

## 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.

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**TOWN OF PELAHATCHIE, MISSISSIPPI**

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**TOWN OF PELAHATCHIE, MISSISSIPPI**

**FINANCIAL SECTION**

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Pelahatchie, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pelahatchie, Mississippi, as of September 30, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with cash basis of accounting.

#### **Basis for Opinion**

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Pelahatchie, 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 opinion.

#### **Emphasis of Matter**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with cash basis of accounting, 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 Town of Pelahatchie, 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.

### **Auditors' 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 auditors' report that includes our opinion. 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:

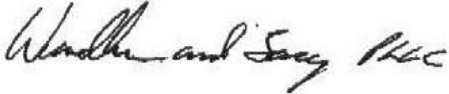
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Town of Pelahatchie, 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 Town of Pelahatchie, 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 Information**

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedules, the Schedule of Changes in Long-term Debt, the Schedule of Investments – All Funds, the Schedule of Capital Assets, the Schedule of Surety Bonds for Municipal Officials and Employees for the Town of Pelahatchie, Mississippi, and corresponding notes but does not include the basic financial statements and our auditors' 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.

A handwritten signature in cursive script that reads "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
December 11, 2023

**TOWN OF PELAHATCHIE, MISSISSIPPI**

**FINANCIAL STATEMENTS**



**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and for the Year Ended September 30, 2022**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General government	\$ 435,154	22,133	2,296		(410,725)		(410,725)
Public safety	1,035,007	117,251	40	7,859	(909,857)		(909,857)
Public works	307,065			169,879	(137,186)		(137,186)
Culture and recreation	7,277				(7,277)		(7,277)
Interest on long-term debt	39,044				(39,044)		(39,044)
Total Governmental Activities	<u>1,823,547</u>	<u>139,384</u>	<u>2,336</u>	<u>177,738</u>	<u>(1,504,089)</u>	<u>0</u>	<u>(1,504,089)</u>
Business-type Activities:							
Water/Sewer	<u>679,326</u>	<u>742,615</u>		<u>98,069</u>		<u>161,358</u>	<u>161,358</u>
Total Business-type Activities	<u>679,326</u>	<u>742,615</u>	<u>0</u>	<u>98,069</u>	<u>0</u>	<u>161,358</u>	<u>161,358</u>
Total Government	<u>\$ 2,502,873</u>	<u>881,999</u>	<u>2,336</u>	<u>275,807</u>	<u>(1,504,089)</u>	<u>161,358</u>	<u>(1,342,731)</u>
General Receipts							
Taxes:							
Property taxes					\$ 547,815		547,815
Road & bridge privilege taxes					6		6
Sales tax					509,676		509,676
Franchise taxes					46,568		46,568
Grants and contributions not restricted to specific programs					31,884		31,884
Unrestricted investment income					947	180	1,127
Miscellaneous					346,489	75	346,564
Transfers					<u>80,000</u>	<u>(80,000)</u>	
Total General Receipts					<u>1,563,385</u>	<u>(79,745)</u>	<u>1,483,640</u>
Change in Net Position					59,296	81,613	140,909
Net Position - Beginning					<u>1,577,948</u>	<u>321,014</u>	<u>1,898,962</u>
Net Position - Ending					<u>\$ 1,637,244</u>	<u>402,627</u>	<u>2,039,871</u>

**(Continued)**

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and for the Year Ended September 30, 2022**

**ASSETS**

Cash and cash equivalents	\$ 482,078
Restricted cash	<u>1,557,793</u>
Total Assets	\$ <u><u>2,039,871</u></u>

**NET POSITION**

Restricted:	
Restricted for unemployment compensation	\$ 4,954
Restricted for public safety	1,156,050
Restricted for public works	339,892
Restricted for culture and recreation	32,671
Restricted for meter deposits	24,226
Unrestricted	<u>482,078</u>
Total Net Position	\$ <u><u>2,039,871</u></u>

