

## 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 MCCOMB, MISSISSIPPI

## **Annual Financial Report with Independent Auditor's Report**

Year Ended September 30, 2021

---

**City of McComb, Mississippi**  
**For the Year Ended September 30, 2021**

---

**TABLE OF CONTENTS**

**I. BASIC FINANCIAL STATEMENTS**

Independent Auditor’s Report .....	2
Government-wide Financial Statements:	
Statement of Net Position .....	7
Statement of Activities.....	8
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet: .....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	13
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of the Statement of Activities.....	14
Proprietary Funds:	
Statement of Net Position .....	16
Statement of Revenues, Expenses and Changes in Funds Net Position .....	17
Statement of Cash Flows.....	18
Notes to Financial Statements .....	19

**II. REQUIRED SUPPLEMENTAL INFORMATION**

Proportionate Share of the Net Pension Liability .....	49
Schedules of City’s Contributions .....	50
Proportionate Share of the Net Pension Liability (PERS) (Fire and Police).....	51
Schedule of City’s Contributions.....	52

**III. OTHER ADDITIONAL INFORMATION**

Schedule of Surety Bonds for Municipal Officials .....	54
Report of Independent Auditor’s on Compliance with State Laws and Regulations .....	56

**IV. INTERNAL CONTROL AND COMPLIANCE**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	59
---	----

## **I. BASIC FINANCIAL STATEMENTS**



Booker T. Camper Jr., CPA PLLC

---

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Selectmen  
City of McComb, Mississippi

Ladies and Gentlemen:

### Report on the Audit of Financial Statements

#### Qualified Opinion

I have audited the financial statements of CITY OF MCCOMB, MISSISSIPPI, which comprise the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF MCCOMB, MISSISSIPPI, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CITY OF MCCOMB, MISSISSIPPI'S basic financial statements as listed in the table of contents.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying 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 MCCOMB, MISSISSIPPI, of September 30, 2021, 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 Qualified Opinion

The CITY OF MCCOMB, MISSISSIPPI had differences between the City's accounting records of \$63,841,237 and supporting schedules of \$ 64,870,329 related to City's Depreciable Capital Assets. Generally accepted accounting principles require that all major accounts be in agreement with the supporting schedules for the purpose of preparing financial statements. According, the total depreciable capital assets in the financial statements had an understatement of \$ 1,029,092 for the fiscal year ended September 30, 2021.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the CITY OF MCCOMB, MISSISSIPPI and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

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

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

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore there is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on financial statements.

In performing an audit in accordance with GAAS, I:

- 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 about CITY OF MCCOMB, MISSISSIPPI 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 my judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about CITY OF MCCOMB, MISSISSIPPI ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Required Supplementary Information**

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinions on the basic financial statements are not affected by this missing information.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information such as the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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. However, there was no other information. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

### **Key Audit Matters**

Key audit matters are those matters that were communicated with those charged with governance and, in my professional judgment, were of most significant in my audit of the financial statements of the year ended September 30, 2021.

These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Opinion section, I have determined the matters described below to be the key audit matters to be communicated to my report:

The Mayor and the Selectmen\Selectwomen of the CITY OF MCCOMB, MISSISSIPPI did not prepare a Management's Discussion and Analysis (MDA) and Discussion and Budget Comparison Schedules for fiscal year ended September 30, 2021.

Legal representation letters were received from several attorneys for the CITY OF MCCOMB, MISSISSIPPI for the audit period, October 1, 2020 to September 30, 2021, dated September 26, 2023, December 22, 2025 and December 23, 2025 respectively. The attorneys state that all claims and litigation are actively being defended by the City's insurance carrier.

**Other Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated December 23, 2025 on my consideration of the CITY OF MCCOMB, MISSISSIPPI's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the CITY OF MCCOMB, 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 CITY OF MCCOMB, MISSISSIPPI's internal control over financial reporting and compliance.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr.", with a long horizontal flourish extending to the right.

