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

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

CITY OF MOORHEAD, MISSISSIPPI

**Financial Statement and
Supplemental Information**

For the Year Ended September 30, 2023

CITY OF MOORHEAD, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor George Holland
and Honorable Members of the Board of Alderpersons
City of Moorhead, Mississippi

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moorhead, Mississippi (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moorhead, Mississippi, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 Moorhead, Mississippi, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Moorhead, 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 Moorhead, Mississippi's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

The City of Moorhead, Mississippi, Mississippi has not presented the Management's and Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the 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 opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 06, 2024, on our consideration of the City of Moorhead, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, E. Co.
Ridgeland, Mississippi
March 06, 2024

CITY OF MOORHEAD, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
For the Year Ended September 30, 2023

	Program Revenues		Net (Expenses) Revenues Changes in Net Position			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities
Primary Government:						
Governmental activities:						
Administration	\$ 258,030	-	100,000	-	(158,030)	-
Public safety	300,517	-	26,854	-	(273,663)	-
Public works	85,571	-	152,043	165,987	232,459	-
Culture/parks and recreation	22,870	-	-	-	(22,870)	-
Community development	152,043	-	-	-	(152,043)	-
Capital outlay	233,979	-	-	-	(233,979)	-
Principal payment on debt	10,073	-	-	-	(10,073)	-
Interest on long-term debt	656	-	-	-	(656)	-
Total governmental activities	<u>1,063,739</u>	<u>-</u>	<u>278,897</u>	<u>165,987</u>	<u>(618,855)</u>	<u>-</u>
Business-type activities:						
Water/Sewer	489,075	407,838	-	112,545	-	31,308
Garbage	141,411	123,233	-	-	-	(18,178)
Capital Outlay	12,661	-	-	-	-	(12,661)
Principal payment on debt	50,282	-	-	-	-	(50,282)
Interest on long-term debt	47,144	-	-	-	-	(47,144)
Total Business-type activities	<u>740,573</u>	<u>531,071</u>	<u>-</u>	<u>112,545</u>	<u>-</u>	<u>(96,957)</u>
Total Primary Government	<u>\$ 1,804,312</u>	<u>531,071</u>	<u>278,897</u>	<u>278,532</u>	<u>(618,855)</u>	<u>(96,957)</u>
General Revenues:						
Property taxes				\$ 459,770	-	\$ 459,770
Sales tax revenue				82,400	-	82,400
Other intergovernmental revenues				50,677	-	50,677
Franchise taxes				43,704	-	43,704
Fines and report fees				24,906	-	24,906
License and permits				5,843	-	5,843
Miscellaneous				34,549	-	34,549
Unrestricted investment earnings				1,739	2,878	4,617
Transfers in (out)				(39,792)	(122,100)	(161,892)
Total general revenues, special items, and transfers				<u>663,796</u>	<u>(119,222)</u>	<u>544,574</u>
Change in net assets				44,941	(216,179)	(171,238)
Net Position - Beginning				<u>335,594</u>	<u>759,080</u>	<u>1,094,674</u>
Net Position - Beginning as restated				<u>335,594</u>	<u>759,080</u>	<u>1,094,674</u>
Net Position - Ending				<u>\$ 380,535</u>	<u>542,901</u>	<u>\$ 923,436</u>

CITY OF MOORHEAD, MISSISSIPPI
Balance Sheet and Net Assets - Cash Basis
Governmental Funds
For the Year Ended September 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalent	\$ 281,104	503,210	\$ 784,314
Cash, restricted	<u>99,431</u>	<u>39,691</u>	<u>139,122</u>
TOTAL ASSETS	<u>\$ 380,535</u>	<u>542,901</u>	<u>\$ 923,436</u>
NET ASSETS			
Restricted for debt service	\$ (4)	17,256	\$ 17,252
Restricted for customers deposits	-	22,435	22,435
Restricted for fire protection	99,435	-	99,435
Unassigned	<u>281,104</u>	<u>503,210</u>	<u>784,314</u>
Total Net Assets	<u>380,535</u>	<u>542,901</u>	<u>923,436</u>
TOTAL NET ASSETS	<u>\$ 380,535</u>	<u>542,901</u>	<u>\$ 923,436</u>

