

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

CITY OF DREW, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

CITY OF DREW, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

FINANCIAL STATEMENTS		Page(s)
Independent Auditor's Report		1 - 3
Statement of Activities and Net Position - Cash Basis		4
Balance Sheet and Net Assets - Cash Basis		5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis Governmental Funds		6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund - Cash Basis		7
Statement of Net Position - Cash Basis - Proprietary Fund		8
Statement of Revenues, Expenses, and Changes in Net Position - Cash Basis - Proprietary Funds		9
Combining Balance Sheet and Nets Assets - Cash Basis All Agency Funds		10
Combining Statement of Change in Nets Assets - Cash Basis All Agency Funds		11
Notes to the Financial Statements		12 - 19
SUPPLEMENTAL INFORMATION		
	Schedule	
Schedule of Investments - All Funds	1	21
Schedule of Long-Term Debt	2	22
Schedule of Surety Bonds for Municipal Officials	3	23

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	24 - 25
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Auditee's Summary Schedule of Prior Audit Findings	26
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STATE LEGAL COMPLIANCE SECTION

Independent Auditor's Report on Compliance With State Laws and Regulations	28
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Drew, Mississippi (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Drew, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Drew, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Drew, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Drew, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

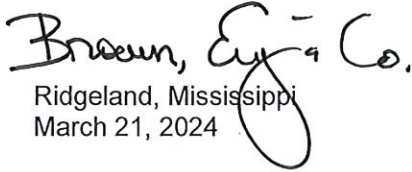
Other Matters

Required Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the City of Drew, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Ridgeland, Mississippi
March 21, 2024

CITY OF DREW, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
For the Year Ended September 30, 2022

	Program Revenues			Net (Expenses) Revenues Changes in Net Position			Total
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
Administration	\$ 320,742	-	-	-	(320,742)	-	\$ (320,742)
Public safety	602,283	-	-	-	(602,283)	-	(602,283)
Public works	176,900	7,350	-	200,507	30,957	-	30,957
Health and welfare	23,808	-	-	-	(23,808)	-	(23,808)
Culture/parks and recreation	25,428	-	-	-	(25,428)	-	(25,428)
Community development	-	-	140,271	-	140,271	-	140,271
Principal payment on debt	61,158	-	-	-	(61,158)	-	(61,158)
Interest on long-term debt	1,718	-	-	-	(1,718)	-	(1,718)
Total governmental activities	<u>1,212,037</u>	<u>7,350</u>	<u>140,271</u>	<u>200,507</u>	<u>(863,909)</u>	<u>-</u>	<u>(863,909)</u>
Business-type activities:							
Water/Sewer	462,526	546,956	-	-	-	84,430	84,430
Interest on long-term debt	13,902	-	-	-	-	(13,902)	-
Total Business-type activities	<u>476,428</u>	<u>546,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,528</u>	<u>84,430</u>
Total Primary Government	<u>\$ 1,688,465</u>	<u>554,306</u>	<u>140,271</u>	<u>200,507</u>	<u>(863,909)</u>	<u>70,528</u>	<u>\$ (779,479)</u>
General Revenues:							
Property taxes					\$ 416,161	-	\$ 416,161
Sales tax revenue					71,810	-	71,810
Other intergovernmental revenues					73,774	-	73,774
Franchise taxes					49,158	-	49,158
Fines and report fees					99,911	-	99,911
License and permits					35,484	-	35,484
Miscellaneous					154,889	-	154,889
Unrestricted investment earnings					1,268	1,400	2,668
Transfers in (out)					197,078	(10,940)	186,138
Total general revenues, special items, and transfers					<u>1,099,533</u>	<u>(9,540)</u>	<u>1,089,993</u>
Change in net assets					235,624	60,988	310,514
Net Position - Beginning					<u>539,882</u>	<u>335,693</u>	<u>875,575</u>
Net Position - Ending					<u>\$ 775,506</u>	<u>396,681</u>	<u>\$ 1,186,089</u>

