

## 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 RICHLAND**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2023**

# **CITY OF RICHLAND, MISSISSIPPI**

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**CITY OF RICHLAND, MISSISSIPPI**

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## **INDEPENDENT AUDITORS' REPORT**

# *Lyle, Walker & Co., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS

David L. Lyle, CPA  
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Cindy Hollingsworth, CPA

MEMBERS  
American Institute of  
Certified Public Accountants  
Mississippi Society of  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of Aldermen  
City of Richland, Mississippi

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richland, Mississippi ("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.

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 Richland, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. 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 Richland, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Richland, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Richland, 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 Richland, 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, budgetary comparison schedules, and schedules of the City's proportionate share of the net pension liability and the City's contributions - PERS on pages 5 through 13 and 54 through 62 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.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the schedule of changes in long-term debt and the schedule of surety bonds for municipal officers 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 information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024, on our consideration of the City of Richland, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Richland, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richland, Mississippi's internal control over financial reporting and compliance.

*Lyle, Walker & Co., P.A.*

Ridgeland, Mississippi  
June 14, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Management's discussion and analysis of the City of Richland, Mississippi's (the City) financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

The City of Richland's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$24,863,713 (net position) for the fiscal year reported.

Total net position is comprised of the following:

- (1) Investment in capital assets, net of related debt, of \$25,778,161 includes property and equipment, net of accumulated depreciation and amortization, reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Net position of \$7,221,418 restricted by constraints imposed from outside the city such as debt covenants, grantors, laws or regulations.
- (3) The remaining balance represents unrestricted net position of \$(8,135,866).

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,899,591, an increase of \$3,876,372 (which includes a prior period adjustment of \$3,162) in comparison with the prior year.

At the end of the current fiscal year, fund balance for the General Fund was \$8,528,948 or 68% of total General Fund expenditures including transfers and 60% of total General Fund revenues including transfers.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statement. The basic financial statements include: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

***Government-Wide Financial Statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Richland's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Richland's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City of Richland is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Richland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Richland include general government, public safety, public services, culture and recreation. The business-type activities include water and sewer utilities and solid waste management.

The government-wide financial statements include the funds of the City and can be found on pages 14 - 16 of this report.

***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Richland uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Richland can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. Governmental funds include the general fund, debt service fund, two capital project funds, and five special revenue funds.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City’s near-term financial decisions. Both the “Balance Sheet-Governmental Funds” and “Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds” provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Richland maintains individual governmental funds in accordance with the *Municipal Audit and Accounting Guide* issued by the Mississippi Office of the State Auditor. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other governmental funds are combined together and presented in these reports as nonmajor governmental funds.

The basic governmental funds financial statements can be found on pages 17 - 20 of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City of Richland charges customers a fee. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Water and Sewer Fund. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 21 - 25 of this report.

*Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 26 - 54 of this report.

*Required Supplementary Information.* In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s general fund and major special revenue fund budgets and the defined benefit pension plan, including notes to the required supplementary information.

This required supplementary information can be found on pages 55 - 63 of this report.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**Government-wide Financial Analysis**

*Net Position:* Net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Richland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,863,713 at September 30, 2023.

The following table provides a summary of the City's net position at September 30, 2023, compared to the prior year.

<b><u>Summary of Net Position</u></b>						
	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Current and other assets	\$ 19,368,273	\$ 14,699,632	\$ 1,689,920	\$ 1,769,997	\$ 21,058,193	\$ 16,469,629
Capital and ROU assets	21,441,342	21,595,695	14,765,387	16,291,049	36,206,729	37,886,744
<b>Total assets</b>	<b>40,809,615</b>	<b>36,295,327</b>	<b>16,455,307</b>	<b>18,061,046</b>	<b>57,264,922</b>	<b>54,356,373</b>
Deferred outflows of resources	3,957,051	1,810,525	297,385	136,904	4,254,436	1,947,429
Long-term liabilities outstanding	27,165,098	23,561,813	4,378,090	4,237,784	31,543,188	27,799,597
Other liabilities	497,525	391,687	488,964	510,561	986,489	902,248
<b>Total liabilities</b>	<b>27,662,623</b>	<b>23,953,500</b>	<b>4,867,054</b>	<b>4,748,345</b>	<b>32,529,677</b>	<b>28,701,845</b>
Deferred inflows of resources	4,117,610	3,171,642	8,358	17,126	4,125,968	3,188,768
Net Position:						
Net investment in capital assets	13,930,259	13,854,233	11,847,902	13,254,113	25,778,161	27,108,346
Restricted	7,221,418	6,222,266	-	-	7,221,418	6,222,266
Unrestricted (deficit)	(8,165,244)	(9,095,789)	29,378	178,366	(8,135,866)	(8,917,423)
<b>Total net position</b>	<b>\$ 12,986,433</b>	<b>\$ 10,980,710</b>	<b>\$ 11,877,280</b>	<b>\$ 13,432,479</b>	<b>\$ 24,863,713</b>	<b>\$ 24,413,189</b>

During fiscal year 2023, the City implemented new software for tracking and depreciating capital assets. This new software calculates a full year's depreciation expense for all capital assets during the year of acquisition rather than allocating depreciation expense from the date the capital asset is placed in service. The City's recorded a prior period adjustment to account for this change in depreciation method. The adjustment resulted in an increase to beginning accumulated depreciation and a decrease to beginning net position of \$632,081 and \$608,025 for the governmental activities and business-type activities, respectively. There was also an additional adjustment made to the general fund to record lease receivables and related deferred inflows of resources that increased the governmental activities beginning net position.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

The following table provides a summary of the City's changes in net position for the fiscal year ended September 30, 2023, compared to the prior year.

	<b>Summary of Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Program revenues</b>						
Charges for services	\$ 1,205,756	\$ 1,065,423	\$ 3,826,162	\$ 3,685,251	\$ 5,031,918	\$ 4,750,674
Operating grants and contributions	251,570	1,073,960	-	-	251,570	1,073,960
Capital grants and contributions	1,693,108	1,336,070	8,000	-	1,701,108	1,336,070
<b>General revenues</b>						
Ad valorem taxes	3,400,511	3,248,453	-	-	3,400,511	3,248,453
Sales tax	9,069,567	7,798,112	-	-	9,069,567	7,798,112
Franchise tax	347,767	327,993	-	-	347,767	327,993
Payments in lieu of taxes	119,110	120,987	-	-	119,110	120,987
Interest income	545,280	65,741	40,688	10,149	585,968	75,890
Gain (loss) on disposal of capital assets	5,284	-	(381,740)	-	(376,456)	-
<b>Total revenues</b>	<b>16,637,953</b>	<b>15,036,739</b>	<b>3,493,110</b>	<b>3,695,400</b>	<b>20,131,063</b>	<b>18,732,139</b>
<b>Expenses:</b>						
General Government	1,091,227	1,010,126	-	-	1,091,227	1,010,126
Police Department	3,919,700	3,594,455	-	-	3,919,700	3,594,455
Court Services	502,222	360,295	-	-	502,222	360,295
Emergency Operations Center	3,991	6,789	-	-	3,991	6,789
Fire Department	3,132,791	2,363,997	-	-	3,132,791	2,363,997
Public Works	3,052,276	2,340,432	-	-	3,052,276	2,340,432
Planning and Development	404,057	310,242	-	-	404,057	310,242
Parks and Recreation	1,712,531	1,283,632	-	-	1,712,531	1,283,632
Library	50,418	44,138	-	-	50,418	44,138
Urban Programs	34,023	41,674	-	-	34,023	41,674
Community and Senior Services	341,392	224,109	-	-	341,392	224,109
Interest on long-term debt	197,830	160,876	-	-	197,830	160,876
Water & sewer	-	-	4,340,284	4,007,633	4,340,284	4,007,633
<b>Total expenses</b>	<b>14,442,458</b>	<b>11,740,765</b>	<b>4,340,284</b>	<b>4,007,633</b>	<b>18,782,742</b>	<b>15,748,398</b>
<b>Revenues over (under) expenses</b>	<b>2,195,495</b>	<b>3,295,974</b>	<b>(847,174)</b>	<b>(312,233)</b>	<b>1,348,321</b>	<b>2,983,741</b>
<b>Special items – gain on sale of land</b>	<b>339,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339,147</b>	<b>-</b>
<b>Transfers</b>	<b>100,000</b>	<b>138,559</b>	<b>(100,000)</b>	<b>(138,559)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>2,634,642</b>	<b>3,434,533</b>	<b>(947,174)</b>	<b>(450,792)</b>	<b>1,687,468</b>	<b>2,983,741</b>
<b>Beginning net position</b>	<b>10,980,710</b>	<b>7,546,177</b>	<b>13,432,479</b>	<b>13,883,271</b>	<b>24,413,189</b>	<b>21,429,448</b>
<b>Prior period adjustment</b>	<b>(628,919)</b>	<b>-</b>	<b>(608,025)</b>	<b>-</b>	<b>(1,236,944)</b>	<b>-</b>
<b>Ending net position</b>	<b>\$ 12,986,433</b>	<b>\$ 10,980,710</b>	<b>\$ 11,877,280</b>	<b>\$ 13,432,479</b>	<b>\$ 24,863,713</b>	<b>\$ 24,413,189</b>

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**Financial Analysis of the City's Funds**

*Governmental funds:* The focus of the City of Richland's governmental funds is to provide information on near-term inflows, outflow, and balances of spendable resources.

This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$14,899,591. Of this year-end total, \$7,261,761 is unassigned indicating availability for continuing City service requirements. Restricted fund balances include \$7,221,418 in resources that are subject to external restrictions on how they may be used.

The total ending fund balances of governmental funds show an increase of \$3,876,372 (which includes a prior period adjustment of \$3,162) over the prior year.

The general fund is the chief operating fund of the City of Richland. The fund balance of the City's general fund increased by \$3,013,229 (which includes a prior period adjustment of \$3,162) during the fiscal year ended September 30, 2023.

The Covid-19 Recovery Fund has a total fund balance of \$1,784,469, all of which is restricted to allowable projects. The City of Richland intends to undergo a Sanitary Sewer Project and a Bank Stabilization Project.

The Modernization Use Tax Fund has a total fund balance of \$2,158,491, all of which is restricted for repair, maintenance, and/or construction of roads, streets, and bridges and for repair, maintenance and/or other improvements to water and sewer infrastructures

*Proprietary funds:* At the close of the fiscal year, the City of Richland's proprietary fund reported total net position of \$11,877,280. Operating revenues totaled \$3,826,162 and operating expenses totaled \$4,269,198 resulting in operating shortfall of \$443,036. After accounting for (1) net non-operating expenses of \$412,138, (2) capital contributions received of \$8,000, and (3) transfers to the general fund of \$100,000, and (4) the previously mentioned prior period adjustment of \$(608,025), the total change in net position for the proprietary fund was a decrease of \$1,555,199.

