<u>\$ 7,852</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Edwards, Mississippi (the Town) was incorporated under the provisions of Mississippi Law. The Town is governed by its Mayor and a Board of Aldermen consisting of five members. Services provided to the citizens of Edwards include but are not limited to public safety (police and fire protection), streets, recreation, and utility services (water and sewer).

The Town's accompanying policies conform to generally accepted accounting principals for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Town's more significant accounting policies are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements reflect only the primary government of the Town of Edwards. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the Town. The financial statements do not include the data of the component units necessary for financial reporting in conformity with generally accepted accounting principles.

FINANCIAL STATEMENTS

The financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

1. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
2. Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncement that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

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

MAJOR BUSINESS - TYPE FUNDS

Water System - The water system fund is used to account for the operation of the Town's water system, which is supported by user charges.

Sewer System - The sewer system fund is used to account for the operation of the Town's sewer system, which is supported by user charges and special taxes.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims, and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets are treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

BUDGETARY CONTROL

The Town Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Town Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents consists of amounts on deposit in demand accounts and savings accounts. Cash and other deposits are valued at cost.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

INTERNAL ACTIVITY

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Restricted Assets - Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Capital Assets - Capital assets, which include property, equipment, and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.

Compensated Absences - The Town does not accumulate unpaid vacation, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

TOWN OF EDWARDS, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance Spending Policy - The Town has not adopted a formal spending policy as it relates to the fund balance therefore, excess amounts are expended in accordance with GASB 54 default level: committed, assigned and unassigned.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - 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. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

The carrying amount of the Town's deposits with financial institutions in the governmental activities and the business-type activities funds were \$131,113 and \$120,896, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$251,989 and Restricted Assets - \$37,424. The Restricted Assets represent the cash balance in the debt service fund which is legally restricted and may not be used for purposes that support the Town's programs. The bank balance was \$143,678.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2020, none of the Town's bank balance of \$252,646 was exposed to custodial credit risk.

Interest Rate Risk. The Town 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 Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2020, none of the Town's bank balance of \$252,646 was exposed to custodial credit risk.

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 Town had no investments.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2020, the Town levied and collected 47.00 mills of taxes for general corporate purposes of the Town.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Individual fund interfund receivable and payable balances are presented as of September 30, 2020 as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ 4,815	\$ 36,150
Water and Sewer fund	-	4,815
Nonmajor enterprise funds	<u>36,150</u>	<u>-</u>
Total	<u>\$ 40,965</u>	<u>\$ 40,965</u>

Individual fund interfund transfers are presented as of September 30, 2020 as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 45,054	\$ -
Water/Sewer System Fund	6,312	58,528
Nonmajor Enterprise Funds	<u>33,528</u>	<u>26,366</u>
	<u>\$ 84,894</u>	<u>\$ 84,894</u>

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 5 - RECEIVABLES

Receivables as of year end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Water and Sewer Fund	Total
<u>Accounts Receivable</u>			
Property taxes	\$ 1,606	\$ -	\$ 1,606
Franchise taxes	4,869	-	4,869
Charges for services	16,432	47,534	63,966
Intergovernmental	6,655	9	6,664
Accounts receivable, other	3,791	-	3,791
Gross Accounts Receivable	33,353	47,543	80,896
Less: allowance for uncollectibles	(1,891)	(14,330)	(16,221)
Net Total Receivables	<u>\$ 31,462</u>	<u>\$ 33,213</u>	<u>\$ 64,675</u>

NOTE 6 - CAPITAL ASSETS

A summary of capital asset transactions for the year ended September 30, 2020 follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities:					
Non Depreciable Capital Assets					
Land	\$ 12,421	\$ -	\$ -	\$ -	\$ 12,421
Construction in process	136,491	-	-	-	136,491
Total non depreciable capital assets	<u>148,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,912</u>
Depreciable Capital Assets					
Buildings and Improvements	1,131,527	-	-	-	1,131,527
Infrastructure	18,693	-	-	-	18,693
Motor Vehicles	19,941	-	-	-	19,941
Machinery and Equipment	18,554	-	-	-	18,554
Total Depreciable Capital Assets	1,188,715	-	-	-	1,188,715
Accumulated Depreciation	(526,004)	(44,409)	-	-	(570,413)
Net depreciable capital assets	<u>662,711</u>	<u>(44,409)</u>	<u>-</u>	<u>-</u>	<u>618,302</u>
Total Governmental Activities	<u>\$ 811,623</u>	<u>\$ (44,409)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 767,214</u>
Business-Type Activities:					
Non Depreciable Capital Assets					
Land and Right of Ways	\$ 13,500	\$ -	\$ -	\$ -	\$ 13,500
Utility Construction in Process	186,001	220,616	-	-	406,617
Total nondepreciable capital assets	<u>199,501</u>	<u>220,616</u>	<u>-</u>	<u>-</u>	<u>420,117</u>
Depreciable Capital Assets					
Water/sewer system	3,664,130	-	-	-	3,664,130
Equipment	77,654	-	-	-	77,654
Accumulated Depreciation	(1,391,516)	(124,033)	-	-	(1,515,549)
Net depreciable capital assets	<u>2,350,268</u>	<u>(124,033)</u>	<u>-</u>	<u>-</u>	<u>2,226,235</u>
Total Business-Type Activities	<u>\$ 2,549,769</u>	<u>\$ 96,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646,352</u>