CITY OF DREW, MISSISSIPPI
Balance Sheet and Net Assets - Cash Basis
Governmental Funds
For the Year Ended September 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalent	\$ 104,647	521,534	-	\$ 626,181
Certificate of deposits	81,694	67,631	-	149,325
TOTAL ASSETS	<u>\$ 186,341</u>	<u>589,165</u>	<u>-</u>	<u>\$ 775,506</u>
NET ASSETS				
Restricted for fire protection	\$ 1,909	147,723	-	\$ 149,632
Restricted for police activity	22,217	-	-	22,217
Restricted for other activity	-	94,511	-	94,511
Restricted for federal grants	18,193	346,931	-	365,124
Unassigned	<u>144,022</u>	<u>-</u>	<u>-</u>	<u>144,022</u>
Total Net Assets	<u>186,341</u>	<u>589,165</u>	<u>-</u>	<u>775,506</u>
TOTAL NET ASSETS	<u>\$ 186,341</u>	<u>589,165</u>	<u>-</u>	<u>\$ 775,506</u>

CITY OF DREW, MISSISSIPPI
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended September 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
General property taxes	\$ 398,422	-	-	\$ 398,422
Privilege licenses and permits	35,484	-	-	35,484
Intergovernmental revenues	182,250	304,111	-	486,361
Franchise taxes	49,158	-	-	49,158
Fines and report fees	99,911	-	-	99,911
Interest income	780	490	-	1,270
Miscellaneous	179,977	-	-	179,977
Total Revenues	<u>945,982</u>	<u>304,601</u>	<u>-</u>	<u>1,250,583</u>
EXPENDITURES:				
General Government:				
Administration and finance	234,742	-	-	234,742
Public Safety				
Police department	506,300	-	-	506,300
Fire department	64,719	31,264	-	95,983
Public works	159,993	65,746	-	225,739
Health and welfare	37,969	-	-	37,969
Culture and recreation	25,428	-	-	25,428
Debt services:				
Principal	61,158	-	-	61,158
Interest and service charges	1,718	-	-	1,718
Capital outlay:				
Public safety	23,000	-	-	23,000
TOTAL EXPENDITURES	<u>1,115,027</u>	<u>97,010</u>	<u>-</u>	<u>1,212,037</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(169,045)</u>	<u>207,591</u>	<u>-</u>	<u>38,546</u>
OTHER CASH SOURCES (USES):				
Operating transfers in	207,425	-	-	207,425
Operating transfers out	-	(10,347)	-	(10,347)
Total Other Financing Sources (Uses)	<u>207,425</u>	<u>(10,347)</u>	<u>-</u>	<u>197,078</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	38,380	197,244	-	235,624
Cash Basis Fund Balance, October 1	147,961	391,921	-	539,882
Cash Basis Fund Balance, September 30	<u>\$ 186,341</u>	<u>589,165</u>	<u>-</u>	<u>\$ 775,506</u>

CITY OF DREW, MISSISSIPPI
General Fund - Cash Basis
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 454,803	454,803	398,422	\$ (56,381)
Homestead exemption	15,000	15,000	-	(15,000)
Licenses and permits	8,625	8,625	35,484	26,859
State shared revenues	11,800	11,800	31,111	19,311
Federal grant revenue	3,600	3,600	68,707	65,107
Franchise taxes	40,000	40,000	49,158	9,158
Sales tax revenue	70,000	70,000	71,810	1,810
Grand gulf	13,000	13,000	10,622	(2,378)
Fines and report fees	33,000	33,000	99,911	66,911
Interest	600	600	780	180
Rent income	17,000	17,000	11,407	(5,593)
Miscellaneous	95,184	95,184	168,570	73,386
TOTAL REVENUES	<u>762,612</u>	<u>762,612</u>	<u>945,982</u>	<u>183,370</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	166,692	166,692	234,742	(68,050)
Public Safety				
Police protection	425,615	425,615	506,300	(80,685)
Fire protection	17,169	17,169	64,719	(47,550)
Public Works				
Streets improvements	116,366	116,366	159,993	(43,627)
Health and welfare	10,500	10,500	37,969	(27,469)
Culture and recreation	26,270	26,270	25,428	842
Capital Expenditures	-	-	23,000	(23,000)
Debt service	-	-	62,876	(62,876)
Total Expenditures	<u>762,612</u>	<u>762,612</u>	<u>1,115,027</u>	<u>(352,415)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(169,045)</u>	<u>(169,045)</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	207,425	207,425
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>207,425</u>	<u>207,425</u>
Net Change in Fund Balances	-	-	38,380	38,380
Cash Basis Fund Balance, Oct. 1	<u>147,961</u>	<u>147,961</u>	<u>147,961</u>	<u>-</u>
Cash Basis Fund Balance, Sept. 30	<u>\$ 147,961</u>	<u>147,961</u>	<u>186,341</u>	<u>\$ 38,380</u>

CITY OF DREW, MISSISSIPPI
Statement of Net Position - Cash Basis
Proprietary Fund
For the Year Ended September 30, 2022

	<u>Business Type Activities</u>
	<u>Water/Sewer Fund</u>
Assets	
Cash and cash equivalents	\$ 294,391
Cash, restricted	18,612
Investments - certificate of deposit	<u>83,678</u>
Total Assets	<u>\$ 396,681</u>
Net Position	
Restricted for debt service	\$ 18,612
Unrestricted	<u>378,069</u>
Total Net Position	<u>396,681</u>
Total Net Position	<u>\$ 396,681</u>

CITY OF DREW, MISSISSIPPI
Statement of Revenues, Expenses, and Changes in Net Position - Cash Basis
Proprietary Funds
For the Year Ended September 30, 2022

	<u>Business -Type Activities</u>
	<u>Water/Sewer Fund</u>
Operating Revenues:	
Sales to customers	\$ 546,956
Other revenue	<u>-</u>
Total Operating Revenues	<u>546,956</u>
Operating Expenses:	
Personnel services	112,565
Supplies	39,994
Other services and charges	<u>283,195</u>
Total Operating Expenses	<u>435,754</u>
Operating income (loss)	<u>111,202</u>
Nonoperating revenues (expenses)	
Interest income	1,400
Principal payment on debt	(26,772)
Interest and service charges on long-term debt	<u>(13,902)</u>
Total Nonoperating revenues	<u>(39,274)</u>
Net Income Before Operating Transfers	71,928
Operating Transfers In	64,060
Operating Transfers (Out)	<u>(75,000)</u>
Change in Net Position	60,988
Cash Basis Net Position, October 1	<u>335,693</u>
Cash Basis Net Position, September 30	<u>\$ 396,681</u>

CITY OF DREW, MISSISSIPPI
All Agency Funds
Combining Balance Sheet and Nets Assets - Cash Basis
For the Year Ended September 30, 2022

Assets:	Payroll Clearing Fund	Accounts Payable Clearing	Total
Cash and cash equivalents	\$ 10,643	(11,024)	\$ (381)
Total Assets	<u>\$ 10,643</u>	<u>(11,024)</u>	<u>\$ (381)</u>
Net Assets			
Held for other	\$ 10,643	(11,024)	\$ (381)
Total Net Assets	<u>\$ 10,643</u>	<u>(11,024)</u>	<u>\$ (381)</u>

CITY OF DREW, MISSISSIPPI
All Agency Funds
Combining Statement of Changes in Net Assets - Cash Basis
For the Year Ended September 30, 2022

	Payroll Clearing Fund	Accounts Payable Clearing	Total
Additions			
Interest	\$ 127	104	\$ 231
Other additions	-	-	-
Total Additions	<u>127</u>	<u>104</u>	<u>231</u>
Deductions			
General government	-	18,668	18,668
Other deductions	<u>9,052</u>	<u>-</u>	<u>9,052</u>
Total Deductions	<u>9,052</u>	<u>18,668</u>	<u>27,720</u>
Change in Net Assets	(8,925)	(18,564)	(27,489)
Net Asset at beginning of year	<u>19,568</u>	<u>7,540</u>	<u>27,108</u>
Net Asset at end of year	<u>\$ 10,643</u>	<u>(11,024)</u>	<u>\$ (381)</u>

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Fund Accounting

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

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

GOVERNMENTAL FUNDS

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

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

PROPRIETARY FUNDS

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

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MAJOR FUNDS

For the year ended September 30, 2022, the City reports the following major funds:

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

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

B. Basis of Accounting

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

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

C. Total Columns on Combined Statement

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

D. Cash and Cash Equivalents

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

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

E. Investments

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

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments are reported at fair value.

F. Report Classification

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

G. Property Tax

Property taxes attach as an enforceable lien on property January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. The millage rate for the City for the fiscal year ended September 30, 2022, was 82.0 mills for general purposes.