**General Fund Budgetary Highlights**

The General Fund budget for fiscal year ended September 30, 2023 was \$13,842,772.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information.

The difference between the original budget and the final amended budget was a net increase of \$126,992. This increase was made to budget for unexpected insurance recovery funds received.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**Capital Assets and Debt Administration**

*Capital Assets:* The City of Richland’s investment in capital assets for the governmental and business-type activities as of September 30, 2023, was \$41,618,300 and \$31,240,554, respectively, resulting in the total capital assets of \$72,858,854. This includes land, infrastructure, buildings, furniture and equipment, and mobile equipment.

Total accumulated depreciation and amortization as of September 30, 2023, was \$37,218,188 (\$20,715,508 for governmental activities and \$16,502,680 for business-type activities). The balance in total net capital assets was \$35,640,666.

*Debt Administration:* At September 30, 2023, the City of Richland had \$10,365,820 in long-term debt outstanding. This includes general obligation bonds, revenue bonds, special assessment debt, capital improvement revolving loans, loans/contracts payable, and right of use liabilities.

A 2% Food and Beverage Tax was levied pursuant to Mississippi Legislature House Bill 1521 on October 1, 2018, and voted on July 24, 2018, by the Citizens of Richland to continue levying a 2% tax on food and beverages in the City for the expanded purpose of providing funds for the promotion of tourism, parks and recreation. On August 18, 2020 the City secured a bond with the moneys generated by this special tax in the amount of \$6,283,000 to provide the funds needed to build a Multipurpose Recreational Building, put an addition on the Senior Services Building, and other park enhancements.

Enterprise Fund revenue provided funding of the Capital Improvements Revolving Loan and loans/contracts payable for \$174,582 this fiscal year reported.

The State of Mississippi limits the amount of general obligation debt a city can issue to 15% of the assessed value of the taxable property within the City. The City’s outstanding debt is significantly below its current limit of \$23,251,192.

Additional information on the City’s long-term debt can be found on pages 40 - 43 of this report .

**Economic Factors and Next Year’s Budget and Rates**

When creating the budget, the City of Richland leadership’s primary objective was to provide quality city services while at the same time attempting to keep property rates low. We expect an increase in sales taxes revenue due to our healthy economy and business growth.

The City of Richland is a distribution center for the southeastern United States. Our economic base is dependent on retail sales and industrial development. The City, however, is not dependent on a particular business to maintain its tax base. It has been able to see a growing tax base and to experience a stable economy from business development and employment growth.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

The City of Richland has the following projects underway that will be of benefit to the municipality:

1. *Beautification and Litter Control:*

We will continue to use prison labor for the pickup of litter and trash in our city on the major byways. We will begin additional beautification measures throughout the City, especially the Hwy. 49 corridor and amend/add ordinances that will enhance our city and its environment.

The City has partnered with Keep America Beautiful to create Keep Richland Beautiful. A Butterfly Garden at Eastside Park, banners for streetlights representing all holidays, and planters outside several businesses are some of the projects being implemented, as well as bulbs being planted in strategic locations around the City.

2. *Library Expansion and Upkeep:*

The City views our Library as a wonderful asset to community life; for many, it is a primary source of recreation. As such, the Library underwent a complete renovation of the interior in 2022, with planned outside updates and maintenance in FY 2023.

3. *Police Department:*

We consider it our duty to protect our citizens. Our FLEX units have been productive with highway interdiction and flexible local enforcement on all levels. We are ever-increasing our focus on school safety and enhanced community relationships.

4. *Parks and Recreation:*

A 2% Food and Beverage Tax was levied pursuant to Mississippi Legislature House Bill 1521 on October 1, 2018, and voted by the citizens of Richland on July 24, 2018, to continue levying a 2% tax on food and beverages in the City for the expanded purpose of providing funds for the promotion of tourism, parks and recreation. On August 18, 2020, the City secured a bond with the moneys generated by this special tax in the amount of \$6,283,000 to provide the funds needed to build a Multipurpose Recreational Building, put an addition on the Senior Services Building, and other park enhancements.

A 3% Hotel and Motel Tax was levied pursuant to Mississippi Legislature House Bill 1520 on October 1, 2018, and voted on July 24, 2018, on the gross proceeds of room rentals in the City for the purpose of promoting tourism, parks and recreation. These funds will be used by the City for future needs such as upkeep of the Highway 49 corridor and signage.

5. *Senior Citizens:*

Richland's Senior Adult Department organizes a variety of year-round opportunities for active senior adults ages 55 and over. We provide a safe, enjoyable program to enhance their quality of life and improve their overall health and well-being. Plans are in place to continually expand the programs and facilities for an even greater impact on lives.

**CITY OF RICHLAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

6. *Water and Sewer Department:*

The Water Department installed new water lines and meters to provide better services to our citizens. We are rehabbing sewer lines and lift stations to stop infiltration which will provide lower costs to our citizens. Safe drinking water and services is a continuing priority to the City.

7. *Streets Department:*

The City is working to clean out ditches and replace culverts to aid in drainage. The City maintains a running list of streets in need of overlay and upgrade to be improved every year.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Richland's finances and to demonstrate the City's commitment to public accountability for the funds it receives. If you have any questions about this report or would like to request additional information, please contact the City of Richland, City Clerk's Office, P. O. Box 180609, Richland, Mississippi 39218-0609, or visit our website at [www.richlandms.org](http://www.richlandms.org).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF RICHLAND, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 8,032,774	\$ 1,029,217	\$ 9,061,991
Receivables (net of allowance for uncollectible)	3,192,785	350,534	3,543,319
Leases receivable	820,651	-	820,651
Due from other governments	953,974	-	953,974
Restricted cash and cash equivalents	6,368,089	310,169	6,678,258
Capital assets not being depreciated:			
Construction in progress	410,110	-	410,110
Land	1,374,587	383,041	1,757,628
Capital assets net of accumulated depreciation:			
Buildings	19,027,218	-	19,027,218
Improvements	11,344,531	29,344,934	40,689,465
Machinery and equipment	9,461,854	1,512,579	10,974,433
Accumulated depreciation	(20,715,508)	(16,502,680)	(37,218,188)
Right of use lease and SBITA assets, net of amortization	538,550	27,513	566,063
Total assets	40,809,615	16,455,307	57,264,922
Deferred outflows of resources related to pension	3,957,051	297,385	4,254,436
<b><u>LIABILITIES</u></b>			
Accounts payable	326,582	169,029	495,611
Payable from restricted assets - customer deposits	-	308,827	308,827
Accrued salaries	135,708	11,108	146,816
Accrued interest	35,235	-	35,235
Noncurrent liabilities:			
Due within one year:			
Accrued compensated absences	188,088	13,713	201,801
Bonds payable	243,000	-	243,000
Loans and contracts payable	211,626	191,299	402,925
Right of use lease and SBITA liabilities	150,263	9,346	159,609
Due within more than one year			
Accrued compensated absences	155,418	20,510	175,928
Bonds payable	5,311,000	-	5,311,000
Loans and contracts payable	1,167,411	2,671,055	3,838,466
Right of use lease and SBITA liabilities	392,548	18,272	410,820
Net pension liability	19,345,744	1,453,895	20,799,639
Total liabilities	27,662,623	4,867,054	32,529,677
Deferred inflows of resources:			
Unavailable revenue - property taxes	3,192,260	-	3,192,260
Deferred inflows related to pension	111,218	8,358	119,576
Deferred inflows related to leases	814,132	-	814,132
Total deferred inflows of resources	4,117,610	8,358	4,125,968
<b><u>NET POSITION</u></b>			
Net investment in capital assets	13,930,259	11,847,902	25,778,161
Restricted for:			
Law enforcement	492,021	-	492,021
Fire safety	370,166	-	370,166
Parks and recreation	602,718	-	602,718
Tourism/economic development	849,097	-	849,097
Coronavirus recovery	1,784,469	-	1,784,469
Construction/capital asset acquisition	3,122,947	-	3,122,947
Unrestricted (deficit)	(8,165,244)	29,378	(8,135,866)
Total net position	\$ 12,986,433	\$ 11,877,280	\$ 24,863,713

See accompanying notes to the financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>
<b>Governmental activities:</b>				
General Government	\$ 1,091,227	\$ 428,743	\$ 251,570	\$ 1,693,108
Police Department	3,919,700	546,225	-	-
Court Services	502,222	101,901	-	-
Emergency Operations Center	3,991	-	-	-
Fire Department	3,132,791	9,115	-	-
Public Works	3,052,276	-	-	-
Planning and Development	404,057	-	-	-
Parks and Recreation	1,712,531	69,735	-	-
Library	50,418	-	-	-
Urban Programs	34,023	-	-	-
Community and Senior Services	341,392	50,037	-	-
Interest on long-term debt	197,830	-	-	-
Total governmental activities	14,442,458	1,205,756	251,570	1,693,108
<b>Business-type activities:</b>				
Water and sewer	4,340,284	3,826,162	-	8,000
Total primary government	\$ 18,782,742	\$ 5,031,918	\$ 251,570	\$ 1,701,108

**GENERAL REVENUES**

**Taxes:**

    Ad valorem taxes

    Sales tax

    Franchise tax

    Payments in lieu of taxes

    Interest income

    Gain (loss) on disposal of capital assets

**SPECIAL ITEM - gain on sale of land**

**TRANSFERS**

    Total general revenues and transfers

    Change in net position

    Net position - beginning

        Prior period adjustment

    Net position - beginning, as restated

    Net position - ending

See accompanying notes to the financial statements.