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

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2022**

	<u>Governmental Activities</u>					<u>Business-type Activities</u>
	<u>Major Funds</u>					
	<u>General Fund</u>	<u>Police Seizure Fund</u>	<u>ARPA Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Funds</u>
<b>RECEIPTS</b>						
Ad valorem taxes	\$ 547,815				547,815	
Road and bridge tax	6				6	
License and permits	22,133				22,133	
Franchise taxes on utilities	46,568				46,568	
Grand Gulf payments in lieu of tax	27,464				27,464	
Intergovernmental revenues:						
Federal revenues:						
Grants			169,879		169,879	98,069
State shared revenues:						
Sales taxes	509,676				509,676	
General municipal aid	664				664	
Gasoline tax	3,756				3,756	
Other	40				40	
Local shared revenues:						
Forfeiture revenues	2,296				2,296	
County grants				7,859	7,859	
Charges for services:						
Garbage						93,081
Water and sewer utility						649,534
Fines and forfeits	90,211	27,040			117,251	
Interest income	130	661	131	25	947	180
Miscellaneous revenue	267,403	54,500		24,586	346,489	75
Total Receipts	<u>1,518,162</u>	<u>82,201</u>	<u>170,010</u>	<u>32,470</u>	<u>1,802,843</u>	<u>840,939</u>

**(Continued)**

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2022**

	<b>Governmental Activities</b>					<b>Business-type Activities</b>
	<b>Major Funds</b>					
	<b>General Fund</b>	<b>Police Seizure Fund</b>	<b>ARPA Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Funds</b>
<b>DISBURSEMENTS</b>						
General government	384,951				384,951	
Public safety	828,013	68,484		7,785	904,282	
Public works	257,065				257,065	
Culture and recreation				7,277	7,277	
Water and sewer utility:						
Personal services						317,397
Supplies						53,864
Utilities						111,486
Other services and charges						114,010
Total Disbursements	<u>1,470,029</u>	<u>68,484</u>	<u>0</u>	<u>15,062</u>	<u>1,553,575</u>	<u>596,757</u>
Excess of Receipts Over (Under) Disbursements	<u>48,133</u>	<u>13,717</u>	<u>170,010</u>	<u>17,408</u>	<u>249,268</u>	<u>244,182</u>
<b>OTHER CASH SOURCES (USES)</b>						
Purchase of capital assets	(8,025)	(122,700)			(130,725)	(23,395)
Principal paid on long-term debt	(100,203)				(100,203)	(46,725)
Interest paid on long-term debt	(39,044)				(39,044)	(12,449)
Transfers in (out) to other funds	80,000				80,000	(80,000)
Total Other Cash Sources and (Uses)	<u>(67,272)</u>	<u>(122,700)</u>	<u>0</u>	<u>0</u>	<u>(189,972)</u>	<u>(162,569)</u>

**(Continued)**

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2022**

	<b>Governmental Funds</b>					<b>Business-type Activities</b>
	<b>Major Funds</b>					
	<b>General Fund</b>	<b>Police Seizure Fund</b>	<b>ARPA Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Funds</b>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(19,139)	(108,983)	170,010	17,408	59,296	81,613
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>127,770</u>	<u>1,239,076</u>	<u>169,882</u>	<u>41,220</u>	<u>1,577,948</u>	<u>321,014</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 108,631</u>	<u>1,130,093</u>	<u>339,892</u>	<u>58,628</u>	<u>1,637,244</u>	<u>402,627</u>
<b>CASH BASIS ASSETS - End of Year</b>						
Cash and cash equivalents	\$ 103,677				103,677	378,109
Restricted cash	<u>4,954</u>	<u>1,130,093</u>	<u>339,892</u>	<u>58,628</u>	<u>1,533,567</u>	<u>24,518</u>
Total Cash Basis Assets	<u>\$ 108,631</u>	<u>1,130,093</u>	<u>339,892</u>	<u>58,628</u>	<u>1,637,244</u>	<u>402,627</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>						
Restricted for public safety	\$	1,130,093		25,957	1,156,050	
Restricted for public works			339,892		339,892	
Restricted for culture and recreation				32,671	32,671	
Restricted for unemployment	4,954				4,954	
Restricted for meter deposits						24,518
Unassigned	<u>103,677</u>				<u>103,677</u>	<u>378,109</u>
Total Cash Basis Fund Balances	<u>\$ 108,631</u>	<u>1,130,093</u>	<u>339,892</u>	<u>58,628</u>	<u>1,637,244</u>	<u>402,627</u>

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

## TOWN OF PELAHATCHIE, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2022

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

B. Government-wide and Fund Financial Statements.

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

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

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

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

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

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

The government reports the following major Governmental Funds:

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

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

## TOWN OF PELAHATCHIE, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2022

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

The Town reports the following major Proprietary Fund:

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

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

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

#### D. Assets and Net Position or Equity.

##### 1. *Cash and Investments.*

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

##### 2. *Fund Equity.*

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

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

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

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

#### (2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$2,039,871 and the bank balance was \$2,072,430. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation.

