

## 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 ELLISVILLE, MISSISSIPPI**

**AUDIT REPORT**

**SEPTEMBER 30, 2022**

**CITY OF ELLISVILLE, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

---

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1 - 3</b>
<b><i>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</i></b>	
Statement of Net Position (Exhibit A)	5
Statement of Activities (Exhibit B)	6
<b><i>FUND FINANCIAL STATEMENTS:</i></b>	
<b><u>Governmental Funds:</u></b>	
Balance Sheet (Exhibit C)	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1)	9
Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit D)	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities (Exhibit D-1)	11
<b><u>Proprietary Funds:</u></b>	
Statement of Net Position (Exhibit E)	12
Statement of Revenues, Expenses and Changes in Fund Net Position (Exhibit F)	13
Statement of Cash Flows (Exhibit G)	14 - 15
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>16 - 40</b>
<b><i>Required Supplementary Information (RSI) (Other than MD&amp;A):</i></b>	
Budgetary Comparison Schedule – General Fund (Schedule 1a)	42
Schedule of the City's Proportionate Share of Net Pension Liability	43
Schedule of City Contributions	44
Notes to the Required Supplementary Information	45 - 47

**CITY OF ELLISVILLE, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

---

**TABLE OF CONTENTS (CONTINUED)**

	<b>Page</b>
<i><b>Supplementary Information</b></i>	
Schedule of Expenditures of Federal Awards	49
Notes to the Supplementary Information	50
Schedule of Surety Bonds for Municipal Officials	51
Schedule of Investments- All Funds	52
<i><b>Reports on Compliance and Internal Control:</b></i>	
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 <i>Government Auditing Standards</i>	54-55
Independent Auditor's Report on Compliance for Each Major Federal Program And on Internal Control over Compliance Required by the Uniform Guidance	56-58
Independent Auditor's Report on Compliance with State Laws and Regulations	59
Schedule of Findings and Questioned Costs	61-62
Auditee's Corrective Action Plan	64



Julie M. Uher, CPA  
Kari M. Blackledge, CPA  
Sheri A. Kelly, CPA

H. I. Holt, CPA  
Founder (1915-1997)  
W. David Dill, CPA (Retired)

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the  
Board of Aldermen and City Clerk  
City of Ellisville, Mississippi

### Report on the Audit of the Financial Statements

#### 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 Ellisville, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Ellisville, Mississippi's basic financial statements as listed in the table of contents.

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 Ellisville, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ellisville, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Ellisville, 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.

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

## **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 and *Government 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 Ellisville, 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 Ellisville, 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.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of the City's Proportionate Share of Net Pension Liability (PERS), Schedule of the City Contributions (PERS), Schedule of the City's Proportionate Share of Net OPEB Liability and the Schedule of City Contributions (OPEB) 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic 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 opinions on the basic financial statements are not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ellisville, Mississippi's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for Municipal Officials and Schedule of Investments-All Funds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023 on our consideration of the City of Ellisville, 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 solely 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 effectiveness of the City of Ellisville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ellisville, Mississippi's internal control over financial reporting and compliance.

***Holt & Associates, PLLC***

Laurel, MS

June 16, 2023

**CITY OF ELLISVILLE, MISSISSIPPI**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF ELLISVILLE, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and other deposits	\$ 4,858,346	\$ 1,718,852	\$ 6,577,198
Investments	759,515	732,337	1,491,852
Due from other governments	559,965	-	559,965
Receivables, accounts	-	211,454	211,454
Prepaid expenses	59,099	20,657	79,756
Receivables, other	448,853	922,131	1,370,984
Capital assets, net	4,562,016	8,548,755	13,110,771
Due from other funds	<u>-</u>	<u>2,391</u>	<u>2,391</u>
<b>TOTAL ASSETS</b>	<u>11,247,794</u>	<u>12,156,577</u>	<u>23,404,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	<u>591,159</u>	<u>51,405</u>	<u>642,564</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	83,618	61,557	145,175
Unearned revenues	-	1,120,882	1,120,882
Customer deposits	-	131,740	131,740
Due to other funds	2,391	-	2,391
Estimated state police fees payable	220,306	-	220,306
Long-term liabilities, due within one year			
Capital related debt	42,939	111,648	154,587
Long-term liabilities, due beyond one year			
Capital Related Debt	150,456	1,370,174	1,520,630
Non-capital related debt	36,260	-	36,260
Net pension liability	<u>3,899,118</u>	<u>339,053</u>	<u>4,238,171</u>
<b>TOTAL LIABILITIES</b>	<u>4,435,088</u>	<u>3,135,054</u>	<u>7,570,142</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	<u>197,524</u>	<u>17,176</u>	<u>214,700</u>
<b>NET POSITION</b>			
Investment in capital assets (net of related debt)	4,368,621	7,066,933	11,435,554
Unrestricted	<u>2,837,720</u>	<u>1,988,819</u>	<u>4,826,539</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 7,206,341</u></u>	<u><u>\$ 9,055,752</u></u>	<u><u>\$ 16,262,093</u></u>

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**EXHIBIT B**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 656,056	\$ 18,800	\$ -	\$ -	\$ (637,256)	\$ -	\$ (637,256)
Public safety	2,332,003	413,090	-	-	(1,918,913)	-	(1,918,913)
Public works	442,685	-	-	194,089	(248,596)	-	(248,596)
Health& welfare	140	-	-	-	(140)	-	(140)
Culture & recreation	128,398	50	-	-	(128,348)	-	(128,348)
Economic Development Authority	55,000	-	-	-	(55,000)	-	(55,000)
Interest on debt	9,360	-	-	-	(9,360)	-	(9,360)
						-	-
Total governmental activities	3,623,642	431,940	-	194,089	(2,997,613)	-	(2,997,613)
Business -type activities:							
Water & Sanitation	1,462,649	1,709,232	-	859,992	-	1,106,575	1,106,575
Total business-type activities	1,462,649	1,709,232	-	859,992	-	1,106,575	1,106,575
Total primary government	\$ 5,086,291	\$ 2,141,172	\$ -	\$ 1,054,081	\$ (2,997,613)	\$ 1,106,575	\$ (1,891,038)
Taxes:							
					2,159,167	-	2,159,167
					73,336	-	73,336
					1,288,280	-	1,288,280
					395,213	-	395,213
Unrestricted grants & contributions:							
					382,356	-	382,356
					39,261	20,200	59,461
					143,039	13,278	156,317
Total General Revenues and Transfers					4,480,652	33,478	4,514,130
Change in Net Position					1,483,039	1,140,053	2,623,092
Net Position - Beginning					5,723,302	8,476,176	14,199,478
Prior period adjustments					-	(560,477)	(560,477)
Net Position - Beginning- as restated					5,723,302	7,915,699	13,639,001
Net Position - Ending					\$ 7,206,341	\$ 9,055,752	\$ 16,262,093