**Net (Expense) Revenue and  
Changes in Net Position**

**Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 1,282,194	\$ -	\$ 1,282,194
(3,373,475)	-	(3,373,475)
(400,321)	-	(400,321)
(3,991)	-	(3,991)
(3,123,676)	-	(3,123,676)
(3,052,276)	-	(3,052,276)
(404,057)	-	(404,057)
(1,642,796)	-	(1,642,796)
(50,418)	-	(50,418)
(34,023)	-	(34,023)
(291,355)	-	(291,355)
(197,830)	-	(197,830)
(11,292,024)	-	(11,292,024)
-	(506,122)	(506,122)
(11,292,024)	(506,122)	(11,798,146)
3,400,511	-	3,400,511
9,069,567	-	9,069,567
347,767	-	347,767
119,110	-	119,110
545,280	40,688	585,968
5,284	(381,740)	(376,456)
339,147	-	339,147
100,000	(100,000)	-
13,926,666	(441,052)	13,485,614
2,634,642	(947,174)	1,687,468
10,980,710	13,432,479	24,413,189
(628,919)	(608,025)	(1,236,944)
10,351,791	12,824,454	23,176,245
\$ 12,986,433	\$ 11,877,280	\$ 24,863,713

**CITY OF RICHLAND, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Covid-19 Recovery Fund</u>	<u>Modernization Use Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents:					
Cash on hand	\$ 7,900	\$ -	\$ -	\$ -	\$ 7,900
Cash on deposit	8,024,874	-	-	-	8,024,874
Receivables:					
Intergovernmental	895,503	-	-	58,471	953,974
Leases receivable	820,651	-	-	-	820,651
Other receivables	525	-	-	-	525
Due from other funds	6,676	-	-	-	6,676
Restricted assets:					
Cash and cash equivalents	-	1,791,145	2,207,732	2,369,212	6,368,089
Total assets	<u>\$ 9,756,129</u>	<u>\$ 1,791,145</u>	<u>\$ 2,207,732</u>	<u>\$ 2,427,683</u>	<u>\$ 16,182,689</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities					
Accounts payable	\$ 277,341	\$ -	\$ 49,241	\$ -	\$ 326,582
Accrued salaries	135,708	-	-	-	135,708
Due to other funds	-	6,676	-	-	6,676
Unearned revenue	-	-	-	-	-
Total liabilities	<u>413,049</u>	<u>6,676</u>	<u>49,241</u>	<u>-</u>	<u>468,966</u>
Deferred Inflows of Resources					
Deferred inflows related to leases	<u>814,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,132</u>
Fund Balances					
Restricted for:					
Police Department	53,076	-	-	438,945	492,021
Fire Department	370,166	-	-	-	370,166
Parks and recreation	-	-	-	602,718	602,718
Tourism and economic Development	427,533	-	-	421,564	849,097
Coronavirus recovery	-	1,784,469	-	-	1,784,469
Capital outlay	-	-	2,158,491	964,456	3,122,947
Committed	416,502	-	-	-	416,502
Unassigned	7,261,671	-	-	-	7,261,671
Total fund balances	<u>8,528,948</u>	<u>1,784,469</u>	<u>2,158,491</u>	<u>2,427,683</u>	<u>14,899,591</u>
Total liabilities and fund balances	<u>\$ 9,756,129</u>	<u>\$ 1,791,145</u>	<u>\$ 2,207,732</u>	<u>\$ 2,427,683</u>	<u>\$ 16,182,689</u>

See accompanying notes to the financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

**Total fund balances - as shown on the Governmental Funds Balance Sheet                      \$    14,899,591**

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

Governmental capital and right of use assets of \$42,316,708, net of accumulated depreciation and amortization of \$20,875,366, are not current financial resources and, therefore are not reported in the governmental funds. Includes construction in progress of \$410,110. 21,441,342

**Pension Obligations:**

Pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net pension liability \$   (19,345,744)

Deferred outflows and inflows of resources related to pensions obligations are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows related to pension	3,957,051	
Deferred inflows related to pension	<u>(111,218)</u>	(15,499,911)

Long-term liabilities, including oans, contracts and bonds payable and right of use lease and SBITA liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (7,854,589)

**Total net position of governmental activities as reflected on  
the Statement of Net Position \$    12,986,433**

See accompanying notes to the financial statements.

**CITY OF RICHLAND, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Covid-19 Recovery Fund	Modernization Use Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 3,400,511	\$ -	\$ -	\$ -	\$ 3,400,511
Sales taxes	8,385,448	-	-	684,119	9,069,567
Franchise tax	347,767	-	-	-	347,767
Licenses and permits	284,458	-	-	-	284,458
Intergovernmental	251,570	-	1,193,108	500,000	1,944,678
Charges for services	302,371	-	-	-	302,371
Fines and forfeitures	486,727	-	-	-	486,727
Payments in lieu of taxes	119,110	-	-	-	119,110
Drug seizure	-	-	-	50,600	50,600
Interest	394,741	-	74,090	76,449	545,280
Miscellaneous	80,700	-	-	900	81,600
Total revenue	<u>14,053,403</u>	<u>-</u>	<u>1,267,198</u>	<u>1,312,068</u>	<u>16,632,669</u>
<b>EXPENDITURES</b>					
Current:					
General Government	864,533	-	-	-	864,533
Police Department	2,901,925	-	-	-	2,901,925
Court Services	425,694	-	-	-	425,694
Emergency Operations Center	5,350	-	-	-	5,350
Fire Department	2,332,480	-	-	-	2,332,480
Public Works	1,893,662	-	-	-	1,893,662
Planning and Development	302,409	-	-	-	302,409
Parks and Recreation	1,064,667	-	-	64,628	1,129,295
Library	26,631	-	-	-	26,631
Urban Programs	34,023	-	-	-	34,023
Community and Senior Services	253,696	-	-	-	253,696
Capital outlay	1,910,331	-	565,884	365,120	2,841,335
Debt service:			-		
Principal retirement	406,835	-	-	623,987	1,030,822
Interest and fiscal charges	39,344	-	-	123,251	162,595
Total expenditures	<u>12,461,580</u>	<u>-</u>	<u>565,884</u>	<u>1,176,986</u>	<u>14,204,450</u>
Excess of revenues over expenditures	<u>1,591,823</u>	<u>-</u>	<u>701,314</u>	<u>135,082</u>	<u>2,428,219</u>
<b>OTHER FINANCING SOURCES</b>					
Proceeds - contract payable	66,800	-	-	-	66,800
Proceeds - leases and SBITAs	698,408	-	-	-	698,408
Proceeds - insurance	126,992	-	-	-	126,992
Sales of capital assets	426,044	-	-	26,747	452,791
Transfers in (out)	100,000	-	-	-	100,000
Total other financing sources	<u>1,418,244</u>	<u>-</u>	<u>-</u>	<u>26,747</u>	<u>1,444,991</u>
Net change in fund balances	3,010,067	-	701,314	161,829	3,873,210
Fund balances - beginning	5,515,719	1,784,469	1,457,177	2,265,854	11,023,219
Prior period adjustment	3,162	-	-	-	3,162
Fund balances - ending	<u>\$ 8,528,948</u>	<u>\$ 1,784,469</u>	<u>\$ 2,158,491</u>	<u>\$ 2,427,683</u>	<u>\$ 14,899,591</u>

See accompanying notes to the financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

<b>Net change in fund balances of government funds as shown on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance</b>	<b>\$ 3,873,210</b>
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**Amounts reported for governmental activities in the statement  
of activities are different because:**

<b>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense for the period.</b>	<b>34,853</b>
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<b>Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the capital assets disposed of.</b>	<b>(95,675)</b>
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<b>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.</b>	<b>425,257</b>
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**Governmental funds report pension plan payments as expenditures as paid, whereas these amounts along with other changes in the net pension liability are deferred and amortized in the statement of activities. These activities include:**

<b>Pension expense adjustment for the current year</b>	<b>\$ (1,840,238)</b>	
<b>Contributions made after the measurement date</b>	<b>237,235</b>	
	<b></b>	<b>(1,603,003)</b>

<b>Change in net position of governmental activities</b>	<b>\$ <u>2,634,642</u></b>
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**See accompanying notes to the financial statements.**

**CITY OF RICHLAND, MISSISSIPPI  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2023**

**Business-type Activities -  
Enterprise Fund  
Water & Sewer**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 1,029,217
Accounts receivable (net of allowance for uncollectibles)	350,534
Total current assets	<u>1,379,751</u>

**Noncurrent assets:**

**Restricted cash and cash equivalents:**

Customer deposits	310,169
Total restricted cash and cash equivalents	<u>310,169</u>

**Capital assets:**

Land	383,041
Water/sewer system	29,344,934
Machinery and equipment	1,512,579
Accumulated depreciation	<u>(16,502,680)</u>
Total capital assets, net	<u>14,737,874</u>

**Right of use lease and SBITA assets:**

Right of use lease assets	30,603
Right of use SBITA assets	2,906
Accumulated amortization	<u>(5,996)</u>
Total right of use lease and SBITA assets, net	<u>27,513</u>

Total noncurrent assets	<u>15,075,556</u>
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Total assets	<u>16,455,307</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pensions	<u>297,385</u>
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Total assets and deferred outflows of resources	<u>\$ 16,752,692</u>
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See accompanying notes to the financial statements.

**Business-type Activities -  
Enterprise Fund  
Water & Sewer**

**LIABILITIES**

**Current liabilities:**

Accounts payable	\$ 169,029
Payable from restricted assets:	
Customer deposits	308,827
Accrued salaries	11,108
Current portion of accrued compensated absences	13,713
Current portion of loans/contracts payable	191,299
Current portion of ROU lease and SBITA liabilities	9,346
<b>Total current liabilities</b>	<b><u>703,322</u></b>

**Noncurrent liabilities:**

Loans/contracts payable - net of current portion	2,671,055
ROU lease and SBITA liabilities - net of current portion	18,272
Accrued compensated absences	20,510
Net pension liability	1,453,895
<b>Total noncurrent liabilities</b>	<b><u>4,163,732</u></b>

<b>Total liabilities</b>	<b><u>4,867,054</u></b>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions	<u>8,358</u>
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**NET POSITION**

Net investments in capital assets	11,847,902
Unrestricted	29,378
<b>Total net position</b>	<b><u>11,877,280</u></b>

<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ <u><u>16,752,692</u></u></b>
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**CITY OF RICHLAND, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED SEPTEMBER 30, 2023**

	<b>Business-type Activities - Enterprise Fund <u>Water &amp; Sewer</u></b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 3,711,420
Other charges and fees	114,742
Total operating revenue	<u>3,826,162</u>
<b>OPERATING EXPENSES</b>	
Personnel services	711,075
Supplies and materials	328,081
Sewer treatment	1,099,920
Garbage disposal	498,565
Depreciation and amortization	851,485
Other	780,072
Total operating expenses	<u>4,269,198</u>
Operating loss	<u>(443,036)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	40,688
Interest expense	(71,086)
Loss on disposal of assets	(381,740)
Total nonoperating revenues (expenses)	<u>(412,138)</u>
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(855,174)</b>
Capital contributions	8,000
Transfer to general fund	<u>(100,000)</u>
<b>CHANGE IN NET POSITION</b>	<b><u>(947,174)</u></b>
<b>NET POSITION - BEGINNING OF YEAR, as previously reported</b>	<b>13,432,479</b>
Prior period adjustment	<u>(608,025)</u>
<b>NET POSITION - BEGINNING OF YEAR, as restated</b>	<b><u>12,824,454</u></b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ <u><u>11,877,280</u></u></b>

See accompanying notes to the financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2023**

	<b>Business-type Activities - Enterprise Fund <u>Water &amp; Sewer</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 3,828,033
Cash payments for goods and services	(2,736,354)
Cash payments to employees	(592,470)
Net cash provided by operating activities	<u>499,209</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfer to general fund	(100,000)
Net cash used in noncapital financing activities	<u>(100,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital contributions	8,000
Purchase of capital assets	(282,079)
Payments on promissory loans/financing contracts	(174,582)
Payments on ROU lease and SBITA liabilities	(5,891)
Interest paid on debt	(71,086)
Net cash used in capital and related financing activities	<u>(525,638)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	40,688
Net cash provided by investing activities	<u>40,688</u>
<b>NET DECREASE IN CASH</b>	(85,741)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,425,127</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,339,386</u>
<b>CASH AND CASH EQUIVALENTS CLASSIFIED AS:</b>	
Current assets	\$ 1,029,217
Restricted assets	310,169
Total cash and cash equivalents	<u>\$ 1,339,386</u>

See accompanying notes to the financial statements.