## **TOWN OF PELAHATCHIE, MISSISSIPPI**

### **Notes to Financial Statements For the Year Ended September 30, 2022**

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of September 30, 2022, the amount of the Town's bank balance of \$2,072,430 was exposed to custodial risk.

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

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

#### **(3) Defined Benefit Pension Plan.**

**Plan Description:** The Town of Pelahatchie, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The prior rate is 15.75% and the current rate as of June 2019 is 17.40% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2022, 2021, and 2020 were \$116,149, \$96,278, and \$91,850, respectively, which is equal to the required contributions for each year.



**TOWN OF PELAHATCHIE, MISSISSIPPI**

**OATHER INFORMATION**

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund - UNAUDITED**  
**For the Year Ended September 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 436,011	436,011	547,815	111,804
Road and bridge tax	52,000	52,000	6	(51,994)
Charges for services	1,221,000	1,221,000		(1,221,000)
License and permits	16,000	16,000	22,133	6,133
Franchise taxes	40,000	40,000	46,568	6,568
Intergovernmental receipts	390,000	390,000	543,896	153,896
In lieu of taxes	27,000	27,000		(27,000)
Fines and forfeits	145,000	145,000	90,211	(54,789)
Miscellaneous	84,515	84,515	267,533	183,018
Total Receipts	<u>2,411,526</u>	<u>2,411,526</u>	<u>1,518,162</u>	<u>(893,364)</u>
<b>EXPENDITURES</b>				
General government	362,132	362,132	384,951	(22,819)
Public safety	765,149	765,149	828,013	(62,864)
Public works	328,265	328,265	257,065	71,200
Debt service:				
Principal			100,203	(100,203)
Interest			39,044	(39,044)
Total Expenditures	<u>1,455,546</u>	<u>1,455,546</u>	<u>1,609,276</u>	<u>(153,730)</u>
Excess of Receipts Over (Under) Expenditures	<u>955,980</u>	<u>955,980</u>	<u>(91,114)</u>	<u>(1,047,094)</u>
<b>OTHER CASH SOURCES (USES)</b>				
Reimbursement for debt repayment	(62,204)	(62,204)		62,204
Capital expenditure			(8,025)	(8,025)
Transfers	15,000	15,000	80,000	65,000
Total Other Cash Sources and Uses	<u>(47,204)</u>	<u>(47,204)</u>	<u>71,975</u>	<u>119,179</u>
Net Change in Cash Basis Fund Balance	908,776	908,776	(19,139)	(927,915)
Cash Basis Fund Balances - Beginning	<u>961,779</u>	<u>961,779</u>	<u>127,770</u>	<u>(5,208)</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,870,555</u>	<u>1,870,555</u>	<u>108,631</u>	<u>(933,123)</u>

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

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**Police Seizure Fund - UNAUDITED**  
**For the Year Ended September 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Fines and forfeits	\$		27,040	27,040
Intergovernmental			54,500	54,500
Interest			661	661
Total Receipts	<u>0</u>	<u>0</u>	<u>82,201</u>	<u>82,201</u>
<b>EXPENDITURES</b>				
Public safety			68,484	68,484
Total Expenditures	<u>0</u>	<u>0</u>	<u>68,484</u>	<u>68,484</u>
Excess of Receipts Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>13,717</u>	<u>13,717</u>
<b>OTHER CASH SOURCES (USES)</b>				
Purchase of capital assets			(122,700)	(122,700)
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>(122,700)</u>	<u>(122,700)</u>
Net Change in Cash Basis Fund Balance	0	0	(108,983)	(108,983)
Cash Basis Fund Balances - Beginning	<u>1,045,402</u>	<u>522,701</u>	<u>1,239,076</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,045,402</u>	<u>522,701</u>	<u>1,130,093</u>	<u>(108,983)</u>

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

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**ARPA Fund - UNAUDITED**  
**For the Year Ended September 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Intergovernmental	\$		169,879	169,879
Interest			131	131
Total Receipts	<u>0</u>	<u>0</u>	<u>170,010</u>	<u>170,010</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Receipts Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	0	170,010	170,010
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>169,882</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>0</u>	<u>339,892</u>	<u>170,010</u>