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

**CITY OF ELLISVILLE, MISSISSIPPI**

**FUND FINANCIAL STATEMENTS**

**CITY OF ELLISVILLE, MISSISSIPPI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

**EXHIBIT C**

	<b><u>MAJOR FUND</u></b>		
	<b><u>General Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS:</b>			
Cash and other deposits	\$ 4,801,356	\$ 56,990	\$ 4,858,346
Investments	759,515	-	759,515
Due from other governments	559,965	-	559,965
Receivables, other	448,853	-	448,853
Prepaid expenses	59,099	-	59,099
Due from other funds	<u>-</u>	<u>93,812</u>	<u>93,812</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,628,788</u></b>	<b><u>\$ 150,802</u></b>	<b><u>\$ 6,779,590</u></b>
 <b>LIABILITIES &amp; FUND BALANCES:</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 83,618	\$ -	\$ 83,618
Estimated state police fees payable	220,306	-	220,306
Due to other funds	<u>96,203</u>	<u>-</u>	<u>96,203</u>
Total Liabilities	<u>400,127</u>	<u>-</u>	<u>400,127</u>
 Fund Balances:			
Nonspendable:			
Prepaid expenses	59,099	-	59,099
Assigned:			
Debt Service	-	-	-
Library	-	150,802	150,802
Road & Bridge Maintenance	1,122,009	-	1,122,009
Culture and Recreation	41,083	-	41,083
Unassigned:	<u>5,006,470</u>	<u>-</u>	<u>5,006,470</u>
Total Fund Balance	<u>6,228,661</u>	<u>150,802</u>	<u>6,379,463</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 6,628,788</u></b>	<b><u>\$ 150,802</u></b>	<b><u>\$ 6,779,590</u></b>

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

**EXHIBIT C-1**

Total Fund Balance - Governmental Funds	\$	6,379,463
---	----	-----------

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

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$	311,760	
Infrastructure		6,543,083	
Building		2,081,095	
Machinery & equipment		1,152,365	
Mobile Equipment		832,836	
Intangible Asset		20,117	
Accumulated Depreciation		<u>(6,379,240)</u>	4,562,016

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability		(3,899,118)	
-----------------------	--	-------------	--

Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		591,159	
Deferred inflows of resources related to pensions		<u>(197,524)</u>	(3,505,483)

3. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Notes payable		(193,395)	
Compensated Absences		<u>(36,260)</u>	<u>(229,655)</u>

Total Net Position - Governmental Activities	\$	<u><u>7,206,341</u></u>
--	----	-------------------------

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**EXHIBIT D**

	<u>MAJOR FUND</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 2,159,167	\$ 73,336	\$ 2,232,503
Franchise and other taxes	395,213	-	395,213
License and permits	18,800	-	18,800
Intergovernmental revenues	1,670,636	-	1,670,636
Federal grant	194,089	-	194,089
Charges for services	50	-	50
Fines and forfeitures	413,090	-	413,090
Miscellaneous	<u>180,305</u>	<u>1,995</u>	<u>182,300</u>
<b>TOTAL REVENUES</b>	<u>5,031,350</u>	<u>75,331</u>	<u>5,106,681</u>
<b>EXPENDITURES</b>			
General government	475,705	-	475,705
Public safety	2,565,484	-	2,565,484
Public works	376,388	-	376,388
Health and welfare	140	-	140
Culture & recreation	46,745	67,010	113,755
Economic Development Authority	55,000	-	55,000
Capital Outlay	345,587	-	345,587
Debt Service:			
Principal	41,340	-	41,340
Interest	<u>9,360</u>	<u>-</u>	<u>9,360</u>
<b>TOTAL EXPENDITURES</b>	<u>3,915,749</u>	<u>67,010</u>	<u>3,982,759</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<u>1,115,601</u>	<u>8,321</u>	<u>1,123,922</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,115,601	8,321	1,123,922
<b>FUND BALANCE, OCTOBER 1, 2021</b>	<u>5,113,060</u>	<u>142,481</u>	<u>5,255,541</u>
<b>FUND BALANCE, SEPTEMBER 30, 2022</b>	<u>\$ 6,228,661</u>	<u>\$ 150,802</u>	<u>\$ 6,379,463</u>

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**EXHIBIT D-1**

Net Change in fund balances - governmental funds \$ 1,123,922

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

1. 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 outlay	755,202	
Depreciation expense	<u>(328,863)</u>	426,339

2. Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(2,202)
----------------------	---------

3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.

41,340

4. The statement of activities uses the economic resources measurement focus and accrual basis of accounting, and therefore requires the pension expense and deferred outflows/inflows of resources related to pensions be recognized.

Pension expense	(175,786)	
Contributions subsequent to the measurement date	<u>69,426</u>	<u>(106,360)</u>

Change in net position of governmental activities \$ 1,483,039

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2022**

**EXHIBIT E**

**MAJOR FUNDS**

<b>ASSETS</b>	<b>Enterprise Fund</b>	<b>Sanitation Fund</b>	<b>Total Proprietary Funds</b>
<b>CURRENT ASSETS</b>			
Cash	\$ 1,609,200	\$ 109,652	\$ 1,718,852
Investments	732,337	-	732,337
Accounts receivable (net)	211,454	-	211,454
Unbilled receivables	62,139	-	62,139
Grant receivables	859,992	-	859,992
Prepaid items	19,357	1,300	20,657
Due from other funds	250	2,141	2,391
Total current assets	<u>3,494,729</u>	<u>113,093</u>	<u>3,607,822</u>
<b>NONCURRENT ASSETS</b>			
Capital assets (net)	<u>8,488,400</u>	<u>60,355</u>	<u>8,548,755</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,983,129</u>	<u>\$ 173,448</u>	<u>\$ 12,156,577</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	<u>\$ 38,554</u>	<u>\$ 12,851</u>	<u>\$ 51,405</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Note payable - current portion	\$ 111,648	\$ -	111,648
Accounts payable	34,654	26,018	60,672
Accrued salaries and taxes	885	-	885
Customer deposits	131,740	-	131,740
Total current liabilities	<u>278,927</u>	<u>26,018</u>	<u>304,945</u>
<b>LONG-TERM LIABILITIES</b>			
Long-term liabilities, due beyond one year	1,370,174	-	1,370,174
Deferred revenues	1,120,882	-	1,120,882
Net pension liability	254,290	84,763	339,053
Total long-term liabilities	<u>2,745,346</u>	<u>84,763</u>	<u>2,830,109</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,024,273</u>	<u>\$ 110,781</u>	<u>\$ 3,135,054</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	<u>\$ 12,882</u>	<u>\$ 4,294</u>	<u>\$ 17,176</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ 7,006,578	\$ 60,355	\$ 7,066,933
Retained earnings: Unreserved	<u>1,977,950</u>	<u>10,869</u>	<u>1,988,819</u>
<b>TOTAL NET POSITION</b>	<u>\$ 8,984,528</u>	<u>\$ 71,224</u>	<u>\$ 9,055,752</u>