*(Continued)*

**CITY OF RICHLAND, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2023**

**Business-type Activities -  
Enterprise Funds  
Water & Sewer**

**RECONCILIATION OF OPERATING LOSS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES:**

<b>Operating loss</b>	<b>\$ <u>(443,036)</u></b>
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>	
<b>Depreciation and amortization</b>	<b>851,485</b>
<b>Changes in:</b>	
<b>Accounts receivable</b>	<b>(5,664)</b>
<b>Deferred outflows</b>	<b>(160,481)</b>
<b>Accounts payable</b>	<b>(29,716)</b>
<b>Customer deposits</b>	<b>7,535</b>
<b>Accrued salaries and vacation pay</b>	<b>4,563</b>
<b>Net pension liability</b>	<b>283,291</b>
<b>Deferred inflows</b>	<b><u>(8,768)</u></b>
<b>Total adjustments</b>	<b><u>942,245</u></b>
<b>Net cash provided by operating activities</b>	<b>\$ <u><u>499,209</u></u></b>
<b>Noncash investing, capital, and financing activities:</b>	
<b>Right of use lease and SBITA assets acquired</b>	<b>\$ <u><u>33,509</u></u></b>

See accompanying notes to the financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applicable to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies used by the City are discussed below.

**FINANCIAL REPORTING ENTITY**

The City of Richland, Mississippi (the “City”) was incorporated November 3, 1975 under the laws of the State of Mississippi. The City operates under an Alderman-Mayor form of government and provides all of the rights and privileges provided by statute for municipalities. Services provided by the City include: general government, public safety (police and fire), court services, emergency operations center, public works, planning and development, parks and recreation, library services, urban programs, community and senior services, and water and sewer services. A public school system is available to residents of the City of Richland, Mississippi but is not under the jurisdiction of the City government.

As required by GAAP, the financial statements of the reporting entity consist of the City of Richland, Mississippi (the primary government) and any component units thereof. Component units must either be (1) a legally separate organization for which the elected officials of the primary government are financially accountable, or (2) another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the primary government’s financial statements to be misleading or incomplete. Based upon the application of these criteria, the City reports no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government. These statements distinguish governmental activities, which are generally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees charges for support. Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and are not included in the government-wide statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to 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 revenues not included with program revenues are reported as general revenues.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Fund Financial Statements**

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING,  
AND FINANCIAL STATEMENT PRESENTATION**

The Government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. Exceptions to this rule include debt service expenditures which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Property and certain other taxes, licenses, and interest income associated with the current period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund**

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

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Covid-19 Recovery Fund**

The Covid-19 Recovery Fund is a special revenue fund that accounts for Coronavirus State and Local Fiscal Recovery Funds received under the American Rescue Plan Act that are legally restricted by the grantor.

**Modernization Use Tax Fund**

The Modernization Use Tax Fund is a special revenue fund that accounts for funds received from the State for repair, maintenance, and/or construction of roads, streets, and bridges and for repair, maintenance and/or other improvements to water and sewer infrastructures.

Additionally, the City reports the following nonmajor governmental fund types:

**Debt Service Fund**

The 2020 Bond Debt Fund accounts for the accumulation of resources for the payment of general obligation debt of governmental funds.

**Capital Project Funds**

The City has two capital project funds that account for resources that are to be used for the authorized construction and acquisition of capital assets.

The 49 Crossover Fund and the DFA Crossover HB603 Fund account for funds received from the State for the construction of a crosswalk over Highway 49.

**Special Revenue Funds**

The special revenue funds account for specific revenue sources that are restricted to finance specific activities or functions, as required by law or administrative regulation. The City reports the following nonmajor special revenue funds.

The 3% Hotel and Motel Fund accounts for the proceeds collected in accordance with the Mississippi Legislature House Bill No. 1526 which authorizes the collection of a 3% tax on gross proceeds on room rentals from hotels and motels. These funds are restricted to expenditures for the purpose of promoting tourism and parks and recreation.

The 2% Food and Beverage Fund accounts for the proceeds collected in accordance with the Mississippi Legislature House Bill No. 1717 which authorizes the collection of a 2% tax on sales from bars, hotels/motels, and restaurants. These funds are restricted to expenditures for economic and community development and for the construction of a new city hall and community center plus other capital improvements.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

The Cleared Drug Seizure Fund accounts for funds received from assets forfeitures resulting from criminal cases. These funds are restricted to use for valid law enforcement purposes.

The City reports the following major proprietary fund:

**Water and Sewer Fund**

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

The Water and Sewer Fund is reported as an enterprise fund and is used to account for the operations of the water and sewer system in addition to solid waste disposal services.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the Water and Sewer Fund are charges to customers for services and other related charges and fees. Operating expenses for this fund include personnel costs, supplies and materials, sewer treatment, garbage disposal, other operating expenses, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues in the financial statements.

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES,  
AND NET POSITION/FUND BALANCE**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the City considers cash on hand, demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Receivables**

*Enterprise fund receivables*

Enterprise fund receivables include amounts due from customers primarily for water and sewer services and waste collection and disposal fees, net of an allowance for uncollectible amounts. There is an allowance for uncollectible accounts in the amount of \$100,425 for the year end September 30, 2023.

*Property taxes receivable*

Property taxes receivable represent delinquent taxes that are received within thirty days after year-end. Over time, substantially all property taxes are collected.

**Due From Other Governments**

Amounts due from other governments reported in the governmental funds, include sales tax receivable within thirty days after year-end from the Mississippi Department of Revenue and fire protection allocation receivable from the Mississippi Municipal Fire Protection Fund.

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents are monies or other resources which are restricted by legal or contractual requirements. These amounts represent appropriations for debt retirement and capital expenditures and monies received as utility deposits.

**Capital Assets**

In the governmental funds financial statements, the cost incurred for the purchase or construction of capital assets are reported as capital outlay expenditures.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

Capital asset thresholds are as follows:

<u>Property Class</u>	<u>Cost Threshold</u>
Land	No minimum cost threshold
Buildings	\$ 50,000
Improvements	\$ 25,000
Machinery and equipment	\$ 5,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	20
Machinery and equipment	3-7

**Deferred Outflows/Inflows of Resources**

In addition to assets, the government-wide statement of net position and the proprietary fund statement of net position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension related items that qualify for reporting in this category – see note 4 for further details.

In addition to liabilities, the government-wide statement of net position and the proprietary fund statement of net position include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to unavailable revenue, pension obligations and leases receivable that qualify for reporting in this category. See note 4 for further details on the pension related deferred inflows. The unavailable revenue represents property taxes receivable that were levied for a future period.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All accumulated vacation leave up to 240 hours is accrued when earned in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Leases**

The City is a lessee for noncancelable leases of office equipment. The City recognizes a lease liability and an intangible right of use lease asset in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right of use asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Right of use lease assets useful lives are determined by the length of the lease period. Right of use lease assets are amortized over the useful life using the straight-line method. The City has elected to use the same capitalization thresholds for leased assets that it uses for those assets purchased.

Key estimates and judgments include how the City determines the discount rate and lease term used to discount the expected lease payments to present value. For leases that do not specify an interest rate, the City uses a risk-free rate of interest at lease inception as the discount rate for leases. The risk-free rate used is based on the Treasury Curve rate at the inception of the lease. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments as outlined in the lease agreements.

For leases with a term of 12 months or less, the City recognizes an expense/expenditure based on the provisions of the lease contract with no lease asset or liability recognized.

**Subscription-Based Information Technology Arrangements**

The City obtains the right of use vendors' information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right of use subscription asset in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The right of use asset is initially measured at the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Right of use subscription assets' useful lives are determined by the length of the subscription period and are amortized using the straight-line method.

Key estimates and judgments include how the City determines the discount rate and subscription term used to discount the expected subscription payments to present value. For subscriptions that do not specify an interest rate, the City uses a risk-free rate of interest at subscription inception as the discount rate. The risk-free rate used is based on the Treasury Curve rate at the inception of the subscription. The subscription's term includes the noncancelable period of the subscription agreement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments as outlined in the subscription agreements.

For subscriptions with a term of 12 months or less, the City recognizes an expense/expenditure based on the provisions of the subscription contract with no subscription asset or liability recognized.

**Noncurrent Liabilities**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method (which approximates the effective interest rate method). Bonds payable are reported net of the applicable bond premium or discount and bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued and premiums received on debt issuance are reported as other financing sources. Discounts on debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Property taxes for fiscal year 2023 were levied in September 2022 on the assessed valuation of property located in the City as of the preceding January 1 lien date. Receivables from property taxes are recorded at the date the taxes are levied. Revenues from property taxes are recognized in the fiscal year for which the property taxes are levied.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Property Taxes**

The financial statements reflect the accrual of the estimated fiscal year 2024 property taxes levied in September 2023 as deferred inflows of resources which will be recognized as revenue in the fiscal year ended September 30, 2024. Property taxes considered past due after February 1, at which time penalties and interest are applied. The City's property taxes are billed and collected by Rankin County Tax Collector and remitted to the City less appropriate collection fees.

The tax rate for the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2023, the City's tax rate was 19.0 mills, all of which was allocated for the general fund.

Restrictions associated with property tax levies are established by state law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which results from those levies, assessments of the previous year. The City of Richland, Mississippi was in compliance with state law.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resource related to pension and pension expense, information about the pension plan's fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported within the fair value hierarchy established by generally accepted accounting principles.