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 38,474	\$ -	\$ 38,474
Fire Protection	895	-	895
Police Protection	5,040	-	5,040
Water/Sewer System	-	124,033	124,033
Total Depreciation Expense	<u>\$ 44,409</u>	<u>\$ 124,033</u>	<u>\$ 168,442</u>

NOTE 7 - LONG-TERM DEBT

A summary of long-term debt transactions for the year ended September 30, 2020, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Loans payable	\$ 109,883	\$ -	\$ (24,086)	\$ 85,797	\$ 24,828
Compensated for absences	2,640	1,320	(1,320)	2,640	1,320
Totals	<u>\$ 112,523</u>	<u>\$ 1,320</u>	<u>\$ (25,406)</u>	<u>\$ 88,437</u>	<u>\$ 26,148</u>

Long-term debt activity for the year ended September 30, 2020, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds and loans payable					
Compensated absences	\$ 1,212	\$ 760	\$ (760)	\$ 1,212	\$ 760
CAP loan payable	70,488	-	(3,775)	66,713	3,896
Revenue bonds	55,868	-	(15,109)	40,759	9,390
Totals	<u>\$ 127,568</u>	<u>\$ 760</u>	<u>\$ (19,644)</u>	<u>\$ 108,684</u>	<u>\$ 14,046</u>

BANK NOTES PAYABLE

GOVERNMENTAL ACTIVITIES

Notes payable consist of the following at September 30, 2020.

A 3.080% note, payable to Bancorp South, dated November 21, 2017 consisting of semi-annual interest payments and five (5) annual installments payments consisting of principal and interest and which matures November 21, 2022. The note is unsecured.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

The annual requirement to amortize this outstanding debt as of September 30, 2020 including interest payments of \$27,470 are as follows:

Year Ended September 30,	Principal	Interest	Total
2021	\$ 24,828	2,642	\$ 27,470
2022	25,593	1,877	27,470
2023	35,376	1,090	36,466
	<u>\$ 85,797</u>	<u>\$ 5,609</u>	<u>\$ 91,406</u>

BUSINESS ACTIVITIES

MISSISSIPPI DEVELOPMENT CAP LOAN

A 3.00% Capital Improvement Revolving Loan, payable to the Mississippi Development Authority, dated February 13, 2014 payable in monthly installments of \$486.66, which includes principal and interest, matures 2035. The note is unsecured.

The annual requirement to amortize this outstanding debt as of September 30, 2020 including interest payments of \$5,840 are as follows:

Year Ended September 30,	Principal	Interest	Total
2021	\$ 3,896	1,944	\$ 5,840
2022	4,014	1,826	5,840
2023	4,136	1,704	5,840
2024	4,257	1,583	5,840
2025-2030	21,741	7,459	29,200
2031-2035	<u>28,669</u>	<u>2,113</u>	<u>30,782</u>
	<u>\$ 66,713</u>	<u>\$ 16,629</u>	<u>\$ 83,342</u>

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

REVENUE BOND

- A. On January 23, 1991, the Town of Edwards issued a combined water and sewer system revenue bond (the "Bond") of the Town of Edwards, Mississippi (the "Municipality"), in the principal amount of one hundred sixty eight thousand five hundred dollars (\$168,500), dated the date of delivery thereof, January 23, 1991. The water revenue bond consisted of an issue in the amount of \$168,500 bearing interest at a rate of 6.00% per annum. Principal payments with interest on the unpaid principal balance from date thereof, and paid in equal annual installments of principal and interest in the amount of \$986.85. The payments began on February 23, 1991 and continues through 2024.

The bonds were issued for the purpose of improving, repairing, and extending the combined water and sewer system of the Municipality, under the authorization of the Constitution and statutes of the State of Mississippi, including Sections 21-27-11 to 21-27-69 Mississippi Code of 1972 and further authority of resolutions duly adopted and proceedings regularly had by the Mayor and Board of Aldermen of the Town of Edwards.

The bonds were purchased by the U.S. Department of Agriculture and the Rural Economic and Community Development.

The annual requirement to amortize the bonded debt outstanding as of September 30, 2020 including interest payments of \$11,843 are as follows for the Enterprise Fund:

Year Ended September 30,	Principal	Interest	Total
2021	\$ 9,390	\$ 2,453	\$ 11,843
2022	9,971	1,872	11,843
2023	10,587	1,256	11,843
2024	10,811	603	11,414
	<u>\$ 40,759</u>	<u>\$ 6,184</u>	<u>\$ 46,943</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN

1. General Information

Plan Description and Provisions: The Town of Edwards, Mississippi 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Cods Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444- PERS or www.pers.ms.gov.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Plan Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town of Edwards, Mississippi is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine rate are established by the Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the State of Mississippi Legislature. The Town of Edwards, Mississippi contributions to PERS for the years ended September 30, 2020, 2019, and 2018 were \$40,377, \$38,809, and \$37,610, respectively, equal to the required contributions for each year.

As of the most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receiving benefits	3
Active members:	
Vested	12
Non-vested	-
Total Participants	<u>15</u>

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

2. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2018, The Town reported a liability of \$692,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contribution to the pension plan relative to the projected contribution of all participating entities, actuarially determined. The Town's proportionate share used to calculate the September 30, 2020 net pension liability was 0.003578 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.000155 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year September 30, 2020, the City recognized pension expense of \$37,610. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

A. Governmental Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,192	\$ 3,328
Net Difference between projected and actual earnings on pension plan investments	61,355	43,852
Changes of assumptions	13,945	587
Net difference between projected and actual earnings on pension plan investments	(63,826)	(21,065)
Employers contributions subsequent to the measurement date	37,921	-
Total	<u>\$ 59,587</u>	<u>\$ 26,702</u>

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

B. Business Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,818	\$ 921
Net Difference between projected and actual earnings on pension plan investments	16,964	12,125
Changes of assumptions	3,856	162
Net difference between projected and actual earnings on pension plan investments	(17,648)	(3,010)
Employers contributions subsequent to the measurement date	10,481	-
Total	<u>\$ 16,471</u>	<u>\$ 10,198</u>

\$76,058 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2021	\$ 7,578
2022	7,578
2023	5,003
Total	<u>\$ 20,159</u>

C. Actuarial assumptions.

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%) through September 30, 2020 and the current rate (17.40%) thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the net pension liability to change in the discount rate. Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of net pension liability	\$ <u>896,562</u>	\$ <u>692,659</u>	\$ <u>524,357</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

D. Schedule of Assumptions

The total pension liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Schedule of Assumptions</u>	<u>Municipal Pension</u>
Inflation	2.75%
Salary increases	3.00 - 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation.
Mortality Assumption	RP-2010 (B) retiree table with the following adjustments. For males 112% of males rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 8, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense, and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22	4.75
Global Equity	12	5.00
Debt Securities	20	0.50
Real Assets	10	4.00
Private Equity	8	6.25
Cash Equivalents	1	0.00
Total	100%	

NOTE 9 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

The Town has implemented GASB Statement 54, as such, the fund balances of the governmental funds are classified by specific purposes as follows:

Restricted - amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned - amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

The following is a classification of governmental funds fund balances by specific purpose at September 30, 2020:

Fund Balances:	General Fund	Nonmajor funds	Total
Restricted for:			
Public safety	\$ -	\$ 82,344	\$ 82,344
Unassigned:			
Other purposes	27,420	-	27,420
Total Fund Balances	<u>\$ 27,420</u>	<u>\$ 82,344</u>	<u>\$ 109,764</u>

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 10 - COMPENSATION OF ELECTED AND OR APPOINTED OFFICIALS

Per diem payments to the Board of Aldermen and salaries paid to the Mayor for the year ended September 30, 2020 were as follows:

<u>Name of Elected and or Appointed Official</u>	<u>Position</u>	<u>Amount</u>
Marcus Wallace	Mayor	\$ 8,400
Charles Rather	Alderman	5,400
Wilson "Larry" Jones	Alderman	5,400
Louis "Baba" Johnson	Alderwoman	5,400
Kedra Williams-Harris	Alderwoman	6,600
Carolyn E. Glin	Alderwoman	5,400
Willie Jean White	Town Clerk	40,000
Arkamia Hunter	Deputy Clerk	26,146
Terrence Crump	Police Chief	36,400
Maurice German	Water/Maintenance	20,800

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Federal Grants

The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town. No provisions for any liability that may result has been recognized in the Town's financial statements.