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



**CITY OF ELLISVILLE, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR YEAR ENDED SEPTEMBER 30, 2022**

**EXHIBIT F**

	<b>MAJOR FUNDS</b>		
	<b>Enterprise Fund</b>	<b>Sanitation Fund</b>	<b>Total Proprietary Funds</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,379,356	\$ 329,876	\$ 1,709,232
<b>OPERATING EXPENSES:</b>			
Personal services	111,145	43,665	154,810
Supplies	205,075	-	205,075
Contractual services and other charges	667,097	284,577	951,674
Pension expense (recovery)	(251,577)	(2,964)	(254,541)
Depreciation	339,404	18,571	357,975
Total operating expenses	1,071,144	343,849	1,414,993
Operating income	308,212	(13,973)	294,239
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Other miscellaneous income	13,278	-	13,278
Grant Income	859,992	-	859,992
Interest income	19,564	636	20,200
Interest expense	(47,656)	-	(47,656)
Total non-operating revenues (expenses)	845,178	636	845,814
<b>NET INCOME</b>	1,153,390	(13,337)	1,140,053
<b>Net position, October 1, as previously report</b>	8,391,615	84,561	8,476,176
<b>Prior period adjustment</b>	(560,477)	-	(560,477)
	7,831,138	84,561	7,915,699
<b>Net position, September 30</b>	<u>\$ 8,984,528</u>	<u>\$ 71,224</u>	<u>\$ 9,055,752</u>

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

**CITY OF ELLISVILLE, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR YEAR ENDED SEPTEMBER 30, 2022**

**EXHIBIT G**

	<u>Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,631,943
Payments to suppliers	(1,143,198)
Payments to employees	<u>(158,362)</u>
Net cash flows from operating activities	<u>330,383</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grant income	554,457
Miscellaneous income	13,278
Net interfund loan activity	<u>1,752</u>
Net cash provided by noncapital financing activities	<u>569,487</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	(1,157,018)
Principal paid on capital debt	(163,217)
Interest paid on capital debt	<u>(47,656)</u>
Net cash provided by noncapital financing activities	<u>(1,367,891)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of investments	(5,611)
Interest income	<u>20,200</u>
Net cash provided by investing activities	<u>14,589</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(453,432)
<b>Cash, October 1</b>	<u>2,172,284</u>
<b>Cash, September 30</b>	<u><u>\$ 1,718,852</u></u>

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

**CITY OF ELLISVILLE, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR YEAR ENDED SEPTEMBER 30, 2022**

**EXHIBIT G**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income	\$ 294,239
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	357,975
Change in assets and liabilities:	
Receivables, net of allowances	(83,579)
Prepaid items	30,324
Deferred outflows related to pension	9,177
Accounts payable	(16,773)
Accrued salaries and taxes	(3,552)
Customer deposits	6,290
Net pension liability	(93,268)
Deferred inflows related to pension	(170,450)
Net cash flows from operating activities	<u>\$ 330,383</u>

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The City of Ellisville, Mississippi (the City) was founded in 1826 and incorporated January 30, 1980. The City operates under a Mayor, Aldermen form of government and provides the following services as authorized by its charter: Public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning and general administrative services.

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issue after November 30, 1989 to its business-type activities or enterprise funds. The most significant of the City's accounting policies are described below.

**A. Financial Reporting Entity.**

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's Board of Aldermen.

As defined by accounting principles generally accepted in the United States of America, the City is considered a "primary government." The City is governed by a five-member board which each member was elected by the citizens of each defined City wards. The City has no component units.

**B. Basis of Presentation.**

The City's basic financial statement consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the City at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (continued)**

Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

*Fund Financial Statements:* Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental category.

**C. Measurement Focus and Basis of Accounting.**

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of ad-valorem taxes, state revenues, and fees for services.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes and state appropriations associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The City reports the following major governmental funds:

**General Fund** - This is the City’s primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

CITY OF ELLISVILLE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (continued)**

Additionally, the City reports the following fund type:

**Governmental Funds:**

**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 expenditure for specified purposes other than debt service or capital projects.

**Debt Service Funds** - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds:**

**Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, general are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (continued)**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise fund are charges to customers for services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Account Classifications.**

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Municipalities* issued by the Office of the State Auditor.

**E. Encumbrances.**

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

**F. Cash and Cash Equivalents.**

The City deposits excess funds in the financial institutions selected by the Board of Aldermen. 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 deposit with maturities of three months or less from the end of the fiscal year. Cash and cash equivalents are valued at cost.

**G. Investments.**

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the state of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

Investments are reported at fair value, which is determined using selected bases. All of the City's Investments consist of Certificates of Deposits, which mature over three months from the end of the fiscal year and are not considered cash or cash equivalents. These investments are reported at cost, which is the fair value.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Receivables.**

The allowance method for valuing accounts receivables is used by the City. At the end of each fiscal year, an amount necessary to bring the balance to the estimated amount of allowance for doubtful accounts is credited to a valuation account. As a specific account is deemed to be uncollectible, the amount of the account is taken from both the receivable and the allowance accounts. At the end of the subsequent fiscal year, bad debt expense is charged with the amount necessary to bring the allowance account to the estimated total. An aging schedule with a variable scale of percentages is used to compute the allowance account for Enterprise Fund receivable valuation. The valuation allowance for the General Fund police fines is based on the City's estimation of amounts that cannot be collected.

**I. Prepaid Expenses.**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both governmental and fund financial statements.

**J. Capital Assets.**

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	40 years
Heavy equipment	5,000	10 years
Mobile equipment	5,000	5 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 6 for details.

All proprietary fund capital assets continued to be carried on the books and depreciated at their actual cost. Depreciation is charged to expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets.