**Net Position**

On the government-wide and proprietary fund statements of net position, the City reports net position in the following three categories:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, loans, financing contracts, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – represents the portion of the City's net position which is subject to external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the portion of net position that is not classified as net investment in capital assets or restricted.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Fund Balances**

In the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only 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.

**Committed** – amounts that can be used only for specific purposes determined by the City itself, using its highest level of decision-making body (i.e., the Board of Aldermen). Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Aldermen.

**Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Board of Aldermen or by an official body to which the Board delegates the City.

**Unassigned** – the residual fund balance in the general fund that is not otherwise reported as nonspendable, restricted, committed, or assigned to specific purposes. The classification also includes any deficit fund balances of any other governmental fund.

When fund balance resources are available for specific purposes in more than one classification, it is the City's policy to use the most restrictive fund balance first in the following order: restricted, committed, assigned, and then unassigned as needed.

**Implementation of New Accounting Principles**

*GASB Statement No. 96, Subscription-Based Information Technology Arrangements* – effective for financial reporting periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Under this Statement, a government should recognize a right of use subscription asset and a corresponding subscription liability.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The collateral pledged for public entities' deposits in financial institutions is held in the name of the Mississippi 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 City'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 Deposit Insurance Corporation.

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2023, the City's carrying amount of cash and deposits was \$15,747,150 and the bank balance was \$16,005,704. The entire bank balance was covered by federal depository insurance or collateralized in accordance with state law.

The City had unrestricted and restricted cash on deposit with local banks at September 30, 2023, reported in the government-wide statement of net position as follows:

Cash and cash equivalents	\$ 9,061,991
Restricted cash and cash equivalents	<u>6,678,258</u>
Total	\$ <u>15,740,249</u>

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments reported on the government-wide statement of net position represent amounts due from the State of Mississippi for sales tax, fire fund rebate, and grant funds.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following summarizes interfund balances at September 30, 2023:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Fund	General Fund	\$ 6,676

The above interfund balances resulted from the time lag between the dates that reimbursable expenses occur and payments between the funds are made. The balances are expected to be paid within one year.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 100,000
Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	\$ 356,781

Transfers are used to transfer support from one fund to another and to move funds collected for debt service payments to the debt service fund.

**CITY OF RICHLAND, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Capital Assets 9/30/2022</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets 9/30/2023</u>
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 853,879	\$ -	\$ 682,057	\$ (1,125,826)	\$ 410,110
Land	<u>1,445,440</u>	<u>-</u>	<u>-</u>	<u>(70,853)</u>	<u>1,374,587</u>
Total capital assets not being depreciated	<u>2,299,319</u>	<u>-</u>	<u>682,057</u>	<u>(1,196,679)</u>	<u>1,784,697</u>
Capital assets being depreciated:					
Buildings	19,092,416	-	-	(65,198)	19,027,218
Improvements	10,456,725	-	888,180	(374)	11,344,531
Machinery and equipment	<u>9,103,161</u>	<u>-</u>	<u>929,394</u>	<u>(570,701)</u>	<u>9,461,854</u>
Total capital assets being depreciated/amortized	<u>38,652,302</u>	<u>-</u>	<u>1,817,574</u>	<u>(636,273)</u>	<u>39,833,603</u>
Less accumulated depreciation for:					
Buildings	(4,665,600)	(164,707)	(488,963)	36,276	(5,282,994)
Improvements	(7,009,719)	(412,906)	(361,513)	374	(7,783,764)
Machinery and equipment	<u>(7,680,607)</u>	<u>(54,468)</u>	<u>(488,476)</u>	<u>574,801</u>	<u>(7,648,750)</u>
Total accumulated depreciation	<u>(19,355,926)</u>	<u>(632,081)</u>	<u>(1,338,952)</u>	<u>611,451</u>	<u>(20,715,508)</u>
Total capital assets being depreciated, net	<u>19,296,376</u>	<u>(632,081)</u>	<u>478,622</u>	<u>(24,822)</u>	<u>19,118,095</u>
Governmental activities capital assets, net	<u>\$ 21,595,695</u>	<u>\$ (632,081)</u>	<u>\$ 1,160,679</u>	<u>\$ (1,221,501)</u>	<u>\$ 20,902,792</u>

**CITY OF RICHLAND, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Capital Assets 9/30/2022</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets 9/30/2023</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 402,677	\$ -	\$ -	\$ (402,677)	\$ -
Land	<u>383,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,041</u>
Total capital assets not being depreciated	<u>785,718</u>	<u>-</u>	<u>-</u>	<u>(402,677)</u>	<u>383,041</u>
Capital assets being depreciated:					
Water and sewer system	29,854,088	-	211,730	(720,884)	29,344,934
Machinery and equipment	<u>1,274,567</u>	<u>-</u>	<u>284,974</u>	<u>(46,962)</u>	<u>1,512,579</u>
Total capital assets being depreciated/amortized	<u>31,128,655</u>	<u>-</u>	<u>496,704</u>	<u>(767,846)</u>	<u>30,857,513</u>
Less accumulated depreciation for:					
Water and sewer system	(14,657,488)	(608,025)	(731,919)	527,439	(15,469,993)
Machinery and equipment	<u>(965,836)</u>	<u>-</u>	<u>(113,570)</u>	<u>46,719</u>	<u>(1,032,687)</u>
Total accumulated depreciation	<u>(15,623,324)</u>	<u>(608,025)</u>	<u>(845,489)</u>	<u>574,158</u>	<u>(16,502,680)</u>
Total capital assets being depreciated, net	<u>15,505,331</u>	<u>(608,025)</u>	<u>(348,785)</u>	<u>(193,688)</u>	<u>14,354,833</u>
Business-type activities capital assets, net	<u>\$ 16,291,049</u>	<u>\$ (608,025)</u>	<u>\$ (348,785)</u>	<u>\$ (596,365)</u>	<u>\$ 14,737,874</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental activities</b>	
General Government	\$ 72,571
Police Department	274,613
Court Services	10,483
Emergency Operations Center	340
Fire Department	194,567
Public Works	382,461
Planning and Development	7,124
Parks and Recreation	356,836
Library	13,322
Community and Senior Services	26,635
Total governmental activities	<u>\$ 1,338,952</u>
<b>Business-type activities</b>	
Water and sewer fund	<u>\$ 845,489</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 6 - LONG-TERM DEBT**

**Bonds and loans/contracts payable at September 30, 2023, are comprised of the following:**

**GOVERNMENTAL ACTIVITIES**

**BONDS:**

<p><b>Mississippi Development Bank \$6,283,000 General Obligation Bond for Recreation Projects bearing interest payable semi-annually at 1.99% and principal payments due annually, maturing 6/01/42. The city issued this debt to provide funds for the purpose of a recreation project.</b></p>	<p><b>\$ <u>5,554,000</u></b></p>
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**LOANS AND CONTRACTS PAYABLE:**

<p><b>Mississippi Development Authority note for fire truck. Interest rate of 2.00% principal and interest payments of \$11,481 monthly, maturing 4/1/2029.</b></p>	<p><b>\$ 727,237</b></p>
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<p><b>BancorpSouth contract for a fire station. Interest rate of 2.85%, principal and interest payable semi-annual, maturing 12/01/2030.</b></p>	<p><b>585,000</b></p>
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<p><b>PriorityOne Bank contract for a vehicle. Interest rate of 4.63%, principal and interest payments of \$24,360 payable annually, maturing 3/01/2026.</b></p>	<p><b><u>66,800</u></b></p>
	<p><b>\$ <u>1,379,037</u></b></p>

	<u>Due within one year</u>	<u>Due in more than one year</u>	<u>Total</u>
<b>Bonds</b>	<b>\$ 243,000</b>	<b>\$ 5,311,000</b>	<b>\$ 5,554,000</b>
<b>Loans and contracts payable</b>	<b><u>211,626</u></b>	<b><u>1,167,411</u></b>	<b><u>1,379,037</u></b>
<b>Total</b>	<b><u>\$ 454,626</u></b>	<b><u>\$ 6,478,411</u></b>	<b><u>\$ 6,933,037</u></b>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES**

**LOANS/CONTRACTS PAYABLE:**

Mississippi Department of Health loan for construction of well #6, interest at the rate of 1.95%, principal and interest payments of \$4,602 payable monthly through fiscal year 2036. Water and sewer department.	\$ 601,275
Mississippi Department of Health loan for construction of well #7, elevated tank and distribution, interest at the rate of 1.95%, principal and interest payments of \$13,589 payable monthly through fiscal year 2039. Water and sewer department.	2,229,830
Trustmark National Bank contract for purchase of a Kubota loader, interest at the rate of 1.52%, principal and interest payments of \$2,253 payable monthly through fiscal year 2025. Water and sewer department.	<u>31,249</u>
	\$ <u>2,862,354</u>
Due within one year	\$ 191,299
Due within more than one year	<u>2,671,055</u>
Total	\$ <u><u>2,862,354</u></u>

**LIMITATION OF INDEBTEDNESS**

The amount of general obligation bonded debt that can be incurred by the City is limited by state statute. Total outstanding bonded debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the last completed assessments for taxation, unless certain conditions, as set forth in state statutes under Mississippi Code Ann., Section 21-33-303 have been met which increases the bonded debt to no greater than 20% of the assessed value. At September 30, 2023, the amount of outstanding bonded debt was equal to 3.58% of the latest property assessments.