NOTE 2 - BUDGET POLICY

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

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

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 2 - BUDGET POLICY (Continued)

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

The carrying amount of the City's deposits with financial institutions in the governmental activities, business-type activities funds, and the agency funds were \$775,506, \$396,681, and \$(381) respectively. The bank balance was \$723,735.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk's on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2022, none of the City's bank balance of \$723,735 was exposed to custodial credit risk.

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2022, none of the City's bank balance of \$916,268 was exposed to custodial credit risk.

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2022, the City had no investments.

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

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

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

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

NOTE 4 - LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

A. Governmental Type Activities

During the year ended September 30, 2022, the following changes occurred in liabilities reported for the General Government:

	Balance Oct. 1, 2021	Additions	Retirements	Balance Sept. 30, 2022	Amount due Within one year
General obligation bonds	\$ 85,000	-	40,000	\$ 45,000	\$ 45,000
Total	\$ 85,000	-	40,000	\$ 45,000	\$ 45,000

General Obligation Bonds

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

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 4 - LONG-TERM DEBT (Continued)

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

1. General Obligation Bonds Payable

The outstanding General Obligation Bonds are as follows as of September 30, 2022.

	Amount <u>Outstanding</u>
On June 26, 2008, the Mayor and Board of Alderman authorized the issuance of \$500,000 in general obligation bonds with interest rates of 3.90% maturing May 1, 2023. Proceeds from these bonds were used for street improvements. This debt will be retired from the City's General Obligation Bond Fund.	\$ <u>45,000</u>

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

Fiscal year ending September 30	Principal	Interest	Total
2023	\$ 45,000	1,155	\$ 46,155
Total	\$ 45,000	1,155	\$ 46,155

CHANGES IN LONG-TERM LIABILITIES

B. Business-Type Activities

During the year ended September 30, 2022, the following changes occurred in liabilities reported for the Water/Sewer Fund:

	Balance Oct. 1, 2021	Additions	Retirements	Balance Sept. 30, 2022	Amount due within one year
Combined water/sewer revenue bonds series 2013	\$ 374,011	-	10,769	\$ 363,242	\$ 11,000
State revolving loan	316,870	-	13,442	303,428	13,707
Note payable	2,561	-	2,561	-	-
Total	\$ 693,442	-	26,772	\$ 666,670	\$ 24,707

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 4 - LONG-TERM DEBT (Continued)

The following is outstanding debt related to Business-Type Activities as of September 30, 2022.

1. Revenue Bonds Payable

The outstanding Revenue Bond Payable is as follows as of September 30, 2022.

	<u>Amount Outstanding</u>
<u>Loan Number 1</u>	
On February 5, 2012, the Mayor and Board of Alderman authorized the issuance of \$1,713,030 in combined water/sewer series 2013 revenue bonds with an interest rate of 2.125% maturing May 3, 2048. This debt will be retired from the City's Water/Sewer Fund.	\$ 363,242
<u>Loan Number 2</u>	
In October 2013, the Mayor and Board of Alderman authorized the issuance of \$28,098 revolving state loan with an interest rate of 1.95% maturing March 2034. This debt will be retired from the City's Water/Sewer Fund.	<u>303,429</u>
Total Revenue Bonds and Notes Payable	<u>\$ 666,671</u>

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

Loan Number 1

Fiscal year ending September 30	Principal	Interest	Total
2023	\$ 11,000	7,612	\$ 18,612
2024	11,236	7,376	18,612
2025	11,477	7,135	18,612
2026	11,723	6,889	18,612
2027	11,975	6,637	18,612
Thereafter	<u>305,831</u>	<u>70,640</u>	<u>376,471</u>
Total	<u>\$ 363,242</u>	<u>106,289</u>	<u>\$ 469,531</u>

Loan Number 2

Fiscal year ending September 30	Principal	Interest	Total
2023	\$ 13,707	5,797	\$ 19,504
2024	13,976	5,525	19,501
2025	14,251	5,250	19,501
2026	14,532	4,969	19,501
2027	14,818	4,683	19,501
Thereafter	<u>232,145</u>	<u>27,440</u>	<u>259,585</u>
Total	<u>\$ 303,429</u>	<u>53,664</u>	<u>\$ 357,093</u>

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

CITY OF DREW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2022

NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS

The City of Drew had \$23,000 in capital outlay disbursements during the current fiscal year.

