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

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

TOWN OF PELAHATCHIE, MISSISSIPPI
FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

TOWN OF PELAHATCHIE, MISSISSIPPI

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TOWN OF PELAHATCHIE, MISSISSIPPI

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Pelahatchie, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Pelahatchie, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the 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 on the basis of cash receipts and disbursements; 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.

Auditors' 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. 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 auditors' 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 auditors consider 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 Town'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 cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pelahatchie, Mississippi, as of September 30, 2021, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

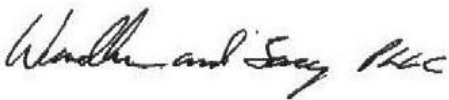
Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 Required Supplementary Information

The Schedule of Changes in Long-term Debt, the Schedule of Investments - All Funds, the Schedule of Capital Assets and the Schedule of Surety Bonds for Municipal Officials and Employees for the Town of Pelahatchie, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Emphasis of Matter

As discussed in Note 1, the Town of Pelahatchie, Mississippi, prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



Windham and Lacey, PLLC
October 13, 2023

TOWN OF PELAHATCHIE, MISSISSIPPI

FINANCIAL STATEMENTS

TOWN OF PELAHATCHIE, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2021

					Net (Disbursements) Receipts and Changes in Net Position		
Program Cash Receipts							
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 578,003	14,971	3,234		(559,798)		(559,798)
Public safety	650,874	48,748	26,723		(575,403)		(575,403)
Public works	218,984			169,879	(49,105)		(49,105)
Culture and recreation	21				(21)		(21)
Economic development				31,617	31,617		31,617
Interest on long-term debt	41,997				(41,997)		(41,997)
Total Governmental Activities	1,489,879	63,719	29,957	201,496	(1,194,707)	0	(1,194,707)
Business-type Activities:							
Water/Sewer	682,582	759,385		61,364		138,167	138,167
Total Business-type Activities	682,582	759,385	0	61,364	0	138,167	138,167
Total Government	\$ 2,172,461	823,104	29,957	262,860	(1,194,707)	138,167	(1,056,540)
General Receipts							
Taxes:							
Property taxes					\$ 526,363		526,363
Road & bridge privilege taxes					54		54
Sales tax					461,591		461,591
Franchise taxes					41,085		41,085
Grants and contributions not restricted to specific programs					85,994		85,994
Unrestricted investment income					903	182	1,085
Miscellaneous					448,398	60	448,458
Transfers					9,234	(9,234)	
Total General Receipts					1,573,622	(8,992)	1,564,630
Change in Net Position					378,915	129,175	508,090
Net Position - Beginning					1,199,033	191,839	1,390,872
Net Position - Ending					\$ 1,577,948	321,014	1,898,962

(Continued)

TOWN OF PELAHATCHIE, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2021

ASSETS

Cash and cash equivalents	\$ 419,612
Restricted cash	<u>1,479,350</u>
Total Assets	\$ <u><u>1,898,962</u></u>

NET POSITION

Restricted:	
Restricted for unemployment compensation	\$ 4,946
Restricted for public safety	1,264,127
Restricted for public works	169,882
Restricted for culture and recreation	16,169
Restricted for meter deposits	24,226
Unrestricted	<u>419,612</u>
Total Net Position	\$ <u><u>1,898,962</u></u>

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

TOWN OF PELAHATCHIE, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2021

	Governmental Activities					Business-type Activities
	Major Funds					
	General Fund	Police Seizure Fund	ARPA Fund	Non-Major Funds	Total	Water/Sewer Funds
RECEIPTS						
Ad valorem taxes	\$ 526,363				526,363	
Road and bridge tax	54				54	
License and permits	14,971				14,971	
Franchise taxes on utilities	41,085				41,085	
Grand Gulf payments in lieu of tax	27,210				27,210	
Intergovernmental revenues:						
Federal revenues:						
Grants	54,200		169,879		224,079	61,364
State shared revenues:						
Sales taxes	461,591				461,591	
Grants	31,617	26,443			58,060	
General municipal aid	665				665	
Gasoline tax	3,919				3,919	
Other	280				280	
Local shared revenues:						
Forfeiture revenues	3,234				3,234	
Charges for services:						
Garbage						66,985
Water and sewer utility						678,572
Fines and forfeits	48,616	132			48,748	
Interest income	161	706	3	33	903	182
Miscellaneous revenue	447,867			531	448,398	13,888
Total Receipts	<u>1,661,833</u>	<u>27,281</u>	<u>169,882</u>	<u>564</u>	<u>1,859,560</u>	<u>820,991</u>

(Continued)