CITY OF MOORHEAD, MISSISSIPPI
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	FEMA Grant	Debt Service Fund	Total Governmental Funds
REVENUES:				
General property taxes	\$ 459,770	-	-	\$ 459,770
Privilege licenses and permits	5,843	-	-	5,843
Intergovernmental revenues	415,094	165,987	-	581,081
Franchise taxes	43,704	-	-	43,704
Fines and report fees	24,658	-	-	24,658
Interest income	1,651	88	-	1,739
Miscellaneous	31,677	-	-	31,677
Total Revenues	<u>982,397</u>	<u>166,075</u>	<u>-</u>	<u>1,148,472</u>
EXPENDITURES:				
General Government:				
Administration and finance	258,030	-	-	258,030
Public Safety:				
Police department	260,060	-	-	260,060
Fire department	40,457	-	-	40,457
Public works	85,481	90	-	85,571
Community development	152,043	-	-	152,043
Culture and recreation	22,870	-	-	22,870
Debt services:				
Principal	10,073	-	-	10,073
Interest and service charges	656	-	-	656
Capital outlay:				
Public works	-	233,979	-	233,979
TOTAL EXPENDITURES	<u>829,670</u>	<u>234,069</u>	<u>-</u>	<u>1,063,739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>152,727</u>	<u>(67,994)</u>	<u>-</u>	<u>84,733</u>
OTHER CASH SOURCES (USES):				
Operating transfers out	(26,206)	-	(13,586)	(39,792)
Total Other Financing Sources (Uses)	<u>(26,206)</u>	<u>-</u>	<u>(13,586)</u>	<u>(39,792)</u>
Excess (Deficiency) of Receipts and Other Cash Sources				
Over Disbursements and Other Cash Uses	126,521	(67,994)	(13,586)	44,941
Cash Basis Fund Balance, October 1	254,018	67,990	13,586	335,594
Cash Basis Fund Balance, September 30	<u>\$ 380,539</u>	<u>(4)</u>	<u>-</u>	<u>\$ 380,535</u>
CASH BASIS FUND BALANCES - END OF YEAR				
Restricted for:				
Debt service	-	-	-	-
Federal grant	-	(4)	-	(4)
Fire protection	99,435	-	-	99,435
Unassigned	281,104	-	-	281,104
Total Fund Balances	<u>\$ 380,539</u>	<u>(4)</u>	<u>-</u>	<u>\$ 380,535</u>

CITY OF MOORHEAD, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Cash Basis
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 437,421	437,421	459,770	\$ 22,349
Homestead exemption	29,500	29,500	29,613	113
Licenses and permits	5,332	5,332	5,843	511
Other intergovernmental revenues	99,254	186,865	250,276	63,411
Franchise taxes	45,000	45,000	43,704	(1,296)
Sales tax revenue	83,000	83,000	82,400	(600)
Grand gulf	13,506	13,506	52,805	39,299
Fines and report fees	13,951	13,951	24,658	10,707
Charges for services	250	250	-	(250)
Interest	1,600	1,600	1,651	51
Rent income	17,100	17,100	16,950	(150)
Miscellaneous	<u>16,963</u>	<u>16,963</u>	<u>14,727</u>	<u>(2,236)</u>
TOTAL REVENUES	<u>762,877</u>	<u>850,488</u>	<u>982,397</u>	<u>131,909</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	294,238	244,238	258,030	(13,792)
Public Safety				
Police protection	317,953	284,368	260,060	24,308
Fire protection	49,621	24,621	40,457	(15,836)
Public works	101,774	101,774	85,481	16,293
Culture and recreation	17,329	17,329	22,870	(5,541)
Community development	152,043	152,043	152,043	-
Debt service	-	-	10,729	(10,729)
Total Expenditures	<u>932,958</u>	<u>824,373</u>	<u>829,670</u>	<u>(5,297)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>(170,081)</u>	<u>26,115</u>	<u>152,727</u>	<u>126,612</u>
Other Financing Sources (Uses):				
Operating transfer out	-	-	(26,206)	(26,206)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(26,206)</u>	<u>(26,206)</u>
Net Change in Fund Balances	(170,081)	26,115	126,521	100,406
Cash Basis Fund Balance, Oct. 1	<u>254,018</u>	<u>254,018</u>	<u>254,018</u>	<u>-</u>
Cash Basis Fund Balance, Sept. 30	<u>\$ 83,937</u>	<u>280,133</u>	<u>380,539</u>	<u>\$ 100,406</u>