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

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2022**

<b>Description</b>	<b>Outstanding Balance Sept. 30, 2021</b>	<b>Redeemed</b>	<b>Outstanding Balance Sept. 30, 2022</b>
Bond Issues:			
2010 general obligation bond issue	\$ 530,000	50,000	480,000
Total General Obligation Bonds	<u>530,000</u>	<u>50,000</u>	<u>480,000</u>
Other Long-term Debt:			
State of Mississippi - CAP loan	62,305	13,754	48,551
State of Mississippi - CAP loan	120,061	19,623	100,438
State of Mississippi - CAP loan - sewer improvements	572,182	32,971	539,211
State of Mississippi - CAP loan - Multicraft	445,859	29,020	416,839
PriorityOne loan	<u>16,594</u>	<u>1,560</u>	<u>15,034</u>
Total Other Long-term Debt	<u>1,217,001</u>	<u>96,928</u>	<u>1,120,073</u>
Total Long-term Debt	<u>\$ 1,747,001</u>	<u>146,928</u>	<u>1,600,073</u>

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Schedule of Investments - All Funds - UNAUDITED**  
**September 30, 2022**

	<u><b>Balance</b></u>
Special Revenue Fund:	
.40% Certificate of Deposit, dated September 2, 2022, due 365 days after date	\$ <u>53,123</u>
Total Special Revenue Fund Investments	<u>53,123</u>
Enterprise Funds:	
.35% Certificate of Deposit, dated November 13, 2021, due 365 days after date	24,518
.35% Certificate of Deposit, dated March 28, 2022, due 365 days after date	<u>5,743</u>
Total Enterprise Fund Investments	<u>30,261</u>
Employment Security Fund:	
.40% Certificate of Deposit, dated August 27, 2022, due 365 days after date	<u>4,954</u>
Total Employment Security Fund Investments	<u>4,954</u>
Total All Funds	\$ <u><u>88,338</u></u>

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Fiscal Year Ended September 30, 2022**

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Ending Balance</u></b>
Governmental Activities			
Capital Assets:			
Land	\$ 337,148		337,148
Construction in progress			
Buildings and improvements other than buildings	6,352,440		6,352,440
Machinery and equipment	<u>1,845,195</u>	<u>130,725</u>	<u>1,975,920</u>
Total Governmental Activities Capital Assets	<u>\$ 8,534,783</u>	<u>130,725</u>	<u>8,665,508</u>
Business-type Activities			
Capital Assets:			
Land	\$ 26,318		26,318
Construction in progress			
Machinery and equipment	350,047	23,395	373,442
Water/Sewer infrastructure	4,941,915		4,941,915
Water/Sewer improvements	<u>858,008</u>		<u>858,008</u>
Total Business-type Activities Capital Assets	<u>\$ 6,176,288</u>	<u>23,395</u>	<u>6,199,683</u>

**TOWN OF PELAHATCHIE, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**September 30, 2022**

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



**TOWN OF PELAHATCHIE, MISSISSIPPI**

**Notes to the Other Information  
For the Year Ended September 30, 2022  
UNAUDITED**

**A. Budgetary Information.**

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

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

**B. Basis of Presentation.**

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

**C. Budget Reconciliation.**

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

**TOWN OF PELAHATCHIE, MISSISSIPPI**

**SPECIAL REPORT**

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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American Institute of CPAs  
Mississippi Society of CPAs

### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pelahatchie, Mississippi, as of and for the year ended September 30, 2022, and have issued our report thereon dated December 11, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion.

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

1. Finding

*Annual Audit*

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

Recommendation

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

Town's Response

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

2. Finding

*Annual Inventory of Fixed Assets*

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

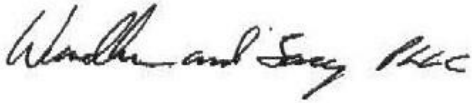
Recommendation

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

Town's Response

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

This report is intended solely for the information and use of management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

Windham and Lacey, PLLC  
December 11, 2023

**TOWN OF PELAHATCHIE, MISSISSIPPI**

**SCHEDULE OF FINDINGS**

**TOWN OF PELAHATCHIE, MISSISSIPPI**

**Schedule of Findings  
For the Year Ended September 30, 2022**

**Section 1: Summary of Auditors' Results**

*Financial Statements:*

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

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements.