

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 PHILADELPHIA, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
and
SPECIAL REPORT**

SEPTEMBER 30, 2022

CITY OF PHILADELPHIA, MISSISSIPPI

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CITY OF PHILADELPHIA, MISSISSIPPI

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Board of Aldermen
City of Philadelphia, Mississippi

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Philadelphia, 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 Philadelphia, Mississippi's cash basis 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, each major fund, and the aggregate remaining fund information of the City of Philadelphia, 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 City of Philadelphia, 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 City of Philadelphia, 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 City of Philadelphia, 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 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 Philadelphia, 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 Philadelphia, 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 management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Walnut Grove, Mississippi's cash basis financial statements. The combining and individual non-major 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*, are presented for purposes of additional analysis and are 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 cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the cash basis 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 combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the cash basis financial statements as a whole.

Other Supplementary Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the cash basis financial statements and our auditors' report thereon. Our opinions on the cash basis 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 cash basis 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.



Windham and Lacey, PLLC
September 11, 2023

CITY OF PHILADELPHIA, MISSISSIPPI

FINANCIAL STATEMENTS

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

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
General government	\$ 2,281,501				(2,281,501)	(2,281,501)
Public safety	5,266,218	1,232,550	318,173	109,965	(3,605,530)	(3,605,530)
Public works	3,566,944	375,776	870,046	1,568,167	(752,955)	(752,955)
Health and welfare		33,699			33,699	33,699
Culture and recreation	547,111	197,531			(349,580)	(349,580)
Economic development and assistance	52,380				(52,380)	(52,380)
Interest on long-term debt	132,082				(132,082)	(132,082)
Total Governmental Activities	<u>11,846,236</u>	<u>1,839,556</u>	<u>1,188,219</u>	<u>1,678,132</u>	<u>(7,140,329)</u>	<u>(7,140,329)</u>
Total Government	<u>\$ 11,846,236</u>	<u>1,839,556</u>	<u>1,188,219</u>	<u>1,678,132</u>	<u>(7,140,329)</u>	<u>(7,140,329)</u>
General Receipts						
Taxes:						
Property taxes					\$ 2,231,912	2,231,912
Sales tax					4,705,630	4,705,630
Homestead exemption reimbursement					68,041	68,041
Franchise taxes					107,804	107,804
Gas tax					7,343	7,343
Grants and contributions not restricted to specific programs					24,219	24,219
Unrestricted investment income					36,899	36,899
Miscellaneous					638,673	638,673
Proceed from loan					129,154	129,154
Total General Receipts					<u>7,949,675</u>	<u>7,949,675</u>
Change in Net Position					809,346	809,346
Net Position - Beginning					<u>8,528,957</u>	<u>8,528,957</u>
Net Position - Ending					<u>\$ 9,338,303</u>	<u>9,338,303</u>

(Continued)

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

ASSETS

Cash and cash equivalents	\$	5,898,680
Restricted cash		<u>3,439,623</u>
Total Assets	\$	<u><u>9,338,303</u></u>

NET POSITION

Restricted:		
Restricted for public safety	\$	145,527
Restricted for public works		3,172,080
Restricted for economic development		4,324
Restricted for culture and recreation		117,692
Unrestricted		<u>5,898,680</u>
Total Net Position	\$	<u><u>9,338,303</u></u>

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

CITY OF PHILADELPHIA, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances -
Governmental Funds
As of and for the Year Ended September 30, 2022

	Governmental Activities			
	Major Funds			
	General Fund	Park Fund	Non-Major Funds	Total
RECEIPTS				
Ad valorem taxes	\$ 2,081,912	150,000		2,231,912
License and permits	71,190			71,190
Franchise taxes on utilities	107,804			107,804
Intergovernmental revenues:				
Federal revenues:				
Grant	312,358		870,046	1,182,404
State shared revenues:				
Sales taxes	4,705,630			4,705,630
Homestead exemption reimbursement	68,041			68,041
General municipal aid	3,723			3,723
Gasoline tax	7,343			7,343
Fire protection			89,965	89,965
Other grant	1,046,311		568,167	1,614,478
Charges for services:				
Garbage	375,776			375,776
Other	175,006	197,531		372,537
Fines and forfeits	901,559		118,494	1,020,053
Interest income	35,481	1,114	304	36,899
Miscellaneous revenue	542,542	81,146	14,985	638,673
Total Receipts	<u>10,434,676</u>	<u>429,791</u>	<u>1,661,961</u>	<u>12,526,428</u>
DISBURSEMENTS				
General government	2,015,549			2,015,549
Public safety	4,946,846		42,102	4,988,948
Public works	1,600,058		1,571,249	3,171,307
Culture and recreation		535,166		535,166
Economic development and assistance			52,380	52,380
Total Disbursements	<u>8,562,453</u>	<u>535,166</u>	<u>1,665,731</u>	<u>10,763,350</u>
Excess of Receipts Over (Under) Disbursements	<u>1,872,223</u>	<u>(105,375)</u>	<u>(3,770)</u>	<u>1,763,078</u>
OTHER CASH SOURCES (USES)				
Proceeds from loan	129,154			129,154
Capital outlay	(361,743)	(11,945)	(45,827)	(419,515)
Principal paid on bonds and notes	(415,722)		(115,567)	(531,289)
Interest paid on bonds and notes	(68,369)		(63,713)	(132,082)
Transfer	(1,245,207)	158,839	1,086,368	
Total Other Cash Sources and (Uses)	<u>(1,961,887)</u>	<u>146,894</u>	<u>861,261</u>	<u>(953,732)</u>