CITY OF MOORHEAD, MISSISSIPPI
Combined Statement of Revenues, Expenses, and Changes in Net Position - Cash Basis
Proprietary Funds
For the Year Ended September 30, 2023

	<u>Business -Type Activities</u>			
	<u>Water/Sewer Fund</u>	<u>Garbage Fund</u>	<u>USDA Water Reserve Fund</u>	<u>Total</u>
Operating Revenues:				
Sales to customers	\$ 407,838	123,233	-	\$ 531,071
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>407,838</u>	<u>123,233</u>	<u>-</u>	<u>531,071</u>
Operating Expenses:				
Personnel services	241,228	-	-	241,228
Supplies	64,139	-	-	64,139
Other services and charges	<u>183,708</u>	<u>141,411</u>	<u>-</u>	<u>325,119</u>
Total Operating Expenses	<u>489,075</u>	<u>141,411</u>	<u>-</u>	<u>630,486</u>
Operating income (loss)	<u>(81,237)</u>	<u>(18,178)</u>	<u>-</u>	<u>(99,415)</u>
Nonoperating revenues (expenses)				
Contribution from federal grant	112,545	-	-	112,545
Interest income	2,807	8	63	2,878
Principal payment on debt	(50,282)	-	-	(50,282)
Interest and service charges on long-term debt	(47,144)	-	-	(47,144)
Capital outlays	<u>(12,661)</u>	<u>-</u>	<u>-</u>	<u>(12,661)</u>
Total nonoperating revenues	<u>5,265</u>	<u>8</u>	<u>63</u>	<u>5,336</u>
Net Income Before Operating Transfers	<u>(75,972)</u>	<u>(18,170)</u>	<u>63</u>	<u>(94,079)</u>
Operating Transfers In	(2,121)	18,925	17,193	33,997
Operating Transfers (Out)	<u>(156,097)</u>	<u>-</u>	<u>-</u>	<u>(156,097)</u>
Change in Net Position	(234,190)	755	17,256	(216,179)
Cash Basis Net Position, October 1	<u>757,270</u>	<u>1,810</u>	<u>-</u>	<u>759,080</u>
Cash Basis Net Position, September 30	<u>\$ 523,080</u>	<u>2,565</u>	<u>17,256</u>	<u>\$ 542,901</u>
CASH BASIS NET POSITION - END OF YEAR				
Restricted for:				
Customer deposits	\$ 22,435	-	-	\$ 22,435
Debt service	-	-	17,256	17,256
Unassigned	<u>500,645</u>	<u>2,565</u>	<u>-</u>	<u>503,210</u>
Total Net Position	<u>\$ 523,080</u>	<u>2,565</u>	<u>17,256</u>	<u>\$ 542,901</u>

CITY OF MOORHEAD, MISSISSIPPI
Combining Balance Sheet and Nets Assets - Cash Basis
All Agency Funds
For the Year Ended September 30, 2023