**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Capital Assets. (continued)**

Depreciation has been provided over the estimated useful lives using straight-line method. The estimated useful lives are as follows:

Water & Sewer System	15 – 50 years
Equipment	5 – 10 years

**K. Long-term Liabilities.**

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. Long-term liabilities should not be reported as liabilities in governmental funds, but should be reported in the governmental activities column in the government-wide statement of net assets. See Note 7 for details.

**L. Inter-fund Transactions and Balances.**

Inter-fund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

Short-term (due within one year) inter-fund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 5 for details for inter-fund transactions, including receivables and payables at year-end.

**M. Equity Classifications.**

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

- (1) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions or improvement of those assets.
- (2) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**M. Equity Classifications (continued)**

***Fund Financial Statements:***

The City implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year ending September 30, 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at September 30, 2022, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the City of Ellisville’s Council, the City’s highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by the City of Ellisville.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The City of Ellisville, Mississippi reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City’s Council has provided otherwise in its commitment or assignment actions.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Property Taxes.**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. Property taxes and public utility taxes are collected by Jones County and remitted to the City. Lien dates for personal and real property are in August. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received. The millage rate for the City for January through December was 37.39 mills broken down as follows:

General Fund	35.74
Library	<u>1.65</u>
	<u>37.39</u>

Restrictions associated with property tax levies are established by State law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which results from those levies' assessments of the previous year. Uncollected taxes were determined to be properly handled.

**O. Budgets and Budgetary Accounting.**

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

1. Prior to September 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The Board of Aldermen may take official action to authorize transfers of budgeted amounts between departments and fund as allowed by law.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Fund.
6. Mississippi laws require that municipalities budget governmental fund types 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 principal.

Proprietary funds are budgeted on a modified accrual basis. Modifications to the accrual basis include budgeting for capital expenditures, debt principal payments and for depreciation. During the year, amendments were made to the original budget.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**P. Compensated Absences.**

Employees of the City accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by City policy. Some employees are allowed personal leave and/or vacation leave in accordance with City policy.

The liability for these compensated absences is recorded as long-term liabilities in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

**Q. 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.

**R. 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.

**S. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

1. Deferred outflows related to pensions \$642,564

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1. Deferred inflows related to pensions \$214,700

See Note 8 for further details.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**T. Recently Implemented and Issued Accounting Pronouncements**

GASB 87, Leases, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objectives of this statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR), most notably the London Interbank Offered Rate (LIBOR), by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87, Leases, as amended, for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The City is evaluating the requirements of the above statements and the impact on reporting.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS.***

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

**Deposits:** The City must advertise and accept bids for depositories no less than once every two years as required by Section 27-105-1, Miss. Code Ann. (1972). The collateral for public entities' deposits in financial institutions is 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 Depository Insurance Corporation.

**Investments:** Except for nonparticipating investment contracts and for participating interest-earning investment contracts and money market investments that had a remaining maturity at the time of purchase of one year or less, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Participating interest-earning investment contracts and money market investments that had a remaining maturity at time of purchase of one year or less are reported at amortized cost.

**Cash and Cash Equivalents.**

The carrying amount of the City's deposits with financial institutions was \$8,069,050 (including investments of \$1,491,852) for 2022 and the bank balance was \$8,149,811 (including investments of \$1,491,852) for 2022.

**Custodial Credit Risk – Deposits.** Custodial credit risk is defined as the risk that, in the event of the 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 deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. 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 City. As of September 30, 2022, the City's bank balance did not have any exposure to custodial credit risk.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Investments.

Investments made by the City that are included on the balance sheet consist of insured certificates of deposit for which the securities are held by the City or its agent in the City's name. The certificates carrying value and maturity dates are as follows:

<u>Type of Investment</u>	<u>Amount</u>	<u>Maturity Date</u>
<b>General Fund:</b>		
Certificate of Deposit	\$ 459,734	9/30/2023
Certificate of Deposit	216,882	9/30/2023
Certificate of Deposit	74,162	9/30/2023
Certificate of Deposit	8,737	9/30/2023
	<u>\$ 759,515</u>	
<b>Enterprise Fund</b>		
Certificate of Deposit	\$ 479,533	9/30/2023
Certificate of Deposit	252,804	9/30/2023
	<u>\$ 732,337</u>	

**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 Section 21-33-323, 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 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 investment policy for custodial credit risk. As of September 30, 2022, the City did not have any investments to which this would apply.

**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. As of September 30, 2022, the City has six certificates of deposits with Community Bank which comprised 100 % of the investment balance on Exhibit A and Exhibit E.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 3 – ACCOUNTS RECEIVABLE AND ALLOWANCE ACCOUNT**

The balance in the accounts receivable are composed of the following items:

Governmental Funds

Police fines – installment agreements	\$ 1,413,084
Less: Estimated amount uncollectible	(964,231)
Net	<u>\$ 448,853</u>

Proprietary Funds

Water & Sewer Charges	\$ 216,114
Unbilled Receivables	62,139
Less: Allowance for uncollectible accounts	(4,660)
Net	<u>\$ 273,593</u>

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Receivables from other governments are as follows:

Governmental Funds

Sales tax	\$ 234,597
Utility tax	107,519
Auto ad valorem and property taxes	14,265
Grant receivable	194,089
Other receivable	9,495
Total General Fund	<u>\$ 559,965</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following is a summary of interfund transactions and balances:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 93,812
Enterprise Fund	General Fund	250
Sanitation Fund	General Fund	2,141
Total		<u>\$ 96,203</u>

Interfund loans primarily represent amounts advanced or received for timing differences between revenues and expenditures and cash balances.



**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 6 - CAPITAL ASSETS**

The following is a summary of changes in capital assets for governmental activities:

	<b>Begin Balance 10/1/2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>End Balance 9/30/2022</b>
<u>Non-depreciable capital assets:</u>				
Land	\$ 311,760	\$ -	\$ -	\$ 311,760
Total non-depreciable capital assets	<u>311,760</u>	<u>-</u>	<u>-</u>	<u>311,760</u>
<u>Depreciable capital assets:</u>				
Infrastructure	6,197,496	345,587	-	6,543,083
Building	2,081,095	-	-	2,081,095
Machinery & Equipment	814,981	351,483	14,099	1,152,365
Mobile Equipment	796,712	58,132	22,008	832,836
Intangible Assets	20,117	-	-	20,117
Total depreciable capital assets	<u>9,910,401</u>	<u>755,202</u>	<u>36,107</u>	<u>10,629,496</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	3,911,826	167,514	-	4,079,340
Building	670,517	52,022	-	722,539
Machinery & Equipment	838,085	91,563	14,099	915,549
Mobile Equipment	645,939	17,764	22,008	641,695
Intangible Assets	20,117	-	-	20,117
Total accumulated depreciation	<u>6,086,484</u>	<u>328,863</u>	<u>36,107</u>	<u>6,379,240</u>
Governmental Activities, capital assets, net	<u>\$4,135,677</u>	<u>\$ 426,339</u>	<u>\$ -</u>	<u>\$4,562,016</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
General Government	\$ 157,124
Public Safety	93,940
Public Works	63,156
Culture	<u>14,643</u>
Total depreciation expense	<u>\$ 328,863</u>