The following is a schedule of limitations on the indebtedness of the City at September 30, 2023:

**Authorized Debt Limit:**

Assessed value of taxable property	\$ <u>155,007,948</u>
Debt limit (15% of assessed value)	\$ 23,251,192
Present debt applicable to the debt limit	<u>5,554,000</u>
Margin for further indebtedness (under the debt limit)	\$ <u><u>17,697,192</u></u>

**CITY OF RICHLAND, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

A summary of changes in the long-term liabilities during the year ended September 30, 2023, follows:

	<u>Balance</u> <u>10/01/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2023</u>	<u>Due Within</u> <u>One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation					
bonds payable	\$ 5,793,000	\$ -	\$ 239,000	\$ 5,554,000	\$ 243,000
Loans payable	849,136	-	121,899	727,237	124,359
Contracts payable	1,099,326	66,800	514,326	651,800	87,267
Right of use lease liability	-	35,372	14,747	20,625	13,892
Right of use SBITA liability	-	663,036	140,850	522,186	136,371
Accrued compensated absences	339,409	185,961	181,864	343,506	188,088
Net pension liability	<u>15,480,942</u>	<u>3,864,802</u>	<u>-</u>	<u>19,345,744</u>	<u>-</u>
 Total governmental activities long-term liabilities	 <u>23,561,813</u>	 <u>4,815,971</u>	 <u>1,212,686</u>	 <u>27,165,098</u>	 <u>792,977</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>					
Loans payable	2,979,339	-	148,234	2,831,105	164,548
Contracts payable	57,597	-	26,348	31,249	26,751
Right of use lease liability	-	30,603	4,709	25,894	8,135
Right of use SBITA liability	-	2,906	1,182	1,724	1,211
Accrued compensated absences	30,244	15,666	11,687	34,223	13,713
Net pension liability	<u>1,170,604</u>	<u>283,291</u>	<u>-</u>	<u>1,453,895</u>	<u>-</u>
 Total business-type activities long-term liabilities	 <u>4,237,784</u>	 <u>332,466</u>	 <u>192,160</u>	 <u>4,378,090</u>	 <u>214,358</u>
 Total government-wide long-term liabilities	 <u>\$ 27,799,597</u>	 <u>\$ 5,148,437</u>	 <u>\$ 1,404,846</u>	 <u>\$ 31,543,188</u>	 <u>\$ 1,007,335</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize all debt outstanding as of September 30, 2023, follows:

**GOVERNMENTAL ACTIVITIES**

<u>Year Ended September 30,</u>	<u>General Obligation Principal</u>	<u>Loans Payable Principal</u>	<u>Contracts Payable Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 243,000	\$ 124,359	\$ 87,267	\$ 142,759	\$ 597,385
2025	248,000	126,869	90,251	132,520	597,640
2026	253,000	129,429	93,282	122,026	597,737
2027	258,000	132,042	72,000	111,278	573,320
2028	263,000	134,707	74,000	101,397	573,104
2029-2033	1,398,000	79,831	235,000	382,931	2,095,762
2034-2038	1,543,000	-	-	227,458	1,770,458
2039-2042	1,348,000	-	-	67,719	1,415,719
	<u>\$ 5,554,000</u>	<u>\$ 727,237</u>	<u>\$ 651,800</u>	<u>\$ 1,288,088</u>	<u>\$ 8,221,125</u>

**BUSINESS-TYPE ACTIVITIES**

<u>Year Ended September 30,</u>	<u>Loans Payable Principal</u>	<u>Contracts Payable Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 164,548	\$ 26,751	\$ 54,030	\$ 245,329
2025	167,786	4,498	50,513	222,797
2026	171,087	-	47,202	218,289
2027	174,454	-	43,836	218,290
2028	177,886	-	40,404	218,290
2029-2033	943,326	-	148,121	1,091,447
2034-2038	883,982	-	55,608	939,590
2039-2042	148,036	-	1,446	149,482
	<u>\$ 2,831,105</u>	<u>\$ 31,249</u>	<u>\$ 441,160</u>	<u>\$ 3,303,514</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 – RIGHT OF USE LEASE AND SUBSCRIPTION BASED IT ARRANGEMENTS**

**Leases as Lessee**

The City is a lessee of office equipment under three leases that require recognition of right of use lease assets and liabilities.

At September 30, 2023, the right of use lease assets associated with these leases are as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
Right of use lease assets:				
Copiers/printers	\$ -	\$ 32,619	\$ -	\$ 32,619
Mailing system	<u>-</u>	<u>2,753</u>	<u>-</u>	<u>2,753</u>
	<u>-</u>	<u>35,372</u>	<u>-</u>	<u>35,372</u>
Less accumulated amortization:				
Copiers/printers	-	13,910	-	13,910
Mailing system	<u>-</u>	<u>1,001</u>	<u>-</u>	<u>1,001</u>
	<u>-</u>	<u>14,911</u>	<u>-</u>	<u>14,911</u>
Net governmental activities right of use lease assets	\$ <u>-</u>	\$ <u>20,461</u>	\$ <u>-</u>	\$ <u>20,461</u>
<b><u>Business-Type Activities</u></b>				
Right of use lease assets:				
Copiers/printers	\$ -	\$ 30,603	\$ -	\$ 30,603
Less accumulated amortization:				
Copiers/printers	<u>-</u>	<u>4,794</u>	<u>-</u>	<u>4,794</u>
Net business-type activities right of use lease assets	\$ <u>-</u>	\$ <u>25,809</u>	\$ <u>-</u>	\$ <u>25,809</u>

The City's schedule of future minimum payments on the related right of use lease liabilities, follows:

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
<b><u>Governmental Activities</u></b>			
2024	\$ 13,892	\$ 355	\$ 14,247
2025	5,860	138	5,998
2026	<u>873</u>	<u>6</u>	<u>879</u>
Total governmental activities	\$ <u>20,625</u>	\$ <u>499</u>	\$ <u>21,124</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 – RIGHT OF USE LEASE AND SUBSCRIPTION BASED IT ARRANGEMENTS  
(CONTINUED)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><u>Business-Type Activities</u></b>			
2024	\$ 8,135	\$ 897	\$ 9,032
2025	5,880	586	6,466
2026	7,250	392	7,642
2027	<u>4,629</u>	<u>74</u>	<u>4,703</u>
Total business-type activities	\$ <u>25,894</u>	\$ <u>1,949</u>	\$ <u>27,843</u>

The weighted average remaining lease term for right of use lease liabilities at September 30, 2023, follows:

Governmental activities	1.53 years
Business-type activities	3.58 years

The weighted average discount rate for right of use lease liabilities at September 30, 2023, follows:

Governmental activities	.47%
Business-type activities	3.94%

**Subscription Based IT Arrangements**

The City is committed under five various subscription based information technology arrangements (“SBITA”) that require recognition of right of use SBITA assets and liabilities.

At September 30, 2023, the right of use SBITA assets associated with these SBITAs are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Right of use SBITA assets:				
Software subscriptions	\$ -	\$ 663,036	\$ -	\$ 663,036
Less accumulated amortization	<u>-</u>	<u>144,947</u>	<u>-</u>	<u>144,947</u>
Net governmental activities				
right of use SBITA assets	\$ <u>-</u>	\$ <u>518,089</u>	\$ <u>-</u>	\$ <u>518,089</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 – RIGHT OF USE LEASE AND SUBSCRIPTION BASED IT ARRANGEMENTS  
(CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
Right of use SBITA assets:				
Software subscriptions	\$ -	\$ 2,906	\$ -	\$ 2,906
Less accumulated amortization	<u>-</u>	<u>1,202</u>	<u>-</u>	<u>1,202</u>
Net business-type activities right of use SBITA assets	\$ <u>-</u>	\$ <u>1,704</u>	\$ <u>-</u>	\$ <u>1,704</u>

The City's schedule of future minimum payments on the related right of use SBITA liabilities, follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><u>Governmental Activities</u></b>			
2024	\$ 136,371	\$ 17,542	\$ 153,913
2025	78,944	14,195	13,139
2026	46,546	11,790	58,336
2027	42,710	10,174	52,884
2028	44,350	8,535	52,885
2029-2032	<u>173,265</u>	<u>17,052</u>	<u>137,435</u>
Total governmental activities	\$ <u>522,186</u>	\$ <u>79,288</u>	\$ <u>601,474</u>
<b><u>Business-Type Activities</u></b>			
2024	\$ 1,211	\$ 29	\$ 1,240
2025	<u>513</u>	<u>3</u>	<u>516</u>
Total business-type activities	\$ <u>1,724</u>	\$ <u>32</u>	\$ <u>1,756</u>

The weighted average remaining subscription term for right of use SBITA liabilities at September 30, 2023 follows:

Governmental activities	7.01 years
Business-type activities	1.50 years

The weighted average discount rate for right of use SBITA liabilities at September 30, 2023 follows:

Governmental activities	3.51%
Business-type activities	.04%

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 – RIGHT OF USE LEASE AND SUBSCRIPTION BASED IT ARRANGEMENTS  
(CONTINUED)**

**Leases as Lessor**

The City has three leases involving the leasing of right of use space as sites for cell tower and billboard space in which the City is acting as lessor. The City has included in its financial statements for the general fund and the governmental activities at year end, the present value of future lease payments of \$820,651 as a lease receivable and \$814,132 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

The City used the rate of 4% to calculate the present value of these leases.

The amount of inflows of resources recognized during the current fiscal year totaled \$54,948.

The schedule of future principal and interest payments to be received on these leases is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><u>General Fund and Governmental Activities</u></b>			
2024	\$ 39,610	\$ 32,826	\$ 72,436
2025	41,194	31,242	72,436
2026	42,842	29,594	72,436
2027	44,556	27,880	72,436
2028	21,138	26,098	47,236
2029-2033	137,945	115,660	253,605
2034-2038	189,542	84,104	273,646
2039-2043	64,168	55,832	120,000
2044-2048	78,070	41,930	120,000
2049-2053	94,984	25,016	120,000
2054-2056	<u>66,602</u>	<u>5,398</u>	<u>72,000</u>
Total general fund and governmental activities	\$ <u>820,651</u>	\$ <u>475,580</u>	\$ <u>1,296,231</u>

The weighted average remaining lease term is 23.33 years.

The weighted average discount rate is 4%.

The City has one short term lease involving the leasing of right of use space as sites for cell tower space on a month-to-month basis after expiration of the original lease term. The City recognizes lease revenue on this lease with no lease receivable or deferred inflows or resources recognized.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City contributes to the Public Employees' Retirement Systems 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 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 1-800-444-PERS or online at <http://www.pers.ms.gov>.

**Benefits Provided**

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Contributions**

At September 30, 2023, PERS members were required to contribute 9.00 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2023, was 17.40 percent of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2023, 2022, and 2021 were \$1,042,770, \$976,614, and \$949,806, respectively, equal to the required contributions each year.

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

At September 30, 2023, the City reported a liability of \$20,799,639, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2023 net pension liability was .082698 percent, which was an increase of .001801 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the City recognized pension expense of \$2,771,178. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 520,792	\$ -
Net difference between projected and actual earnings on plan investments	813,776	-
Changes of assumptions	2,442,268	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	240,365	119,576
Contributions subsequent to the measurement date	237,235	-
<b>Total</b>	<b>\$ <u>4,254,436</u></b>	<b>\$ <u>119,576</u></b>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - PENSION PLAN (CONTINUED)**

At September 30, 2023, the City reported \$237,235, as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

<u>Year Ending September 30</u>	<u>Amount</u>
2024	\$ 1,391,996
2025	929,844
2026	1,569,597
2027	<u>6,188</u>
Total	\$ <u>3,897,625</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2023, was determined by an actuarial valuation prepared as of June 30, 2022 and a measurement date determined of June 30, 2023 using standard roll forward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	2.65-17.90%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - PENSION PLAN (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	27%	4.75%
International equity	22	4.75
Global equity	12	4.95
Fixed income	20	1.75
Real estate	10	3.25
Private equity	8	6.00
Cash equivalents	<u>1</u>	<u>0.25</u>
Total	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability at June 30, 2023 was 7.00 percent, net of pension plan investment expense. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.0 percent) and that the current employer contribution rate (17.4 percent) will be phased into 22.4 percent over three fiscal years (19.4 percent for FYE 2025, 21.4 percent for FYE 2026, and 22.4 percent for FYE 2027). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension  
Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the plan's net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate share of the plan's net pension liability	\$ <u>26,821,661</u>	\$ <u>20,799,639</u>	\$ <u>15,857,900</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Annual Comprehensive Financial Report, publicly available at <http://www.pers.ms.gov>.