Assets:	Payroll Clearing Fund	Accounts Payable Clearing	Total
Cash and cash equivalents	\$ 4,819	1,900	\$ 6,719
Total Assets	<u>\$ 4,819</u>	<u>1,900</u>	<u>\$ 6,719</u>
Net Assets			
Held for other	\$ 4,819	1,900	\$ 6,719
Total Net Assets	<u>\$ 4,819</u>	<u>1,900</u>	<u>\$ 6,719</u>

CITY OF MOORHEAD, MISSISSIPPI
Combining Statement of Changes in Net Assets - Cash Basis
All Agency Funds
For the Year Ended September 30, 2023

	Payroll Clearing Fund	Accounts Payable Clearing	Total
Additions			
Interest	\$ 60	104	\$ 164
Other additions	<u>4,676</u>	<u>1,715</u>	<u>6,391</u>
Total Additions	<u>4,736</u>	<u>1,819</u>	<u>6,555</u>
Deductions			
Other deductions	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	4,736	1,819	6,555
Net Asset at beginning of year	<u>83</u>	<u>81</u>	<u>164</u>
Net Asset at end of year	<u>\$ 4,819</u>	<u>1,900</u>	<u>\$ 6,719</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Moorhead operates under a Council-Manager form of government and provides services authorized by its charter. The City's population is less than 2,500 citizens.

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

A. Fund Accounting

The financial statements consist of all the funds of the City of Moorhead: General Fund, Special Revenue Funds, Debt Services, and the Enterprise Funds.

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

GOVERNMENTAL FUNDS

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

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

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of the Proprietary Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

PROPRIETARY FUNDS

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

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MAJOR FUNDS

For 2021, the City reports the following major funds:

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

Special Revenue Fund - accounts for state and federal grant transactions.

Debt Service Fund - accounts for the debt service transaction of the governmental fund type.

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

Garbage Fund - accounts for the operating activities of the City's garbage services.

B. Measurement Focus and Financial Statement Presentation

In the government-wide financial statement, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting which refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

As permitted by generally accepted accounting principles, the City of Moorhead has elected to apply only applicable FASB Statement and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

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

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

D. Investments

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

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

Investments are reported at fair value.

E. Report Classification

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

F. Property Tax

Property taxes attach as an enforceable lien on property January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. The millage rate for the City for the fiscal year ended September 30, 2023, was as follows for general purposes.

<u>Tax Years</u>	<u>2022</u>	<u>2021</u>
General Fund	81.00	81.00
Debt Service	9.00	9.00
Total Millage	<u>90.00</u>	<u>90.00</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 2 - BUDGET POLICY

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

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

The carrying amount of the City's deposits with financial institutions in the governmental activities, business-type activities funds, and the agency funds were \$380,535, \$542,901, and \$6,719 respectively. The bank balance was \$963,379.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk 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, 2023, none of the City's bank balance of \$963,379 was exposed to custodial credit risk.

NOTE 4 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

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

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

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

NOTE 5 - LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

A. Governmental Type Activities

During the year ended September 30, 2023, the following changes occurred in liabilities reported for the General Government:

	Balance 10/01/2022	Additions	Retirements	Adjustment	Balance 9/30/2023	Amount due Within one Year
Bank note payable	\$ 2,626	-	2,626	-	\$ -	\$ -
Bank note payable	5,223	-	5,223	-	-	-
Obligation Under capital lease	<u>2,224</u>	<u>-</u>	<u>2,224</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,073</u>	<u>-</u>	<u>10,073</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 5 - LONG-TERM DEBT (Continued)

B. Business-Type Activities

During the year ended September 30, 2023, the following changes occurred in liabilities reported for the Water/Sewer Fund:

	Balance 10/01/2022	Additions	Retirements	Balance 9/30/2023	Amount due within one year
Bank note payable	\$ 2,985	-	2,985	-	\$ -
Combined water/sewer revenue bond	179,564	-	12,663	166,901	13,247
Combined water/sewer revenue bond	561,793	-	12,241	549,552	12,534
Combined water/sewer revenue bond	<u>1,052,314</u>	<u>-</u>	<u>22,394</u>	<u>1,029,920</u>	<u>22,960</u>
Total	<u>\$ 1,796,656</u>	<u>-</u>	<u>50,283</u>	<u>1,746,373</u>	<u>\$ 48,741</u>

The following is outstanding debt related to Business-Type Activities as of September 30, 2023.