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

The following is a summary of changes in capital assets for proprietary activities:

	<b><u>Begin Balance 10/1/2021</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>End Balance 9/30/2022</u></b>
<u>Non-depreciable capital assets:</u>				
Land	\$ 35,093	\$ -	\$ -	\$ 35,093
Total non-depreciable capital assets	<u>35,093</u>	<u>-</u>	<u>-</u>	<u>35,093</u>
<u>Depreciable capital assets:</u>				
Plant, Building & Systems	12,821,798	1,157,018	-	13,978,816
Machinery & Equipment	497,851	-	-	497,851
Mobile equipment	<u>58,796</u>	<u>-</u>	<u>-</u>	<u>58,796</u>
Total depreciable capital assets	<u>13,378,445</u>	<u>1,157,018</u>	<u>-</u>	<u>14,535,463</u>
<u>Less accumulated depreciation for:</u>				
Plant, Building & Systems	5,211,607	335,405	-	5,547,012
Machinery & Equipment	418,770	18,571	-	437,341
Mobile equipment	<u>33,449</u>	<u>3,999</u>	<u>-</u>	<u>37,448</u>
Total accumulated depreciation	<u>5,663,826</u>	<u>357,975</u>	<u>-</u>	<u>6,021,801</u>
Proprietary Activities, capital assets, net	<u>\$ 7,749,712</u>	<u>\$ 799,043</u>	<u>\$ -</u>	<u>\$ 8,548,755</u>

Depreciation expense charged to the enterprise fund totaled \$357,975.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 - LONG – TERM LIABILITIES**

Changes in long-term obligations for the year ended September 30, 2022 are as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Amounts Due Within One Year
<b>Governmental activities</b>					
Notes from direct borrowings	\$ 234,735	\$ -	\$ 41,340	\$ 193,395	\$ 42,939
Compensated absences	34,058	2,202	-	36,260	-
Total	<u>\$ 268,793</u>	<u>\$ 2,202</u>	<u>\$ 41,340</u>	<u>\$ 229,655</u>	<u>\$ 42,939</u>
<b>Business-type activities</b>					
Notes from direct borrowings	\$ 1,645,039	\$ -	\$ 163,217	\$ 1,481,822	\$ 111,648
Compensated absences	5,948	-	5,948	-	-
Total	<u>\$ 1,650,987</u>	<u>\$ -</u>	<u>\$ 169,165</u>	<u>\$ 1,481,822</u>	<u>\$ 111,648</u>

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Notes from Direct Borrowings		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 42,939	\$ 7,761	\$ 111,648	\$ 54,819
2024	44,601	6,099	84,707	51,950
2025	46,327	4,373	87,494	49,655
2026	48,120	2,580	90,380	46,779
2027	11,408	718	93,371	43,798
2028-2032	-	-	378,570	207,071
2033-2037	-	-	382,522	91,824
2038-2042	-	-	253,130	23,196
	<u>\$ 193,395</u>	<u>\$ 21,531</u>	<u>\$ 1,481,822</u>	<u>\$ 569,092</u>

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 7 - LONG – TERM LIABILITIES (CONTINUED)***

***Notes payable in Governmental Fund***

The City's outstanding notes from direct borrowings related to governmental activities of \$193,395 are secured with equipment. The outstanding contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment.

	Jones County Board of <u>Supervisors</u>
Date of Note	10/1/2015
Maturity Date	3/1/2027
Original Amount	\$ 459,500
Unpaid Principal	\$ 193,395
Interest Rate	3.78%

***Notes payable in Proprietary Funds***

The notes payable from direct borrowings and placements for business-type activities are as follows:

	<u>MS DEQ</u>	<u>CAP Loan</u>	<u>CAP Loan</u>	<u>USDA</u>
Date of Note	10/1/2004	1/1/2010	12/30/2013	4/4/2008
Maturity Date	5/1/2024	12/1/2029	12/1/2035	9/4/2043
Original Amount	\$ 882,796	\$ 450,000	\$ 600,000	\$ 1,216,200
Unpaid Principal	\$ 29,630	\$ 124,744	\$ 433,671	\$ 893,777
Interest Rate	1.75%	2.00%	3.00%	4.38%

The City has a note owed to Mississippi Department of Environment Quality under the Water Pollution Control that is secured. The State of Mississippi currently withholds payments from sales tax proceeds to apply to this loan. The outstanding note from direct borrowing contains a provision in the event of default, outstanding amounts become immediately due. Furthermore, the direct borrowing contains an acceleration clause that allows the lender to accelerate the repayment schedule and increase in the interest rate. Also, revenues or tax sharing funds established by the State can be intercepted for the delinquent amount plus ten percent annual penalty interest.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 7 - LONG - TERM LIABILITIES (CONTINUED)**

The City also has a series of notes with Mississippi Development Authority in which the proceeds were used for capital acquisitions and improvements. The outstanding notes from direct borrowings contain a provision in the event of default, outstanding amounts become immediately due. Furthermore, the direct borrowing contains an acceleration clause that allows the lender to accelerate the repayment schedule. Also, default can result in the forfeiture of sales tax allocation and/or homestead exemption reimbursements in an amount sufficient to repay obligations due.

The City has an outstanding revenue bond with the United States Department of Agriculture for construction and improvement to water and sewer systems within the City secured by a first lien on the revenue of the water and sewer system. The outstanding bond from direct placement can be redeemed at any time, plus accrued interest, if it is determined that other financing alternatives are available to the City at comparable rates of interest after the date of the Bond.

The annual requirements of the notes payable on note principal outstanding for the proprietary funds as of September 30, 2022, are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 111,648	\$ 54,819	\$ 166,467
2024	84,707	51,950	136,657
2025	87,494	49,655	137,149
2026	90,380	46,779	137,159
2027	93,371	43,798	137,169
2028-2032	378,570	207,071	585,641
2033-2037	382,522	91,824	474,346
2038-2042	253,130	23,196	276,326
2043-2046	<u>\$ 1,481,822</u>	<u>\$ 569,092</u>	<u>\$ 2,050,914</u>

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description.* The City contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)***

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.