**Payable to the Pension Plan**

The City has no amounts payable for outstanding contributions to the pension plan required for the year ended September 30, 2023.

**NOTE 9 – LITIGATION**

The City is party to legal proceedings which occur in the normal course of governmental operations. Management, with the advise of legal counsel, is of the opinion that the ultimate resolution of outstanding legal matters will not have a material adverse effect on 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. The City participates in public entity risk pools for risks of loss for all liability and worker's compensation insurance. The City carries commercial property insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The public entity risk pools the City participates as a member include the Mississippi Municipal Liability Plan and the Mississippi Municipal Workers' Compensation Pool. The agreements establishing the pools provide that the pools will be self-sustaining through member premiums.

**NOTE 11 – TAX ABATEMENTS**

Tax abatements are available to manufacturers and other new enterprises as authorized in Sections 27-31-101 and 27-31-105 of Mississippi Code Annotated (1972) and are granted by the City Council to encourage businesses to locate or expand operations in the City and to create new job opportunities for City residents. The City has an ad valorem tax abatement agreement with one business through the fiscal year ending September 30, 2028. The City abated \$12,682 in taxes for the year ended September 30, 2023.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

On April 5, 1977, the Mayor and Board of Aldermen executed on behalf of the City, a contract with Richland Creek Watershed Drainage District providing for payment by the City of Richland, Mississippi of \$10,000 per year for 50 years on the District's \$550,000 Farmers Home Administration loan for the purchase of land for the construction of retention dams, all to be in lieu of the District assessing separately approximately 4,000 acres of land within the City.

During the year ended September 30, 2008, the City entered into an agreement with West Rankin Utility Authority to provide wastewater treatment for 30 years. The City agreed to remit monthly payments representing the City's proportionate share of the City's annual budget.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

The City implemented new software during fiscal year 2023 for tracking and depreciating capital assets. This new software calculates a full year's depreciation expense for all capital assets during the year of acquisition rather than allocating depreciation expense from the date the capital asset is placed in service. The City's recorded a prior period adjustment to account for this change in depreciation method. The adjustment resulted in an increase to beginning accumulated depreciation and a decrease to beginning net position as follows:

Governmental activities	\$ 632,081
Business-type activities	\$ <u>608,025</u>
Total	\$ <u>1,240,106</u>

The City made a prior period adjustment to properly reflect a lease receivable and related deferred inflows of resources for certain lease contracts in which the City is a lessor. This adjustment resulted in a \$3,162 increase to the general fund beginning fund balance and the governmental activities beginning net position.

**NOTE 14 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The government-wide total unrestricted net position (deficit) amount of (\$8,158,804) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$237,235, resulting from City contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The remaining \$4,017,201 balance of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years. The \$119,576 balance of the deferred inflow of resources related to pension at September 30, 2023 will be recognized in pension expense over the next 3 years.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 12 – SUBSEQUENT EVENTS**

Events that occur after the statement of net position date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date require recognition in the financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to financial statements. Management evaluated the activity of the City through June 14, 2024 (the date the financial statements were available to be issued), and noted the following subsequent event which requires disclosure in the notes to the basic financial statements.

On October 26, 2023, the City issued General Obligation Bond, Series 2023 in the amount of \$5,000,000 at a rate of 4.23% and maturing November 1, 2033. The proceeds of this bond issue will be used for infrastructure construction, improvements, and repairs.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF RICHLAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**(NON-GAAP BASIS) - GENERAL FUND - UNAUDITED**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Budget Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original Budget	Revisions	Final Budget		
<b><u>REVENUES</u></b>					
Ad valorem taxes	\$ 3,100,000	\$ -	\$ 3,100,000	\$ 3,400,511	\$ 300,511
Sales tax	6,500,000	-	6,500,000	8,200,192	1,700,192
Licenses and permits	190,000	-	190,000	284,458	94,458
Inter-governmental	125,000	-	125,000	80,552	(44,448)
Fines and forfeits	350,000	-	350,000	486,727	136,727
Franchise tax	300,000	-	300,000	347,767	47,767
Interest	2,500	-	2,500	353,833	351,333
Payments in lieu of taxes	120,000	-	120,000	119,110	(890)
Miscellaneous	678,650	126,992	805,642	1,046,794	241,152
Budgeted cash balance	2,249,630	-	2,249,630	-	(2,249,630)
Total revenue	13,615,780	126,992	13,742,772	14,319,944	577,172
<b><u>EXPENDITURES</u></b>					
General Government	1,208,610	-	1,208,610	932,865	275,745
Police Department	3,646,600	126,992	3,773,592	3,504,453	269,139
Court Services	571,900	-	571,900	442,137	129,763
Emergency Operations Ctr	10,000	-	10,000	5,350	4,650
Fire Department	2,878,270	-	2,878,270	2,715,847	162,423
Public Works	2,793,750	-	2,793,750	2,309,438	484,312
Planning and Development	473,900	-	473,900	372,801	101,099
Parks and Recreation	1,664,050	-	1,664,050	1,350,527	313,523
Library	79,600	-	79,600	55,159	24,441
Urban Programs	51,300	-	51,300	34,023	17,277
Community and Senior Srv	337,800	-	337,800	278,693	59,107
Total expenditures	13,715,780	126,992	13,842,772	12,001,293	1,841,479
Excess of revenues over (under) expenditures	(100,000)	-	(100,000)	2,318,651	2,418,651
Other financing sources: Operating transfers in	100,000	-	100,000	100,000	-
Net change in fund balance	\$ -	\$ -	\$ -	2,418,651	\$ 2,418,651
Fund balance - beginning				5,515,719	
Fund balance - ending				\$ 7,934,370	

See the notes to the required supplementary information.

**CITY OF RICHLAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**(NON-GAAP BASIS) - COVID-19 RECOVERY FUND - UNAUDITED**  
**YEAR ENDED SEPTEMBER 30, 2023**

	<b>Budget Amounts</b>			<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final Budget</b>		
<b><u>REVENUES</u></b>					
Inter-governmental	\$ 1,780,165	\$ (1,780,165)	\$ -	\$ -	\$ -
Interest	3,200	-	3,200	-	(3,200)
Budgeted cash balance	<u>1,780,165</u>	<u>-</u>	<u>1,780,165</u>	<u>-</u>	<u>(1,780,165)</u>
 Total revenue	 <u>3,563,530</u>	 <u>(1,780,165)</u>	 <u>1,783,365</u>	 <u>-</u>	 <u>(1,783,365)</u>
<b><u>EXPENDITURES</u></b>					
Professional services	350,000	-	350,000	-	350,000
Capital outlay	<u>3,212,000</u>	<u>(1,780,165)</u>	<u>1,431,835</u>	<u>-</u>	<u>1,431,835</u>
 Total expenditures	 <u>3,562,000</u>	 <u>(1,780,165)</u>	 <u>1,781,835</u>	 <u>-</u>	 <u>1,781,835</u>
 Net change in fund balance	 <u>\$ 1,530</u>	 <u>\$ -</u>	 <u>\$ 1,530</u>	 <u>-</u>	 <u>\$ (1,530)</u>
 Fund balance - beginning				<u>1,784,469</u>	
 Fund balance - ending				<u>\$ 1,784,469</u>	

See the notes to the required supplementary information.

**CITY OF RICHLAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**(NON-GAAP BASIS) - MODERNIZATION USE TAX FUND - UNAUDITED**  
**YEAR ENDED SEPTEMBER 30, 2023**

	<b>Budget Amounts</b>			<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final Budget</b>		
<b><u>REVENUES</u></b>					
Inter-governmental	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,193,108	\$ 193,108
Interest	3,000	-	3,000	74,090	71,090
Total revenue	1,003,000	-	1,003,000	1,267,198	264,198
<b><u>EXPENDITURES</u></b>					
Capital outlay	600,000	-	600,000	516,643	83,357
Total expenditures	600,000	-	600,000	516,643	83,357
Net change in fund balance	\$ <u>403,000</u>	\$ <u>-</u>	\$ <u>403,000</u>	750,555	\$ <u>347,555</u>
Fund balance - beginning				<u>1,457,177</u>	
Fund balance - ending				\$ <u>2,207,732</u>	

See the notes to the required supplementary information.

**CITY OF RICHLAND, MISSISSIPPI  
REQUIRED SUPPLEMENTARY INFORMATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY - UNAUDITED  
LAST TEN FISCAL YEARS<sup>1</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.082698%	0.080897%	0.081568%	0.083111%	0.083715%	0.085009%	0.079868%	0.074586%	0.073981%
City's proportionate share of the net pension liability	\$ 20,799,639	\$ 16,651,546	\$ 12,056,107	\$ 16,089,325	\$ 14,727,121	\$ 14,139,523	\$ 13,276,772	\$ 13,322,922	\$ 11,436,004
City's covered payroll	\$ 6,130,218	\$ 5,569,234	\$ 5,423,471	\$ 5,534,178	\$ 5,452,165	\$ 5,428,635	\$ 5,123,562	\$ 4,771,429	\$ 4,621,937
City's proportionate share of the net pension liability as a percentage of its covered payroll	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented

<sup>1</sup>This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year 2015, and, until a full 10-year trend is completed, the City has only presented information for the years in which information is available.