Bank Notes and Revenue Bonds Payable

The outstanding Bank Notes and Revenue Bond Payable is as follows as of September 30, 2023.

	<u>Amount Outstanding</u>
<u>Loan Number 1</u> \$438,000, 1999 Water Junior Lien Revenue Bonds, issued January 22, 1999, due in monthly installments of \$1,710 including interest at 4.50% beginning on the third anniversary date of the bond, with interest only on the first and second annual dates. The bonds mature on January 22, 2034. This debt will be retired from the City's Water/Sewer Fund.	166,901
<u>Loan Number 2</u> \$600,000, 2019 combined water/sewer revenue bond, issued March 13, 2019, due in monthly installments of \$2,120 including interest at 2.375% beginning on the third anniversary date of the bond, with interest only on the first and second annual dates. The bonds mature on March 13, 2054. This debt will be retired from the City's Water/Sewer Fund.	549,552
<u>Loan Number 3</u> \$1,122,000, 2019 combined water/sewer revenue bond, issued March 13, 2019, due in monthly installments of \$4,040 including interest at 2.50% beginning on the third anniversary date of the bond, with interest only on the first and second annual dates. The bonds mature on March 13, 2054. This debt will be retired from the City's Water/Sewer Fund.	<u>1,029,920</u>
Total Notes Payable and Revenue Bonds Payable	<u>\$ 1,746,373</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 5 - LONG-TERM DEBT (Continued)

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

Revenue Bond - Loan # 1

Fiscal year Ending				
September 30	Principal	Interest	Total	
2024	\$ 13,247	7,273	\$ 20,520	
2025	13,858	6,662	20,520	
2026	14,497	6,023	20,520	
2027	15,165	5,355	20,520	
2028	15,864	4,656	20,520	
2029-2033	90,995	11,605	102,600	
2034	3,275	13	3,288	
Total	<u>\$ 166,901</u>	<u>41,587</u>	<u>\$ 208,488</u>	

	<u>Loan # 2</u>		<u>Loan # 3</u>	
Fiscal Year Ending September 30,	Principal	Interest	Principal	Interest
2024	\$ 12,534	12,906	22,960	\$ 25,522
2025	12,709	12,731	23,346	25,136
2026	13,014	12,426	23,936	24,546
2027	13,327	12,113	24,541	23,941
2028	13,647	11,793	25,162	23,320
2029-2033	73,309	53,891	135,683	106,728
2034-2038	82,543	44,657	153,728	88,682
2039-2043	92,939	34,261	174,175	68,236
2044-2048	104,646	22,554	197,340	45,070
2049-2053	117,826	9,374	223,586	18,824
2054	13,058	150	25,463	308
Totals	<u>\$ 549,552</u>	<u>226,856</u>	<u>1,029,920</u>	<u>\$ 450,313</u>

NOTE 6 - CAPITAL OUTLAY DISBURSEMENTS

The City of Moorhead had \$246,640 in capital outlay disbursements of this amount \$223,979 was considered capital asset for the current fiscal year for the governmental funds in the amount of \$233,979 and \$12,661 enterprise funds.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 7 - DEFINED BENEFIT PENSION PLAN

A. General Information

Plan Description and Provisions: The City of Moorhead, Mississippi, contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201, or by calling (601) 359-3589 or 1-800-444- PERS.

Plan Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the City of Moorhead, Mississippi is required to contribute at an actuarially determined rate. This rate was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Moorhead, Mississippi, contributions to PERS for the years ended September 30, 2023, 2022, and 2021 were \$72,659, \$82,723, and \$75,742, respectively, equal to the required contributions for each year.