*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 provisions are established and may be amended only by the State of Mississippi Legislature.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2022, was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2022, 2021 and 2020 were \$261,491, \$236,002, and \$242,562, respectively, which equaled the required contributions for each year.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

At September 30, 2022, the City reported a liability of \$4,238,171 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The city's proportion of the net pension liability was based on a projection of the city's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The city's proportionate share used to calculate the June 30, 2022 net pension liability was .02059 percent, which was a increase of .00022 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the City recognized a net pension expense of (\$99,410). At September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 60,039	\$ -
Net difference between projected and actual earnings on pension plan investments	234,879	-
Changes of assumptions	145,016	-
Change in proportionate share	133,204	214,700
City's contributions subsequent to the measurement date	<u>69,426</u>	<u>-</u>
Total	<u><u>\$ 642,564</u></u>	<u><u>\$ 214,700</u></u>

\$69,426 reported as deferred outflows of resources related to pensions resulting from 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, 2022.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2023	\$ 19,991
2024	122,841
2025	(14,368)
2026	229,974
	<u>\$ 358,438</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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.



**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

<b>Asset Class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return</b>
Domestic Equity	25 %	4.60 %
International Equity	20	4.50
Global Equity	12	4.85
Fixed Income	18	1.40
Real Estate	10	3.65
Private Equity	10	6.00
Private Infrastructure	2	4.00
Private Credit	2	4.00
Cash Equivalents	1	(0.10)
Total	<u>100%</u>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.55%. 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 contribution rate (17.40%). 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.

*Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the City's net pension liability of the cost-sharing plan, calculated using the discount rate of 7.55%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate (amounts in thousands):

	<b>1% Decrease (6.55%)</b>	<b>Current Discount Rate (7.55%)</b>	<b>1% Increase (8.55%)</b>
City's proportionate share of the net pension liability	\$ 5,531,246	\$ 4,238,171	\$ 3,172,097

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

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 9 – OPERATING LEASES**

The City is committed under various noncancelable operating leases, primarily for office equipment. For the year ended September 30, 2022, lease expenditures were \$5,774.

2022	\$	5,774
2023		5,774
2024		842

The City leases certain office buildings on a fixed fee. Some of the rentals are on a month-to-month basis and are not included in the future rentals. Rental income for the year ended September 30, 2022 was \$75,070.

Minimum future rentals on non-cancelable operating leases in each of the next five years and thereafter as of September 30, 2022 are as follows:

2023	\$	2,000
------	----	-------

**NOTE 10 – RISK MANAGEMENT**

The City 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. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 11 – TAX ABATEMENTS**

The City enters into property tax abatement agreements with local businesses under the state 1989 Economic Development Reform Act. Under the Act, localities may grant property tax abatements of certain properties, except for school district taxes, finished goods and rolling stock, for the purpose of attracting or retaining businesses within their jurisdiction. The minimum fee allowable cannot be less than one-third (1/3) of the property tax levy, including ad valorem taxes for school district purposes. The maximum exemption period that can be sought is ten (10) years. The abatements may be granted to specific enterprises located within or promising to relocate to the City. Existing industries may seek ad valorem tax exemptions for any improvements or expansions made to their facilities.

For the fiscal year ended September 30, 2022, the City abated property taxes totaling \$151,639 under this program for four separate manufacturing enterprises.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

**NOTE 12 – JOINT VENTURES**

The City participates in the following joint ventures:

The City of Ellisville, Mississippi is a participant with Jones County and the Cities of Laurel and Sandersville in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Laurel – Jones County Library. The joint venture was created to provide free public library service to all the people of Jones County and is governed by a twelve-member board. Five members are appointed by the city, five members are appointed by the county and one member is appointed by each of the cities of Ellisville and Sandersville. By contractual agreement the City's appropriation to the joint venture amounted to \$50,800. Complete financial statements for the Laurel – Jones County Library can be obtained from the Laurel – Jones County Library, 530 Commerce Street, Laurel, MS 39440.

The City of Ellisville, Mississippi is a participant with Jones County and the Cities of Laurel, Soso, and Sandersville in a joint venture, authorized by Section 19-9-11, Miss. Code Ann. (1972), to operate the Jones County Economic Development Authority. The joint venture was created to foster, encourage and facilitate economic development in the County and is governed by a board of trustees composed of twelve members appointed as follows: Jones County Board of Supervisors, six; City of Laurel, three; City of Ellisville, three. The City's appropriation from the General Fund to the joint venture amounts to \$55,000. Complete financial statements for the Jones County Economic Development Authority can be obtained from the Jones County Economic Development Authority, P.O. Box 527, Laurel, MS 39441-0527.

The City of Ellisville, Mississippi entered into an interlocal agreement with Jones County, Mississippi and the City of Laurel, Mississippi to operate the Jones County Emergency Operations Center which operates the 911 system and coordinates other civil defense matters. The board consists of the Mayor, Police Chief and Council President from the City of Laurel, Mississippi, four officials from Jones County, Mississippi and the Mayor of Ellisville, Mississippi. The City of Ellisville, Mississippi appropriated \$106,356 to the joint venture in 2022. The financial statements of the Jones County Emergency Operations Center are included in the Jones County financial statements.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was necessary to correct beginning balances as follows:

	9/30/2021		9/30/2021
	Net Position	PPA	Adjusted Net Position
Business-type activities	\$ 8,476,176	\$(560,477)	\$ 7,915,699
Total net position	<u>\$ 8,476,176</u>	<u>\$(560,477)</u>	<u>\$ 7,915,699</u>

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

---

***NOTE 13 – PRIOR PERIOD ADJUSTMENT (CONTINUED)***

Business-type Activities

The financial statements were adjusted in the prior period to correct unearned revenues. The net position was adjusted for the correction and was decreased by \$(560,477).