(Continued)

CITY OF PHILADELPHIA, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances -
Governmental Funds
As of and for the Year Ended September 30, 2022

	Governmental Funds			
	Major Funds			
	General Fund	Park Fund	Non-Major Funds	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(89,664)	41,519	857,491	809,346
CASH BASIS FUND BALANCE - Beginning of Year	<u>5,972,961</u>	<u>76,173</u>	<u>2,479,823</u>	<u>8,528,957</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 5,883,297</u>	<u>117,692</u>	<u>3,337,314</u>	<u>9,338,303</u>
CASH BASIS ASSETS - End of Year				
Cash and cash equivalents	\$ 5,883,297		15,383	5,898,680
Restricted cash		117,692	3,321,931	3,439,623
Total Cash Basis Assets	<u>\$ 5,883,297</u>	<u>117,692</u>	<u>3,337,314</u>	<u>9,338,303</u>
CASH BASIS FUND BALANCES - End of Year				
Restricted:				
Restricted for public safety	\$		145,527	145,527
Restricted for public works			3,172,080	3,172,080
Restricted for economic development			4,324	4,324
Restricted for culture and recreation		117,692		117,692
Unassigned	<u>5,883,297</u>		<u>15,383</u>	<u>5,898,680</u>
Total Cash Basis Fund Balances	<u>\$ 5,883,297</u>	<u>117,692</u>	<u>3,337,314</u>	<u>9,338,303</u>

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

CITY OF PHILADELPHIA, MISSISSIPPI

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The City of Philadelphia, Mississippi (City) was incorporated in 1837 under the laws of the State of Mississippi (State) and is located within the central region of the State. The City operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and sanitation, recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the City 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.

The following component units are excluded from the financial statements due to cash basis audit: Philadelphia-Neshoba County Tourism/Economic Council, Philadelphia Utilities Water and Sewer Department and Philadelphia Utilities Electric Department.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) 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* are normally supported by taxes.

The City combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *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 recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The City 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.

CITY OF PHILADELPHIA, MISSISSIPPI

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

The *park fund* is a special revenue fund to account for the revenue and expenses of the Philadelphia-Neshoba County Parks.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

D. Assets and Net Position or Fund Balance.

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. *Net Position.*

Restricted net position - Consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted".

3. *Fund Balances.*

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City 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 City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF PHILADELPHIA, MISSISSIPPI

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

(2) Cash and Cash Equivalents.

At year-end, the City's carrying amount of deposits was \$9,338,380, and the bank balance was \$9,514,175. 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 Depository Insurance Corporation.

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 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 institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the City. As of September 30, 2022, \$9,264,175 of the City's bank balance was exposed to custodial risk.

Interest Rate Risk: The City 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 City 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 City of Philadelphia, 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, at 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 City is required to contribute at an actuarially determined rate. The current rate 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 City's contributions to PERS for the years ended September 30, 2022, 2021, and 2020 were \$656,217, \$629,732, and \$621,585, respectively, which is equal to the required contributions for each year.

(4) Subsequent Events.