NOTE 8 - FEDERAL GRANTS

During the fiscal year ended September 30, 2023, the City received federal and State grant funds in the amount of \$875,689, however, the grant expenditures were less than \$750,000. Therefore, a single audit in accordance with Uniform Guidance was not required for the year ended September 30, 2023.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Federal Grants

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

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. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2023

NOTE 11 - ECONOMIC DEPENDENCY

The City is a rural community in the Mississippi Delta. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the Statement of Activities and 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 Activities and Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Activities and Net Position date require disclosure in the accompanying notes. Management of City of Moorhead, Mississippi evaluated the activity of the City through March 06, 2024, which is the date the financial statements are available to be issued.

NOTE 13 - COVID-19 FINANCIAL STATEMENT IMPACTS

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

SUPPLEMENTAL INFORMATION

CITY OF MOORHEAD, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2023

	Balance at 10/01/2022	Additions	Deletions	Balance at 09/30/2023
Governmental Activities:				
<i>Non-Depreciable Assets</i>				
Land	\$ 29,990	-	-	\$ 29,990
Construction in progress	414,276	233,979	(648,255)	-
Total Non-Depreciable Assets	<u>444,266</u>	<u>233,979</u>	<u>(648,255)</u>	<u>29,990</u>
<i>Depreciable Capital Assets</i>				
Buildings	485,630	-	-	485,630
Improvements other than buildings	566,370	-	-	566,370
Machinery and equipment	57,509	-	-	57,509
Motor vehicles	53,017	-	-	53,017
Infrastructure	<u>1,050,282</u>	<u>-</u>	<u>648,255</u>	<u>1,698,537</u>
Total Depreciable Capital Assets	<u>2,212,808</u>	<u>-</u>	<u>648,255</u>	<u>2,861,063</u>
Total Governmental Capital Assets	<u>\$ 2,657,074</u>	<u>233,979</u>	<u>-</u>	<u>\$ 2,891,053</u>
Business - Type Activities:				
<i>Non-Depreciable Assets</i>				
Land	\$ 83,196	-	-	\$ 83,196
Construction in progress	-	-	-	-
Total Non-Depreciable Assets	<u>83,196</u>	<u>-</u>	<u>-</u>	<u>83,196</u>
<i>Depreciable Capital Assets</i>				
Infrastructure	6,620,133	-	-	6,620,133
Machinery and equipment	<u>189,706</u>	<u>-</u>	<u>-</u>	<u>189,706</u>
Total Depreciable Capital Assets	<u>6,809,839</u>	<u>-</u>	<u>-</u>	<u>6,809,839</u>
Total Business-Type Capital Assets	<u>\$ 6,893,035</u>	<u>-</u>	<u>-</u>	<u>\$ 6,893,035</u>

CITY OF MOORHEAD, MISSISSIPPI
Schedule of Long -Term Debt
September 30, 2023

	Interest Rates	Issue Date	Final Maturity Date	Authorized	Issued	Balance at 10/01/2022	Additions	Deletion	Balance at 09/30/2023
<u>General Government:</u>									
Notes Payable									
Bank note payable	4.860%	09/01/2020	09/05/2024	19,656	19,656	5,223	-	5,223	-
Bank note payable	5.175%	10/24/2018	11/05/2022	16,793	16,793	2,626	-	2,626	-
Obligations Under Capital Leases:									
Capital lease - two police cars	3.640%	07/12/2018	07/12/2022	49,822	49,822	2,224	-	2,224	-
Total General Government Debt				<u>\$ 86,271</u>	<u>\$ 86,271</u>	<u>\$ 10,073</u>	<u>-</u>	<u>10,073</u>	<u>\$ -</u>
<u>Business Type - Activities</u>									
Revenue Bonds									
1999 Water Junior Lien Revenue	4.50%	01/22/1999	01/22/2034	\$ 349,200	\$ 349,200	\$ 179,564	-	12,663	\$ 166,901
Combined Water/Sewer Bond	2.50%	03/13/2019	03/13/2054	1,122,000	1,122,000	1,052,314	-	22,394	1,029,920
Combined Water/Sewer Bond	2.375%	03/13/2019	03/13/2054	600,000	600,000	561,793	-	12,241	549,552
Total Revenue Bonds				<u>2,071,200</u>	<u>2,071,200</u>	<u>1,793,671</u>	<u>-</u>	<u>47,298</u>	<u>1,746,373</u>
Notes Payable:									
Note Payable - Guaranty Bank	5.175%	10/24/2018	11/05/2022	16,793	16,793	2,984	-	2,984	-
Total Proprietary Debt				<u>\$ 2,087,993</u>	<u>\$ 2,087,993</u>	<u>\$ 1,796,655</u>	<u>-</u>	<u>50,282</u>	<u>\$ 1,746,373</u>
Grand Total				<u>\$ 2,174,264</u>	<u>\$ 2,174,264</u>	<u>\$ 1,806,728</u>	<u>-</u>	<u>60,355</u>	<u>\$ 1,746,373</u>