***NOTE 14 – SUBSEQUENT EVENTS***

Events that occur after the Statement of Net 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 Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Ellisville, Mississippi evaluated the activity of the City through June 16, 2023, the date the financial statements were available to be issued.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ELLISVILLE, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**SCHEDULE 1a**

	Budgeted Amounts		Actual	Variances	
				Original	Final
	Original	Final		to Final	to Actual
REVENUES					
Property taxes	\$ 1,995,848	\$ 2,017,523	\$ 2,156,043	\$ 21,675	\$ 138,520
Franchise and other taxes	303,000	303,000	386,921	-	83,921
License and permits	15,875	15,875	18,800	-	2,925
Intergovernmental revenues	1,085,750	1,085,750	1,635,814	-	550,064
Charges for services	-	-	50	-	50
Fines and forfeitures	355,000	335,000	418,131	(20,000)	83,131
Miscellaneous	392,010	392,010	180,305	-	(211,705)
TOTAL REVENUES	4,147,483	4,149,158	4,796,064	1,675	646,906
EXPENDITURES					
General government	575,033	556,999	475,705	18,034	81,294
Public safety	3,076,810	2,738,211	2,565,484	338,599	172,727
Public works	397,054	666,761	376,388	(269,707)	290,373
Health & welfare	5,000	5,000	140	-	4,860
Culture & recreation	164,631	227,448	46,745	(62,817)	180,703
Economic Development Authority	55,000	55,000	55,000	-	-
Capital Outlay	1,000,000	1,393,000	345,587	(393,000)	1,047,413
Debt service	50,700	50,700	50,700	-	-
TOTAL EXPENDITURES	5,324,228	5,693,119	3,915,749	(368,891)	1,777,370
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	(1,176,745)	(1,543,961)	880,315	(367,216)	2,424,276
NET CHANGE IN FUND BALANCES	\$ (1,176,745)	\$ (1,543,961)	880,315	\$ (367,216)	\$ 2,424,276
Adjustment to GAAP Basis					
Revenue Accruals			235,286		
NET CHANGE IN FUND BALANCE - GAAP BASIS			1,115,601		
FUND BALANCE - BEGINNING			5,113,060		
FUND BALANCE - ENDING			\$ 6,228,661		

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

**City of Ellisville, Mississippi**

## Schedule of the City's Proportionate Share of the Net Pension Liability

## PERS

## Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability(asset)	0.0206%	0.0204%	0.0211%	0.0215%	0.0249%	0.0260%	0.0219%
City's proportionate share of the net pension liability(asset)	\$ 4,238,171	\$ 3,010,774	\$ 4,092,071	\$ 3,777,172	\$ 4,130,798	\$ 4,336,711	\$ 4,301,111
City's covered employees payroll	\$ 1,502,822	\$ 1,356,332	\$ 1,393,628	\$ 1,379,436	\$ 1,537,393	\$ 1,589,104	\$ 1,435,556
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.46%	45.05%	34.06%	36.52%	37.22%	36.64%	33.38%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.00%	57.00%

\* 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 FYE 9/30/16, and, until a full 10-year trend is compiled, the City 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 statement.

**City of Ellisville, Mississippi**  
Schedule of City Contribution  
PERS  
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 261,491	\$ 236,002	\$ 242,562	\$ 222,635	\$ 242,140	\$ 256,827	\$ 250,284
Contributions in relation to the contractually required contribution	<u>261,491</u>	<u>236,003</u>	<u>242,562</u>	<u>222,635</u>	<u>242,140</u>	<u>256,827</u>	<u>250,284</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,502,822	\$ 1,356,332	\$ 1,393,628	\$ 1,379,436	\$ 1,537,393	\$ 1,630,645	\$ 1,589,104
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.41%	16.14%	15.75%	15.75%	15.75%

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

\* 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 FYE 9/30/16, and, until a full 10-year trend is compiled, the City 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 statement.



**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

---

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the budgetary basis, variances between the original budget and the final budget, and variances between the final budget and the actual data on the budgetary basis.

(2) Budget amendments and revisions.

The budget is adopted by the Board of Aldermen. Amendments can be made of the approval of the Board. A budgetary comparison is presented for the general fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) There were no changes in benefit terms.

(2) Changes of assumptions

- 2021
  - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
    - For females, 84% of female rates up to age 72, 100% for ages above 76.
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
  - The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
    - For males, 134% of male rates at all ages.
    - For females, 121% of female rates at all ages.
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
  - The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
    - For males, 97% of male rates at all ages.
    - For females, 110% of female rates at all ages.
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
  - The price inflation assumption was reduced from 2.75% to 2.40%.
  - The wage inflation assumption was reduced from 3.00% to 2.65%.
  - The investment rate of return assumption was changed from 7.75% to 7.55%.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

---

- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
  - The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.
- 2020
  - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 112% of male 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.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
    - For males, 137% of male rates at all ages.
    - For females, 115% of female rates at all ages.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - The price inflation assumption was reduced from 3.00% to 2.75%.
  - The wage inflation assumption was reduced from 3.25% to 3.00%.
  - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2019
  - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 112% of male 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.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
    - For males, 137% of male rates at all ages.
    - For females, 115% of female rates at all ages.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

---

- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
    - The price inflation assumption was reduced from 3.00% to 2.75%.
    - The wage inflation assumption was reduced from 3.25% to 3.00%.
    - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
    - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
  - 2017
    - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022.
    - The wage inflation assumption was reduced from 3.75% to 3.25%.
    - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
    - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
  - 2016
    - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
  - 2015
    - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP2000 Mortality Table, which was used prior to 2015.
    - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
    - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
    - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
    - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively
- (3) Changes in benefit provisions.
- 2016
    - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**SUPPLEMENTARY INFORMATION**

**CITY OF ELLISVILLE, MS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2022**

<i><b>Federal Grantor/Program or Cluster Title</b></i>	<i><b>Federal CFDA Number</b></i>	<i><b>Federal Expenditures(\$)</b></i>
<b><u>United States Department of Agriculture</u></b>		
Emergency Watershed Protection Program		
Emergency Watershed Protection Program	10.923	\$ 1,054,081
<i>Total United States Department of Agriculture</i>		<u>1,054,081</u>
<b><i>Total Expenditures of Federal Awards</i></b>		<u><u>\$ 1,054,081</u></u>

**CITY OF ELLISVILLE, MISSISSIPPI**  
**Notes to the Supplementary Information**  
**Year Ended September 30, 2022**

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Ellisville, Mississippi under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Ellisville, Mississippi, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Ellisville, Mississippi.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The City of Ellisville, Mississippi has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF ELLISVILLE, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**SEPTEMBER 30, 2022**

---

**Coverage with Old Republic Surety Company:**

Mayor	\$50,000
City Clerk	70,000
Deputy Clerks	50,000 ea
Police Chief	50,000
Deputy Court Clerks	50,000 ea
Alderman	50,000 ea
Special Projects Coordinator	50,000

**CITY OF ELLISVILLE, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS – ALL FUNDS**  
**SEPTEMBER 30, 2022**

---

<b><u>Ownership</u></b>	<b><u>Type of Investment</u></b>	<b><u>Interest Rate</u></b>	<b><u>Maturity Date</u></b>	<b><u>Other Information</u></b>	<b><u>Investment Cost/Value</u></b>
General Fund	Certificate of Deposit	1.380%	9/30/2023	Community Bank	\$ 459,734
General Fund	Certificate of Deposit	1.380%	9/30/2023	Community Bank	216,882
General Fund	Certificate of Deposit	1.380%	9/30/2023	Community Bank	74,162
General Fund	Certificate of Deposit	1.380%	9/30/2023	Community Bank	8,737
<b>Total General</b>					<u>759,515</u>
Proprietary Fund	Certificate of Deposit	1.380%	9/30/2023	Community Bank	479,533
Proprietary Fund	Certificate of Deposit	1.380%	9/30/2023	Community Bank	252,804
<b>Total Proprietary</b>					<u>732,337</u>
<b>Total Investment</b>					<u><u>\$ 1,491,852</u></u>



**CITY OF ELLISVILLE, MISSISSIPPI**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**



Julie M. Uher, CPA  
Kari M. Blackledge, CPA  
Sheri A. Kelly, CPA

H. I. Holt, CPA  
Founder (1915-1997)  
W. David Dill, CPA (Retired)

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

Honorable Mayor, Members of the  
Board of Aldermen and City Clerk  
City of Ellisville, 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, business-type activities, each major fund, and the aggregate remaining fund information of City of Ellisville, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Ellisville, Mississippi's basic financial statements, and have issued our report thereon dated June 16, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Ellisville, 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 City of Ellisville, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ellisville, 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.

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item, Finding 2022-01, that we consider to be material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Ellisville, Mississippi's financial statements are free from 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.

### **City of Ellisville Mississippi's Response to Findings**

City of Ellisville, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Ellisville, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Holt & Associates, PLLC*

Laurel, MS  
June 16, 2023



Julie M. Uher, CPA  
Kari M. Blackledge, CPA  
Sheri A. Kelly, CPA

H. I. Holt, CPA  
Founder (1915-1997)  
W. David Dill, CPA (Retired)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Honorable Mayor, Members of the  
Board of Aldermen and City Clerk  
City of Ellisville, Mississippi

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Ellisville, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Ellisville, Mississippi's major federal programs for the year ended September 30, 2022. City of Ellisville, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Ellisville, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Ellisville, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Ellisville, Mississippi's compliance with the compliance requirements referred to above.

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Ellisville, Mississippi's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Ellisville, Mississippi's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Ellisville, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Ellisville, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ellisville, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Ellisville, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Holt & Associates, PLLC*

Laurel, MS  
June 16, 2023



Julie M. Uher, CPA  
Kari M. Blackledge, CPA  
Sheri A. Kelly, CPA

H. I. Holt, CPA  
Founder (1915-1997)  
W. David Dill, CPA (Retired)

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

Honorable Mayor, Members of the  
Board of Aldermen and City Clerk  
City of Ellisville, Mississippi

We have audited the financial statements of the governmental activities, business-type activities and each major fund and the aggregate remaining fund information of the City of Ellisville, Mississippi as of and for the year ended September 30, 2022, and have issued our report thereon dated June 16, 2023. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

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

**Finding #1**

Condition: The City's expenditures exceeded amounts budgeted. According to Section 21-35-15, Miss. Code Ann. (1972), expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants.

Recommendation: We recommend the City take greater care in reviewing operations and amending the budget as circumstances require to prevent expenditures in excess of approved budget.

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

Response: Efforts will continue to monitor the budget and make amendments as necessary to prevent expenditures in excess of the approved budget.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended solely for the information and use of management, City Officials and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Holt & Associates, PLLC*

Laurel, MS

June 16, 2023



**CITY OF ELLISVILLE, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2022**

Section I: Summary of Auditor's Results

Financial Statements:

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:                               | Unmodified    |
| 2. Internal control over financial reporting:                     |               |
| a. Material weakness(es) identified? (Yes/No)                     | Yes           |
| b. Significant deficiency(ies) identified? (Yes/None reported)    | None reported |
| 3. Noncompliance material to financial statements noted? (Yes/No) | No            |

Federal Awards:

- |  |               |
|--|---------------|
| 4. Internal control over major programs:                       |               |
| a. Material weakness(es) identified? (Yes/No)                  | No            |
| b. Significant deficiency(ies) identified? (Yes/None reported) | None reported |

5. Type of auditor's report issued on compliance for major programs:

Unmodified

- |  |    |
|--|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (Yes/No) | No |
|--|----|

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.923	Emergency Watershed Protection Program

- |   |           |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs:   | \$750,000 |
| 9. Auditee qualified as low-risk auditee? (Yes/No)  | No        |
| 10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No        |

**CITY OF ELLISVILLE, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2022**

Section II: Financial Statement Findings

Material Weakness:

Finding 2022-1

*Criteria:* In order to achieve a high level of internal control, the functions of executing transactions, recording transactions, and maintaining accountability for assets should be performed by different employees or be maintained under dual control.

*Condition:* The City does not currently have an internal control system to allow for proper segregation of duties in certain areas of the accounting function.

*Cause:* The City has limited staff and cannot justify staffing the number of positions necessary to have proper segregation of duties across all areas.

*Effect:* Inadequate segregation of duties could adversely affect the City's ability to detect and correct misstatements in a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* The cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed. Under this condition, the most effective control is management and the board's oversight and knowledge of matters relating to the operations of the City.

**CITY OF ELLISVILLE, MISSISSIPPI  
AUDITEE'S CORRECTIVE ACTION PLAN  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**CITY of ELLISVILLE  
110 COURT STREET  
ELLISVILLE, MISSISSIPPI 39437**

LYNN BUCKHAULTS, Mayor

**ALDERMEN**

Chris Hall	Ward 1
Jeffrey Williams	Ward 2
Aaron Heidelberg	Ward 3
Carson Graham	Ward 4
Ola B. Mitchell	At Large

CHARMA COOK  
City Clerk

RANDY P. LAIRD  
City Attorney

TELEPHONE: 601-477-3323  
Fax: 601-477-9083  
E-mail: ellisville@cityofellisville.com

**AUDITEE'S CORRECTIVE ACTION PLAN**

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the City of Ellisville, Mississippi has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2022:

Finding:	Corrective Action Plan Details:
2022-01:	Name of Contact Person Responsible for Corrective Action: Charma Cook, City Clerk (601) 477-3323
Corrective Action Planned:	Lack of segregation of duties has been a recurring deficiency. Since the cost to hire additional personnel is cost prohibited, this will continue to be a deficiency in future audits. Procedures are in place to segregate duties with the staff available.
Anticipated Completion Date:	Immediately

THE CITY OF ELLISVILLE IS AN EQUAL OPPORTUNITY PROVIDER