Events that occur after the Statement of Net Cash 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 Cash 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 evaluated the activity of the City through August 25, 2023, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

CITY OF PHILADELPHIA, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
General property taxes	\$ 1,530,000	1,530,000	2,081,912	551,912
License and permits	34,000	34,000	71,190	37,190
Franchise taxes on utilities			107,804	107,804
Intergovernmental revenue	5,393,050	5,393,050	6,143,406	750,356
Charges for services	41,500	41,500	175,006	133,506
Garbage	397,000	397,000	375,776	(21,224)
Fines and forfeits	470,000	470,000	901,559	431,559
Interest income			35,481	35,481
Miscellaneous revenue	664,800	664,800	542,542	(122,258)
Total Revenue	<u>8,530,350</u>	<u>8,530,350</u>	<u>10,434,676</u>	<u>1,904,326</u>
EXPENDITURES				
General government	1,986,686	1,986,686	2,015,549	(28,863)
Public safety	4,436,142	4,436,142	4,946,846	(510,704)
Public works	1,935,115	1,935,115	1,600,058	335,057
Total Expenditures	<u>8,357,943</u>	<u>8,357,943</u>	<u>8,562,453</u>	<u>(204,510)</u>
Excess of Revenue Over (Under) Expenditures	<u>172,407</u>	<u>172,407</u>	<u>1,872,223</u>	<u>1,699,816</u>
OTHER CASH SOURCES (USES)				
Proceeds from loan			129,154	129,154
Capital outlay			(361,743)	(361,743)
Loan payment principal			(415,722)	(415,722)
Interest expense			(68,369)	(68,369)
Transfer			(1,245,207)	(1,245,207)
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>(1,961,887)</u>	<u>(1,961,887)</u>
Net Change in Cash Basis Fund Balance	172,407	172,407	(89,664)	(262,071)
Cash Basis Fund Balances - Beginning	<u>2,500,000</u>	<u>2,500,000</u>	<u>5,972,961</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,672,407</u>	<u>2,672,407</u>	<u>5,883,297</u>	<u>(262,071)</u>

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

CITY OF PHILADELPHIA, MISSISSIPPI

**Notes to the Required Supplementary 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 City, 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 City'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 schedule is presented for the General 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.

CITY OF PHILADELPHIA, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PHILADELPHIA, MISSISSIPPI
Schedule of Expenditures of Federal Awards - UNAUDITED
September 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
Major Program:				
U. S. Department of Treasury/ Coronavirus State and Local - ARPA	21.027	ARPA-0196-6Q510G		\$ 680,440
Total Major Program				<u>680,440</u>
Non-Major Programs:				
U. S. Department of Transportation/ Federal Aviation Administration/ Airport Improvement Program	20.106	3-28-0059-19-2021		112,065
U. S. Department of Justice/Office of Justice Programs/ Mississippi Department of Public Safety Planning/ Edward Byrne Local Law Enforcement Assistance Grant	16.580	2020-MU-BX-0053	20LB2281	4,799
U. S. Department of Homeland Security/ Mississippi Office of Highway Safety/ Occupancy Protection	20.600	402 Occupant Protection FY22	OP-2022-OP-22-81	8,533
U. S. Department of Homeland Security/ Mississippi Office of Highway Safety/ Alcohol Grant	20.607	154 Alcohol FY22	154AL-2022-ST-22-81	34,149
U. S. Department of Homeland Security/ Mississippi Office of Public Safety/ Equipment Grant	97.067	EMS-2021-SS-00011-S01	21LE296	3,996

(Continued)

CITY OF PHILADELPHIA, MISSISSIPPI
Schedule of Expenditures of Federal Awards - UNAUDITED
September 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U. S. Department of Homeland Security/ Mississippi Office of Public Safety/ Task Force III Salary	97.067	EMS-2021-SS-00014-S01	A21HS296T	84,431
U. S. Department of Homeland Security/ Mississippi Office of Public Safety/ Task Force USAR Training & Equipment	97.067	EMS-2021-SS-00014-S01	A21HS296T	26,057
U. S. Department of Homeland Security/ Mississippi Office of Public Safety/ Airbag Grant	97.067	EMS-2020-SS-00033	20HS296	49,269
U. S. Department of Homeland Security/ Mississippi Office of Public Safety/ Task Force II Equipment	97.067	EMS-2020-SS-00033	A20HS296T	38,383
Total Non-Major Programs				<u>361,682</u>
Total Major and Non-Major Programs				\$ <u><u>1,042,122</u></u>

(Continued)

CITY OF PHILADELPHIA, MISSISSIPPI
Schedule of Expenditures of Federal Awards - UNAUDITED
September 30, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Philadelphia, Mississippi, under programs of the federal government for the year ended September 30, 2022. 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 Philadelphia, Mississippi, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Philadelphia, Mississippi.

Note B - 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.

Note C - Indirect Cost Rate

The City of Philadelphia, Mississippi, has not elected to use the 10% de minimis indirect cost rate allowed under the *Uniform Guidance*.