TOWN OF PELAHATCHIE, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2021

	Governmental Activities					Business-type Activities
	Major Funds					
	General Fund	Police Seizure Fund	ARPA Fund	Non-Major Funds	Total	Water/Sewer Funds
DISBURSEMENTS						
General government	523,143				523,143	
Public safety	587,594	40,959		11,495	640,048	
Public works	172,335				172,335	
Culture and recreation				21	21	
Water and sewer utility:						
Personal services						298,446
Supplies						49,365
Utilities						171,662
Other services and charges						81,889
Total Disbursements	<u>1,283,072</u>	<u>40,959</u>	<u>0</u>	<u>11,516</u>	<u>1,335,547</u>	<u>601,362</u>
Excess of Receipts Over (Under) Disbursements	<u>378,761</u>	<u>(13,678)</u>	<u>169,882</u>	<u>(10,952)</u>	<u>524,013</u>	<u>219,629</u>
OTHER CASH SOURCES (USES)						
Purchase of capital assets	(10,826)				(10,826)	(16,899)
Principal paid on long-term debt	(101,509)				(101,509)	(52,649)
Interest paid on long-term debt	(41,997)				(41,997)	(11,672)
Transfers in (out) to other funds	9,234				9,234	(9,234)
Total Other Cash Sources and (Uses)	<u>(145,098)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(145,098)</u>	<u>(90,454)</u>

(Continued)

TOWN OF PELAHATCHIE, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2021

	Governmental Activities					Business-type Activities
	Major Funds					
	General Fund	Police Seizure Fund	ARPA Fund	Non-Major Funds	Total	Water/Sewer Funds
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	233,663	(13,678)	169,882	(10,952)	378,915	129,175
CASH BASIS FUND BALANCE - Beginning of Year	<u>(105,893)</u>	<u>1,252,754</u>	<u>0</u>	<u>52,172</u>	<u>1,199,033</u>	<u>191,839</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 127,770</u>	<u>1,239,076</u>	<u>169,882</u>	<u>41,220</u>	<u>1,577,948</u>	<u>321,014</u>
CASH BASIS ASSETS - End of Year						
Cash and cash equivalents	\$ 122,824				122,824	296,533
Restricted cash	<u>4,946</u>	<u>1,239,076</u>	<u>169,882</u>	<u>41,220</u>	<u>1,455,124</u>	<u>24,481</u>
Total Cash Basis Assets	<u>\$ 127,770</u>	<u>1,239,076</u>	<u>169,882</u>	<u>41,220</u>	<u>1,577,948</u>	<u>321,014</u>
CASH BASIS FUND BALANCES - End of Year						
Restricted for public safety	\$	1,239,076		25,051	1,264,127	
Restricted for public works			169,882		169,882	
Restricted for culture and recreation				16,169	16,169	
Restricted for unemployment	4,946				4,946	
Restricted for meter deposits						24,481
Unassigned	<u>122,824</u>	<u></u>	<u></u>	<u></u>	<u>122,824</u>	<u>296,533</u>
Total Cash Basis Fund Balances	<u>\$ 127,770</u>	<u>1,239,076</u>	<u>169,882</u>	<u>41,220</u>	<u>1,577,948</u>	<u>321,014</u>

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

TOWN OF PELAHATCHIE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2021

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Pelahatchie, Mississippi, (the Town) was incorporated in June, 1904. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Cash Position.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when they are collected and disbursements are recorded when cash is spent.

The government reports the following major Governmental Funds:

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

The *Police Seizure Fund* is a special revenue fund which accounts for funds seized from criminal activities to be used for public safety expenditures.

TOWN OF PELAHATCHIE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2021

The *ARPA Fund* is a special revenue fund which accounts for grant funds to be used for public works expenditures.

The Town reports the following major Proprietary Fund:

The *Water/Sewer Fund* accounts for the activities of providing water and sewer services to citizens of the Town.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Position or Equity.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Fund Equity.*

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted amounts to be spent first when both restricted and unassigned fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$1,898,962 and the bank balance was \$2,025,102. The collateral for public entities' deposits in financial institutions are 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, Miss. 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 Depositary Insurance Corporation.

TOWN OF PELAHATCHIE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2021

Custodial Credit Risk - Deposits and Investments: 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 institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2021, the amount of the Town's bank balance of \$2,025,102 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments 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.

(3) Defined Benefit Pension Plan.

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

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The prior rate is 15.75% and the current rate as of June 2019 is 17.40% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2021, 2020 and 2019 were \$96,278, \$91,850 and \$74,762, respectively, which is equal to the required contributions for each year.

TOWN OF PELAHATCHIE, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PELAHATCHIE, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual
General Fund - UNAUDITED
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 422,511	422,511	526,363	103,852
Road and bridge tax	52,000	52,000	54	(51,946)
Charges for services	471,000	471,000		(471,000)
License and permits	16,000	16,000	14,971	(1,029)
Franchise taxes	40,000	40,000	41,085	1,085
Intergovernmental receipts	390,000	390,000	582,716	192,716
In lieu of taxes	27,000	27,000		(27,000)
Fines and forfeits	145,000	145,000	48,616	(96,384)
Miscellaneous	84,515	84,515	448,028	363,513
Total Receipts	<u>1,648,026</u>	<u>1,648,026</u>	<u>1,661,833</u>	<u>13,807</u>
EXPENDITURES				
General government	362,132	362,132	523,143	(161,011)
Public safety	692,136	692,136	587,594	104,542
Public works	307,683	307,683	172,335	135,348
Debt service:				
Principal			101,509	(101,509)
Interest			41,997	(41,997)
Total Expenditures	<u>1,361,951</u>	<u>1,361,951</u>	<u>1,426,578</u>	<u>(64,627)</u>
Excess of Receipts Over (Under) Expenditures	<u>286,075</u>	<u>286,075</u>	<u>235,255</u>	<u>(50,820)</u>
OTHER CASH SOURCES (USES)				
Reimbursement for debt repayment	(62,204)	(62,204)		62,204
Capital expenditure			(10,826)	(10,826)
Transfers	15,000	15,000	9,234	(5,766)
Total Other Cash Sources and Uses	<u>(47,204)</u>	<u>(47,204)</u>	<u>(1,592)</u>	<u>45,612</u>
Net Change in Cash Basis Fund Balance	238,871	238,871	233,663	(5,208)
Cash Basis Fund Balances - Beginning	<u>722,908</u>	<u>722,908</u>	<u>(105,893)</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 961,779</u>	<u>961,779</u>	<u>127,770</u>	<u>(5,208)</u>

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

TOWN OF PELAHATCHIE, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual
Police Seizure Fund - UNAUDITED
For the Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Fines and forfeits	\$ 572,451	572,451	132	(572,319)
Intergovernmental			26,443	26,443
Interest	<u>250</u>	<u>250</u>	<u>706</u>	<u>456</u>
Total Receipts	<u>572,701</u>	<u>572,701</u>	<u>27,281</u>	<u>(545,420)</u>
EXPENDITURES				
Public safety	<u>50,000</u>	<u>50,000</u>	<u>40,959</u>	<u>(9,041)</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>40,959</u>	<u>(9,041)</u>
Excess of Receipts Over (Under) Expenditures	<u>522,701</u>	<u>522,701</u>	<u>(13,678)</u>	<u>(536,379)</u>
Net Change in Cash Basis Fund Balance	522,701	522,701	(13,678)	(536,379)
Cash Basis Fund Balances - Beginning	<u>522,701</u>	<u>522,701</u>	<u>1,252,754</u>	<u>0</u>
Cash Basis Fund Balances - Ending	\$ <u>1,045,402</u>	<u>1,045,402</u>	<u>1,239,076</u>	<u>(536,379)</u>

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

TOWN OF PELAHATCHIE, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2021
UNAUDITED**

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedules are presented for the General Fund and the Police Seizure Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF PELAHATCHIE, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PELAHATCHIE, MISSISSIPPI
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2021

Description	Outstanding Balance Sept. 30, 2020	Redeemed	Outstanding Balance Sept. 30, 2021
Bond Issue :			
2010 general obligation bond issue	\$ 575,000	45,000	530,000
Total General Obligation Bonds	<u>575,000</u>	<u>45,000</u>	<u>530,000</u>
Other Long-term Debt:			
State of Mississippi - CAP loan	77,216	14,911	62,305
State of Mississippi - CAP loan	141,456	21,395	120,061
State of Mississippi - CAP loan - sewer improvements	609,920	37,738	572,182
State of Mississippi - CAP loan - Multicraft	479,324	33,465	445,859
PriorityOne loan	18,243	1,649	16,594
Total Other Long-term Debt	<u>1,326,159</u>	<u>109,158</u>	<u>1,217,001</u>
Total Long-term Debt	<u>\$ 1,901,159</u>	<u>154,158</u>	<u>1,747,001</u>

TOWN OF PELAHATCHIE, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2021

	<u>Balance</u>
Special Revenue Fund:	
.40% Certificate of Deposit, dated September 2, 2020, due 365 days after date	\$ <u>53,017</u>
Total Special Revenue Fund Investments	<u>53,017</u>
Enterprise Fund:	
.35% Certificate of Deposit, dated November 13, 2019, due 365 days after date	24,481
.35% Certificate of Deposit, dated March 28, 2020, due 365 days after date	<u>5,734</u>
Total Enterprise Fund Investments	<u>30,215</u>
Employment Security Fund:	
.40% Certificate of Deposit, dated August 27, 2020, due 365 days after date	<u>4,946</u>
Total Employment Security Fund Investments	<u>4,946</u>
Total All Funds	\$ <u><u>88,178</u></u>

TOWN OF PELAHATCHIE, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2021

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets:				
Land	\$ 337,148			337,148
Construction in progress	527,673		(527,673)	
Buildings and improvements other than buildings	5,824,767		527,673	6,352,440
Machinery and equipment	<u>1,834,369</u>	<u>10,826</u>		<u>1,845,195</u>
Total Governmental Activities Capital Assets	<u>\$ 8,523,957</u>	<u>10,826</u>	<u>0</u>	<u>8,534,783</u>
Business-type Activities				
Capital Assets:				
Land	\$ 26,318			26,318
Machinery and equipment	333,148	16,899		350,047
Water/Sewer infrastructure	4,941,915			4,941,915
Water/Sewer improvements	<u>858,008</u>			<u>858,008</u>
Total Business-type Activities Capital Assets	<u>\$ 6,159,389</u>	<u>16,899</u>	<u>0</u>	<u>6,176,288</u>

TOWN OF PELAHATCHIE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2021

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Sandra Louise Harvey	Alderwoman	MS Municipal Bond Program	\$50,000
James Ray Harrell	Alderman	MS Municipal Bond Program	\$50,000
Diane Hill	Alderwoman	MS Municipal Bond Program	\$50,000
Edward E. Jones	Alderman	MS Municipal Bond Program	\$50,000
Margie A. Warren	Alderwoman	MS Municipal Bond Program	\$50,000
Karl Vanhorn	Mayor	MS Municipal Bond Program	\$50,000
OPEN	Town Clerk	Western Surety	\$50,000
Barbara Harper	Deputy Clerk	Western Surety	\$50,000
Ellen Davis	Part-time Deputy Clerk	Western Surety	\$50,000
Robert Mahaffey	Police Chief	Western Surety	\$50,000
Shannin Jacqueline Adams	Court Clerk	Western Surety	\$50,000
Maronda Parker	Police Dispatcher	Western Surety	\$50,000
Brayden Bailey	Police Dispatcher	Western Surety	\$50,000

TOWN OF PELAHATCHIE, MISSISSIPPI

SPECIAL REPORT

Windham and Lacey, PLLC

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Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and
Members of the Board of Aldermen
Town of Pelahatchie, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pelahatchie, Mississippi, as of and for the year ended September 30, 2021, and have issued our report thereon dated October 13, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our audit of the basic financial statements disclosed the following instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding

Annual Audit

Section 21-35-31, Miss. Code Ann. (1972), states "The governing authority of every municipality in the state shall have the municipal books audited annually, before the close of the next succeeding fiscal year, in accordance with procedures and reporting requirements prescribed by the State Auditor." The Town did not comply with this requirement.

Recommendation

We recommend the Town of Pelahatchie complete the annual audit report in a timely manner.

Town's Response

We are aware of this issue and have taken steps to have the annual audit completed.

2. Finding

Annual Inventory of Fixed Assets

The Municipal Audit and Accounting Guide established by the Office of the State Auditor requires the municipality to conduct an annual inventory of its assets and to properly tag them. We could find no evidence that the Town complied with these requirements.

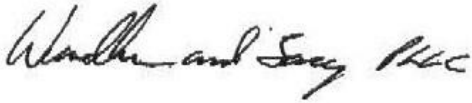
Recommendation

We recommend the Town of Pelahatchie complete an annual asset inventory and tag its assets.

Town's Response

We are aware of this issue and have taken steps to correct.

This report is intended solely for the information and use of management and the Office of the State Auditor 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.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
October 13, 2023

TOWN OF PELAHATCHIE, MISSISSIPPI

SCHEDULE OF FINDINGS

TOWN OF PELAHTACHIE, MISSISSIPPI

**Schedule of Findings
For the Year Ended September 30, 2021**

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

TOWN OF PELAHATCHIE, MISSISSIPPI

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

TOWN OF PELAHATCHIE, MISSISSIPPI

**Summary of Prior Year Findings
For the Year Ended September 30, 2021**

2020-001. Reconciliation of Interfund Transactions.

Condition: The Town engages in transactions between funds by either making loans between funds or by transferring money between funds. Such transactions are made for a variety of reasons including moving money the State deposits into the General Fund to the correct fund and for short-term loans to finance grant related projects for which grant payments have not yet been received. While such transactions are necessary, good internal control requires the Town to maintain adequate records to document the transactions and to periodically reconcile the transactions between the various funds. Transfers to one fund should result in a transfer from another fund that should offset. For the current year, there was no such documentation or reconciliation provided.

Status: Corrected in 2021.