**CITY OF RICHLAND, MISSISSIPPI  
REQUIRED SUPPLEMENTARY INFORMATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI  
SCHEDULE OF THE CITY'S CONTRIBUTIONS - UNAUDITED  
LAST TEN FISCAL YEARS<sup>1</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Contractually required contribution</b>	<b>\$ 1,042,770</b>	<b>\$ 976,614</b>	<b>\$ 949,806</b>	<b>\$ 954,094</b>	<b>\$ 891,219</b>	<b>\$ 854,899</b>	<b>\$ 822,627</b>	<b>\$ 771,381</b>	<b>\$ 724,165</b>
<b>Contributions in relation to the contractually required contribution</b>	<u><b>1,042,770</b></u>	<u><b>976,614</b></u>	<u><b>949,806</b></u>	<u><b>954,094</b></u>	<u><b>891,219</b></u>	<u><b>854,899</b></u>	<u><b>822,627</b></u>	<u><b>771,381</b></u>	<u><b>724,165</b></u>
<b>Contribution deficiency (excess)</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>
<b>City's covered payroll</b>	<b>\$ 5,992,935</b>	<b>\$ 5,612,731</b>	<b>\$ 5,458,655</b>	<b>\$ 5,893,107</b>	<b>\$ 5,658,534</b>	<b>\$ 5,428,635</b>	<b>\$ 5,223,028</b>	<b>\$ 4,897,689</b>	<b>\$ 4,597,873</b>
<b>Contributions as a percentage of covered payroll</b>	<b>17.40%</b>	<b>17.40%</b>	<b>17.40%</b>	<b>16.19%<sup>2</sup></b>	<b>15.75%</b>	<b>15.75%</b>	<b>15.75%</b>	<b>15.75%</b>	<b>15.75%</b>

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

The amounts presented were determined as of the City's fiscal year end.

<sup>1</sup>This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year 2015, and, until a full 10-year trend is completed, the City has only presented information for the years in which information is available.

<sup>2</sup>The 2019 contributions as a percentage of covered payroll is an average of the former contribution rate of 15.75% and the current contribution rate of 17.40% which became effective July 1, 2019.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**BUDGETARY COMPARISON SCHEDULES**

***Budgetary Information***

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to ensuing fiscal year beginning each October 1, the Board of Aldermen, using historical and anticipated fiscal data and proposed budgets submitted by the respective departments, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund 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 adopted on the cash basis of accounting modified to include recognition of expenditures paid withing 30 days after year end as required by the State of Mississippi. This method is not consistent with accounting principles generally accepted in the United States of America.

***Basis of Presentation***

The Budgetary Comparison Schedules-Budget and Actual (Non-GAAP Basis) present the originally legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and actual amounts. The schedules are presented for the General Fund and the two major funds, the Covid-19 Recovery Fund and Modernization Use Tax Fund. The Budgetary Comparison Schedules-Budget and Actual (Non- GAAP Basis) are a part of required supplementary information.

***Budget/GAAP Reconciliation***

The major differences between the budgetary basis and the GAAP basis are that revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the net change in fund balance per the budgetary basis schedules to the GAAP basis fund financial statements:

	<b><u>General Fund</u></b>	<b><u>Covid-19 Recovery Fund</u></b>	<b><u>Modernization Use Tax Fund</u></b>
Net change in fund balance – budgetary basis	\$ 2,418,651	\$ -	\$ 750,555
Net adjustments for:			
Revenue accruals	1,020,773	-	-
Expenditure accruals	<u>(429,357)</u>	<u>-</u>	<u>(49,241)</u>
Net change in fund balances – GAAP basis	\$ <u>3,010,067</u>	\$ <u>-</u>	\$ <u>701,314</u>

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**PENSION SCHEDULES**

*Changes of Assumptions:*

**2023**

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
- Withdrawal rates, disability rates, and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

**2021**

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
  - For females, 84% of female rates up to age 72, 100% for ages above 76.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
  - For males, 134% of male rates at all ages.
  - For females, 121% of female rates at all ages
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
  - For males, 97% of male rates at all ages
  - For females, 110% of female rates at all ages
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

***Changes of Assumptions: (continued)***

- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

**2019**

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
  - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
  - For males, 137% of male rates at all ages.
  - For females, 115% of female rates at all ages.
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

**2017**

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

**2016**

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**CITY OF RICHLAND, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- UNAUDITED  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

*Changes of Assumptions: (continued)*

**2015**

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

*Changes in Benefit Provisions*

**2016**

- The interest rate on employee contributions shall be calculated based on the money market rate as published by The Wall Street Journal on December 31 of each proceeding year with a minimum rate of one percent and a maximum rate of five percent.

*Method and assumptions used in calculation of actuarially determined contributions:*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the plan fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 plan fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in the schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

## **OTHER INFORMATION**

**CITY OF RICHLAND, MISSISSIPPI**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT - UNAUDITED**  
**SEPTEMBER 30, 2023**

	Balance 09-30-22	Transactions During Fiscal Year		Balance 09-30-23
		Issued	Redeemed	
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
<b>General Obligation Bonds:</b>				
2020 \$6,283,000 1.99% general obligation bond, recreation project	\$ 5,793,000	\$ -	\$ 239,000	\$ 5,554,000
Total bonds payable	5,793,000	-	239,000	5,554,000
<b>Loans/Contracts Payable:</b>				
Mississippi Development Auth. - 2.00% fire truck loan dated 04-01-19	849,136	-	121,899	727,237
Bancorp South - 2.85% fire station contract dated 12-01-15	649,000	-	64,000	585,000
Trustmark Bank - 2.90% equipment contract dated 12-28-17	384,987	-	384,987	-
equipment contract dated 04-22-20	23,461	-	23,461	-
Trustmark Bank - 1.61% equipment contract dated 02-03-21	41,878	-	41,878	-
PriorityOne Bank - 4.53% equipment contract dated 02-17-23	-	66,800	-	66,800
Total loans/contracts payable	1,948,462	66,800	636,225	1,379,037
Total governmental activities	7,741,462	66,800	875,225	6,933,037
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
<b>Loans/Contracts Payable:</b>				
Mississippi Department of Health - 1.95% well #7 dated 12-10-19	\$ 2,338,580	\$ -	\$ 108,750	\$ 2,229,830
Mississippi Department of Health 1.95% well #6 dated 04-01-16	640,759	-	39,484	601,275
Trustmark Bank - 1.52% equipment contract dated 11-05-21	57,597	-	26,348	31,249
Total business-type activities	3,036,936	-	174,582	2,862,354
Total long-term debt	\$ 10,778,398	\$ 66,800	\$ 1,049,807	\$ 9,795,391

See independent auditors' report.

**CITY OF RICHLAND, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICERS - UNAUDITED**  
**SEPTEMBER 30, 2023**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Pat Sullivan	Mayor	Western Surety	\$ 100,000
Gus Black	Alderman	Western Surety	50,000
John Hamilton	Alderman	Western Surety	50,000
Matt Quick	Alderman	Western Surety	50,000
Beth Sanford	Alderman	Western Surety	50,000
Al Shields	Alderman	Western Surety	50,000
Karen Jackson	City Clerk	Western Surety	50,000
Mindy Thurman	Human Resources Director	Western Surety	50,000
Hanna Tucker	Deputy Clerk	Western Surety	50,000
Sandra Yates	Deputy Clerk	Western Surety	50,000
Christopher Grantham	Dispatcher	Western Surety	50,000
Elizabeth Hauck	Dispatcher	Western Surety	50,000
JD King	Communications Manager	Western Surety	50,000
Allison McDonald	Administrative Assistant	Western Surety	50,000
Nick McLendon	Chief of Police	Western Surety	50,000
Dalton McDonald	Assistant Chief of Police	Western Surety	50,000
Adrian Ready	Assistant Chief of Police	Western Surety	50,000
Randall Walters	Inmate Security	Western Surety	50,000
Candice Talley	Dispatcher	Western Surety	50,000
Amy Schell	Dispatcher	Western Surety	50,000
Biff Monk	Sargent Warrants Officer	Western Surety	50,000
Cassi Burton	Deputy Court Clerk	Western Surety	50,000
Mariela Campusano	Deputy Court Clerk	Western Surety	50,000
Regina Duran	Deputy Court Clerk	Western Surety	50,000
Melissa Lovorn	Court Clerk	Western Surety	50,000
Todd Whatley	Assistant Public Works Director	Western Surety	50,000
Richard Fortune	Inspector	Western Surety	50,000
Harold Johnson	Building Official	Western Surety	50,000
Bryan Malone	Inspector	Western Surety	50,000
Chelsea Causey	Sports Program Coordinator	Western Surety	50,000
Matthew Hopkins	Parks & Recreation Director	Western Surety	50,000
Kristina Jordan	Community Center Director	Western Surety	50,000
Kelly Wedgeworth	Administrative Assistant	Western Surety	50,000
Alexis Johnson	Cashier	Western Surety	50,000
Shay Hollingsworth	Cashier	Western Surety	50,000
Katina Byrd	Administrative Assistant	Western Surety	50,000
Chloe Owens	Cashier	Western Surety	50,000
Barbara Adams	Deputy Clerk	Western Surety	50,000
Terri Wood	Senior Svcs/Special Events Director	Western Surety	50,000
Stephanie Ward	Special Events Coordinator	Western Surety	50,000
Pam Gregory	Water Clerk	Western Surety	50,000
Sharon Holmes	Water Clerk	Western Surety	50,000
Jason Sutphin	Public Works Director	Western Surety	50,000
Martha Barrett	Administrative Assistant	Western Surety	50,000
Paula Vaughn	Clerk	Western Surety	50,000
Blanket Bond		Western Surety	50,000

See independent auditors' report.

**INDEPENDENT AUDITORS' 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***

# *Lyle, Walker & Co., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS

David L. Lyle, CPA  
Gary L. Walker, CPA  
Cindy Hollingsworth, CPA

MEMBERS  
American Institute of  
Certified Public Accountants  
Mississippi Society of  
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## **INDEPENDENT AUDITORS' 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 and  
Board of Aldermen  
City of Richland, Mississippi**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richland, Mississippi, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Richland, Mississippi's basic financial statements and have issued our report thereon dated June 14, 2024.

### **Report on Internal Control Over Financial Reporting**

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

The Honorable Mayor and  
Board of Aldermen  
City of Richland, Mississippi  
Page 2

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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Richland, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### 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.

*Lyle, Walker & Co., P.A.*

Ridgeland, Mississippi  
June 14, 2024

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

*Lyle, Walker & Co., P.A.*

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

**The Honorable Mayor and Board of Aldermen  
City of Richland, 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 Richland, Mississippi ("City"), as of and for the year ended September 30, 2023, which collectively comprise the City of Richland, Mississippi's basic financial statements and have issued our report thereon dated June 14, 2024. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the State of Mississippi 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. Had we performed additional procedures, other matters may have come to our attention regarding the City's compliance with state laws and regulations.

The results of those procedures and our audit of the City's basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information and use of the City's management, Honorable Mayor and Board of Aldermen, and the Mississippi 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.

*Lyle, Walker & Co., P.A.*

Ridgeland, Mississippi  
June 14, 2024