CITY OF PHILDELPHIA, MISSISSIPPI
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2022

Definition and Purpose	Balance Outstanding September 1, 2021	Transactions During Fiscal Year		Balance Outstanding September 30, 2022
		Issued	Redeemed	
General obligation bonds	\$ 2,315,000		95,000	2,220,000
Notes	1,922,801		151,961	1,770,840
Capital leases	<u>505,527</u>	<u>129,154</u>	<u>284,328</u>	<u>350,353</u>
Total	\$ <u>4,743,328</u>	<u>129,154</u>	<u>531,289</u>	<u>4,341,193</u>

CITY OF PHILADELPHIA, MISSISSIPPI
Schedule of Investments - UNAUDITED
September 30, 2022

	<u>Balance</u>
General Fund:	
.15% Certificate of Deposit, dated April 5, 202x, due 90 days after date	\$ 1,300,492
.06% Certificate of Deposit, dated May 6, 202x, due 90 days after date	<u>818,059</u>
Total	<u><u>\$ 2,118,551</u></u>

CITY OF PHILADELPHIA, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2022

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Coverage</u>
James Young	Mayor	Travelers	\$100,000
James Waltman	Alderman-At-Large	Travelers	\$100,000
Jim Fulton	Alderman	Travelers	\$100,000
Shaun Seales	Alderman	Travelers	\$100,000
James Tatum	Alderman	Travelers	\$100,000
Justin Clearman	Alderman	Travelers	\$100,000
Nikki Walton	City Clerk	Travelers	\$50,000
Kim Wooten	Deputy Clerk	Travelers	\$50,000
Connie Spence	Deputy Clerk	Travelers	\$50,000
Eric Lyons	Police Chief	Travelers	\$50,000
Marilyn Jackson	Court Clerk	Travelers	\$50,000
Lesa Eliland	Deputy Court Clerk	Travelers	\$25,000
Pierce Clark	Fire Chief	Travelers	\$25,000
Sherrie Acton	Court Clerk	Travelers	\$50,000

CITY OF PHILADELPHIA, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Year Ended September 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets:				
Land	\$ 1,209,675			1,209,675
Buildings	21,455,732			21,455,732
Infrastructure	10,012,930			10,012,930
Machinery and equipment	8,532,130	290,361	19,065	8,803,426
Equipment under capital lease	<u>938,159</u>	<u>129,154</u>		<u>1,067,313</u>
Total Governmental Activities Capital Assets	<u>\$ 42,148,626</u>	<u>419,515</u>	<u>19,065</u>	<u>42,549,076</u>

CITY OF PHILADELPHIA, MISSISSIPPI

SPECIAL REPORT

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE*

Honorable Mayor and
Members of the Board of Aldermen
City of Philadelphia, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Philadelphia'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 Philadelphia's major federal programs for the year ended September 30, 2022. The City of Philadelphia'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 Philadelphia, complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Philadelphia 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 Philadelphia's compliance with the compliance requirements referred to above.

Responsibility 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 Philadelphia's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to about occurred, whether due to fraud or error, and express an opinion on the City of Philadelphia'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 GAAS, *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 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 that judgment made by a reasonable user of the report on compliance about the City of Philadelphia's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS, *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 the City of Philadelphia'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 the City of Philadelphia'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 the City of Philadelphia'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.

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respects to these matters.

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 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 the 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 considered 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Philadelphia as of and for the year ended September 30, 2022, and have issued our report thereon dated September 11, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Windham and Lacey, PLLC
September 11, 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

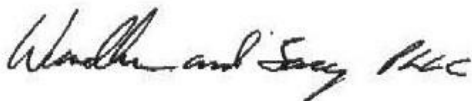
Honorable Mayor and
Members of the Board of Aldermen
City of Philadelphia, Mississippi

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 City of Philadelphia, Mississippi, as of and for the year ended September 30, 2022, and have issued our report thereon dated September 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 City'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 no instances of noncompliance with state laws and regulations.

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.



Windham and Lacey, PLLC
September 11, 2023

CITY OF PHILADELPHIA, MISSISSIPPI

SCHEDULE OF FINDINGS

CITY OF PHILADELPHIA, 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 |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings reported as required by Section __.510(a) of Circular A-133? | No |
| 7. | Federal program identified as a major program: | |
| | U. S. Department of Treasury/Coronavirus State and Local - ARPA
CFDA #21.027 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Qualified as a low-risk auditee? | No |

Section 2: Financial Statement Findings

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