CITY OF MOORHEAD, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2023

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount of Bond</u>
George Holland	Mayor	Brierfield and Scott Municipal Insurance	\$ 50,000
Thomas J. Fairley	Councilman	Brierfield and Scott Municipal Insurance	50,000
Annette Washington-Fields	Councilwoman	Brierfield and Scott Municipal Insurance	50,000
Robin Roberts	Councilman	Brierfield and Scott Municipal Insurance	50,000
Shericka Hayes	Councilwoman	Brierfield and Scott Municipal Insurance	50,000
Robert Martin	City Manager	Brierfield and Scott Municipal Insurance	50,000
Lakeshia Jones	City Clerk	Brierfield and Scott Municipal Insurance	50,000
Constance Sanders	Deputy Clerk	Brierfield and Scott Municipal Insurance	50,000
Fredrick Randle	Chief of Police	Brierfield and Scott Municipal Insurance	100,000
Position Bond	Police officers	Brierfield and Scott Municipal Insurance	60,000



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CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor George Holland and
Honorable Members of the Board of Alderpersons
City of Moorhead, 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 cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moorhead, Mississippi, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Moorhead, Mississippi cash financial statements and have issued our report thereon dated March 06, 2024.

Internal Control Over Financial Reporting

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

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

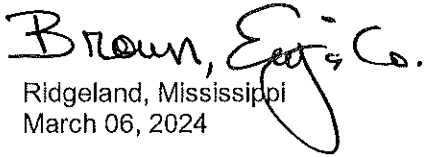
Our consideration of the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Moorhead, 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 Standard*.

Purpose of this Report

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


Ridgeland, Mississippi
March 06, 2024

CITY OF MOORHEAD, MISSISSIPPI
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
Year Ended September 30, 2023

For the year ended September 30, 2022, we did not identify any deficiencies other than those that were not corrected from prior years.

CITY OF MOORHEAD, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2023

Finding 2016-001 - Financial Statements and Related Disclosures

Statement of Condition

Management requested the auditors prepare a draft of the City's financial statements, including the related notes to the financial statements. Outsourcing of this service is not unusual in Cities of your size and is a result of the City's cost-benefit decision to use our accounting expertise rather than to ensure internal resource costs.

Current Status: Not Corrected

Finding 2016-002 - Capital Assets

Statement of Condition

The City does not maintain an adequate capital asset subsidiary ledger that properly tracks capital asset activity.

Current Status: Not Corrected

STATE LEGAL COMPLIANCE SECTION



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

The Honorable Mayor George Holland and
Honorable Members of the Board of Alderpersons
City of Moorhead, Mississippi

We have audited the cash basis financial statements of the City of Moorhead, Mississippi, (the City) as of and for the year ended September 30, 2023, and have issued our report thereon dated March 06, 2024.

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

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

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

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

Brown, Ewing & Co.
Ridgeland, Mississippi
March 06, 2024