NOTE 6 - FEDERAL AND STATE GRANTS

During the fiscal year ended September 30, 2022, the City received federal grants and state grant funds in the amount of \$340,777 and incurred grant expenditures in the same amount.

A single audit in accordance with the Uniform Guidance was not required for the year ended September 30, 2022.

NOTE 7 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of City of Drew, Mississippi, evaluated the activity of the Organization through March 21, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 8 - COVID-19 FINANCIAL STATEMENT IMPACTS

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

SUPPLEMENTAL INFORMATION

CITY OF DREW, MISSISSIPPI
Schedule of Investments - All Funds
For the Year Ended September 30, 2022

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Financial Institution</u>	<u>Investment Balance</u>
General Fund	Certificate of Deposit	1.490%	1/24/2021	1/24/2022	Southern Bancorp	\$ 23,622
General Fund	Certificate of Deposit	1.490%	11/03/2020	11/03/2021	Southern Bancorp	44,489
General Fund	Certificate of Deposit	1.490%	12/24/2020	12/24/2021	Southern Bancorp	13,583
Fire Protection	Certificate of Deposit	1.490%	11/21/2020	12/21/2021	Southern Bancorp	67,631
Enterprise Fund	Certificate of Deposit	1.490%	11/21/2020	12/21/2021	Southern Bancorp	<u>83,678</u>
Total Investments						<u>\$ 233,003</u>

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

CITY OF DREW, MISSISSIPPI
Schedule of Long -Term Debt
September 30, 2022

	Interest Rates	Issue Date	Final Maturity Date	Authorized	Issued	Balance at 10/01/2021	Additions	Deletions	Balance at 09/30/2022
<u>General Government:</u>									
<u>General Obligations Bonds:</u>									
Street improvement bonds	3.90%	06/26/2008	05/01/2023	\$ 500,000	425,000	85,000	-	40,000	\$ 45,000
Total General Government Debt				\$ 500,000	425,000	85,000	-	40,000	\$ 45,000
<u>Business Type - Activities</u>									
<u>Revenue Bonds</u>									
Combined Revenue Bonds Series 2013	2.125%	05/03/2013	05/03/2048	1,713,030	1,713,030	374,011	-	10,769	363,242
State Revolving Loan	1.95%	10/2013	03/2034	460,175	460,175	316,871	-	13,442	303,429
Total Revenue Bonds				2,173,205	2,173,205	690,882	-	24,211	666,671
<u>Notes Payable:</u>									
Note Payable - John Deere Financial	3.90%	9/16/2016	09/09/2022	23,098	23,098	2,551	-	2,551	-
Total Proprietary Debt				\$ 2,196,303	2,196,303	693,443	-	26,772	\$ 666,671
Grand Total				\$ 2,696,303	2,621,303	778,443	\$ -	66,772	\$ 711,671

CITY OF DREW, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2022

Name	Position	Company	Amount of Bond
Melanie Townsend Blackmon	Mayor	Scott Insurance Agency	\$ 50,000
Hazel Harris	Alderwoman At-Large	Scott Insurance Agency	50,000
Jerome Shaw	Alderman	Scott Insurance Agency	50,000
Ben Alexander	Alderman	Scott Insurance Agency	50,000
Kyree Smith	Alderwoman	Scott Insurance Agency	50,000
Oliver Washington	Alderman	Scott Insurance Agency	50,000
Patricia Johnson	City Clerk	Scott Insurance Agency	50,000
Derice Randle	Deputy Clerk	Scott Insurance Agency	50,000
Terry Tyler	Chief of Police	Scott Insurance Agency	50,000



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

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

We have audited the accompanying cash basis financial statements of the City of Drew, Mississippi (the City), as of and for the year ended September 30, 2022, and have issued our report thereon dated March 21, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


Ridgeland, Mississippi
March 21, 2024

CITY OF DREW, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

'The City of Drew did not have prior year findings.

STATE LEGAL COMPLIANCE SECTION



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

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

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

We have audited the cash basis financial statements of the City of Drew, Mississippi, (the City) as of and for the year ended September 30, 2022, and have issued our report thereon dated March 21, 2024.

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

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

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

This report is intended solely for the information and use of the Mayor, Board of Alderpersons, management and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Brown, Ewing & Co.

Ridgeland, Mississippi
March 21, 2024