NOTE 12 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the Town to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 14 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Alderwomen. At fiscal year-end, the receivable represent delinquent taxes.

Property taxes on real, personal and public utilities attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds County bill and collect the real, personal, and ad valorem taxes for the Town of Edwards, Mississippi. The taxes are remitted to the Town on a monthly basis.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments received February through May, are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of \$63,441 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$76,058 balance of deferred outflow of resources, at September 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of \$63,441 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$36,900 balance of deferred inflow of resources at September 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

NOTE 16 - 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 Town of Edwards, Mississippi has evaluated the activity of the Organization through January 22, 2021, which is the date the financial statements are available to be issued.

COVID-19 Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 31, 2020, the Governor of Mississippi ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business for what may be an extended period of time. There has been no immediate impact to our operations however, we had to close our physical locations and all employees must work remotely as they can. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

TOWN OF EDWARDS, MISSISSIPPI
Notes to the Financial Statements
September 30, 2020

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS

A. In fiscal year 2020, the Town implemented the following GASB Statements:

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosure". GASB 77 requires certain disclosure related to tax abatement agreements. The requirements of this statement are effective for financial statement for the fiscal years beginning after December 15, 2015.

B. The Town will adopt the following new accounting pronouncements in future years:

The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for the periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans". This statement will improve the usefulness of information about postemployment benefits other than pensions (Other Postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). These requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Town is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EDWARDS, MISSISSIPPI
Required Supplementary Information
Schedule of the Town's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*
September 30, 2020

	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	\$ 692,659	\$ 656,708	\$ 610,596	\$ 582,337	\$ 509,581	\$ 126,138
Town's proportionate share of the net pension liability (asset)	0.003578%	0.003733%	0.003671%	0.003503%	0.001578%	0.000816%
Town's covered-employee payroll	232,049	240,106	238,790	227,150	153,978	44,641
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	298.50 %	273.51 %	255.70 %	256.37 %	330.94 %	282.56 %
Plan fiduciary net position as a percentage of the total pension liability	61.59 %	61.49 %	57.47 %	61.70 %	67.21 %	67.21 %

*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2020, and, until a full 10-year trend is compiled, the Town has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

Town of Edwards, Mississippi
Required Supplementary Information
Schedule of the Town's Contributions
PERS
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
Contractually required Contribution	\$ 40,377	\$ 38,809	\$ 37,610	\$ 35,776	\$ 24,251	\$ 7,030
Contribution in relation to the contractually required contribution	<u>40,377</u>	<u>38,809</u>	<u>37,610</u>	<u>35,776</u>	<u>24,251</u>	<u>7,030</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's covered-employee payroll	\$ 232,049	\$ 240,106	\$ 238,790	\$ 227,150	\$ 153,978	\$ 44,641
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended September 30, 2020, and, until a full 10-year trend is compiled, the Agency has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF EDWARDS, MISSISSIPPI
Nonmajor Governmental Funds
September 30, 2020

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Fire Protection Fund - This fund is used to account for state fire insurance premium refunds which are legally restricted for use in fire protection.

SCHEDULE A

TOWN OF EDWARDS, MISSISSIPPI
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	<u>Fire Fund</u>	<u>Total</u>
ASSETS		
Cash	\$ 82,388	\$ 82,388
Due from other funds	-	-
TOTAL ASSETS	<u>\$ 82,388</u>	<u>\$ 82,388</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payables	\$ 44	\$ 44
Total Liabilities	<u>44</u>	<u>44</u>
Fund Balances:		
Restricted	<u>82,344</u>	<u>82,344</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 82,388</u>	<u>\$ 82,388</u>

SCHEDULE B

TOWN OF EDWARDS, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	<u>Fire Fund</u>	<u>Total</u>
Revenues		
Intergovernmental revenues	\$ <u>6,238</u>	\$ <u>6,238</u>
Total Revenues	<u>6,238</u>	<u>6,238</u>
Expenditures		
Public safety	<u>527</u>	<u>527</u>
Total Expenditures	<u>527</u>	<u>527</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,711</u>	<u>5,711</u>
Net Change in Fund Balance	5,711	5,711
Fund Balance, October 1, 2019	<u>76,633</u>	<u>76,633</u>
Fund Balance, September 30, 2020	<u>\$ <u>82,344</u></u>	<u>\$ <u>82,344</u></u>

SCHEDULE C

TOWN OF EDWARDS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Bonding Company</u>	<u>Bond Amount</u>
Marcus L. Wallace	Mayor	St. Paul Travelers	\$ 25,000
Wilson "Larry" Jones	Alderman	St. Paul Travelers	25,000
Charles Rather	Alderman	St. Paul Travelers	25,000
Louis "Baba" Johnson	Alderman	St. Paul Travelers	25,000
Kedra Williams-Harris	Alderwoman	St. Paul Travelers	25,000
Carolyn E. Glin	Alderwoman	St. Paul Travelers	50,000
Willie Jean White	City Clerk/Court Clerk	St. Paul Travelers	50,000
Arkamia Hunter	Deputy Clerk/Deputy Court Clerk	St. Paul Travelers	50,000
Terrence Crump	Police Chief	St. Paul Travelers	50,000

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

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

The Honorable Mayor Marcus L. Wallace
and Honorable Members of the Board of Aldermen
Town of Edwards, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Edwards, Mississippi (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Edwards, Mississippi's basic financial statements and have issued our report thereon dated January 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Edwards, 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 Town of Edwards, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Edwards, 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 timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify a deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2020-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Edwards, 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 Standards*.

Purpose of this Report

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


Ridgeland, Mississippi
January 22, 2021

TOWN OF EDWARDS, MISSISSIPPI
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
Year Ended September 30, 2020

Finding 2020-001

Collection of Utility Accounts Receivable

Finding

During our water and sewer testwork, we found that some elected officials and several other customers had outstanding balances that have extended beyond the due date.

Auditor's Recommendation

We strongly suggest that the City enforce its payment policies. In addition, the City should implement administrative control procedures to ensure that collection procedures are properly executed in a timely manner. This will help to improve collections and thereby increase the profitability and the availability of funds.

Auditee's Response

The City will adopt procedures to ensure that the collection policy is enforced for all customers and proper action will be taken to enforce procedures for nonpaying customers.



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

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

To the Honorable Mayor Marcus L. Wallace
and Honorable Members of the Board of Aldermen
Town of Edwards, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of the Town of Edwards, Mississippi (the Town) as of and for the year ended September 30, 2020, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 22, 2021. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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 state 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 of the Mayor, Board of Aldermen, 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
January 22, 2021

TOWN OF EDWARDS, MISSISSIPPI
Statement of Legal Debt Limit
September 30, 2020

Authorized Debt Limit Percent Rule

	15%	20%
Authorized Debt Limit Percent		
2019 Tax Roll Estimation	\$ 4,936,357	\$ 4,936,357
Less: Homestead Exemption	<u>(14,617)</u>	<u>(14,617)</u>
Net 2019 Estimation Tax Roll	<u>\$ 4,921,740</u>	<u>\$ 4,921,740</u>
Assessed Valuation under respective debt limit	\$ <u>738,261</u>	\$ <u>984,348</u>
Less: All Bonded -	<u>40,759</u>	<u>40,759</u>
Deduct: Authorized Exemptions		
Water/Sewer Revenue Bonds	<u>40,759</u>	<u>40,759</u>
Margin for further debt under respective debt limits	<u>\$ 738,261</u>	<u>\$ 984,348</u>

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

TOWN OF EDWARDS, MISSISSIPPI
Schedule of Long-Term Debt
September 30, 2020

			Balance Outstanding Oct. 1, 2019	During Fiscal Year		Balance Outstanding Sept. 30, 2020
	<u>Authorized</u>	<u>Issued</u>		<u>Additions</u>	<u>Retired</u>	
<u>General Government:</u>						
Notes payable	\$ <u>133,250</u>	\$ <u>133,250</u>	\$ <u>109,883</u>	\$ <u>-</u>	\$ <u>24,086</u>	\$ <u>85,797</u>
<u>Proprietary:</u>						
Revenue Bonds						
91-04 Revenue Bond	168,500	168,500	49,857	-	9,098	40,759
92-03 Revenue Bond	<u>545,000</u>	<u>545,000</u>	<u>6,011</u>	<u>-</u>	<u>6,011</u>	<u>-</u>
Total Revenue Bonds	<u>713,500</u>	<u>713,500</u>	<u>55,868</u>	<u>-</u>	<u>15,109</u>	<u>40,759</u>
Other Long-term Debt						
CAP loan (MDA)	<u>87,751</u>	<u>87,751</u>	<u>70,488</u>	<u>-</u>	<u>3,775</u>	<u>66,713</u>
Total Other Long-Term Debt	<u>87,751</u>	<u>87,751</u>	<u>70,488</u>	<u>-</u>	<u>3,775</u>	<u>66,713</u>
Total Long-Term Debt	\$ <u>934,501</u>	\$ <u>934,501</u>	\$ <u>236,239</u>	\$ <u>-</u>	\$ <u>42,970</u>	\$ <u>193,269</u>