Booker T. Camper, Jr., CPA & CGMA

Memphis, Tennessee

December 23, 2025

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of McComb, Mississippi**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business -Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 9,740,030	5,174,671	\$ 14,914,701
Net Receivables	6,569,179	503,226	7,072,405
Internal Balances (Due From)	792,372	963,085	1,755,457
<b>Total Current Assets</b>	<b>\$ 17,101,581</b>	<b>\$ 6,640,982</b>	<b>\$ 23,742,563</b>
<b>Noncurrent Assets</b>			
Restricted Cash	-	-	-
Other Noncurrent Assets	-	-	-
<b>Non-Depreciable Capital Assets:</b>			
Land	732,088	273,639	1,005,727
Construction in Progress	1,339,479	5,455,054	6,794,533
<b>Depreciable Capital Assets, Net:</b>			
Buildings	8,394,919	58,667	8,453,586
Improvements other than Buildings	1,052,063	-	1,052,063
Automotive and Equipment	880,475	401,915	1,282,390
Infrastructure	6,643,606	40,377,417	47,021,023
<b>Total Noncurrent Assets</b>	<b>19,042,630</b>	<b>46,566,692</b>	<b>65,609,322</b>
<b>Total Assets</b>	<b>\$ 36,144,211</b>	<b>\$ 53,207,674</b>	<b>\$ 89,351,885</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deffered Outflows Related to Pensions	2,377,857	237,786	2,615,643
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 38,522,068</b>	<b>\$ 53,445,460</b>	<b>\$ 91,967,528</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 24,988	108,194	133,182
Retainage Payable	-	34,709	34,709
Accrued Liabilities	426,875	18,769	445,644
Payable to Other Governmental Agencies	9,715	-	9,715
Interest Payable on Long-Term Debt	-	38,401	38,401
Customer Deposits	-	672,419	672,419
Internal Balances	219,614	1,456,633	1,676,247
<b>Noncurrent liabilities:</b>			
<b>Due within One Year:</b>			
Compensated Absences	-	10,050	10,050
Loan Payable	129,645	2,191,355	2,321,000
Capital Lease Payable	37,378	-	37,378
Bonds Payable	1,112,002	-	1,112,002
<b>Other Current Due in More than One Year:</b>			
Compensated Absences	357,915	40,202	398,117
Loan Payable	-	22,167,827	22,167,827
Capital Lease Payable	88,762	-	88,762
Bonds Payable	9,589,755	-	9,589,755
Net Pension Liabilities	15,148,105	1,388,829	16,536,934
<b>Total Current Liabilities</b>	<b>\$ 27,144,754</b>	<b>\$ 28,127,388</b>	<b>\$ 55,272,142</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Taxes	\$ 6,036,599	-	6,036,599
Unavailable Revenue and Payments	2,127,314	418,256	2,545,570
Deferred Inflows Related to Pension	4,295,281	-	4,295,281
<b>TOTAL DEFERRED INFLOWS of RESOURCES</b>	<b>\$ 12,459,194</b>	<b>\$ 418,256</b>	<b>\$ 12,877,450</b>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	\$ 8,340,873	46,566,692	54,907,565
Restricted	-	-	-
Unrestricted	(9,422,753)	(21,666,876)	(31,089,629)
<b>Total Net Position</b>	<b>\$ (1,081,880)</b>	<b>\$ 24,899,816</b>	<b>\$ 23,817,936</b>

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 3,131,177	\$ -	\$ 75,500	\$ -	\$ (3,055,677)	\$ -	\$ (3,055,677)
Public Safety	5,795,690	-	-	-	(5,795,690)	-	(5,795,690)
Public Works	2,856,082	-	-	-	(2,856,082)	-	(2,856,082)
Culture and Recreation	925,273	-	-	-	(925,273)	-	(925,273)
Disability and Relief Funding	324,116	-	-	-	(324,116)	-	(324,116)
Pension Expense	386,264	-	-	-	(386,264)	-	(386,264)
Interest and Redemption Long Term Debt	501,693	-	-	-	(501,693)	-	(501,693)
Total Governmental Activities	<u>13,920,295</u>	<u>-</u>	<u>75,500</u>	<u>-</u>	<u>(13,844,795)</u>	<u>-</u>	<u>(13,844,795)</u>
Business-Type Activities							
Water/Sewer	5,405,326	6,585,437	-	-	-	1,180,111	1,180,111
Sanitation	1,035,507	1,208,317	-	-	-	172,810	172,810
Total Business-Type Activities	<u>6,440,833</u>	<u>7,793,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,352,921</u>	<u>1,352,921</u>
Total Primary Governmental	<u>\$ 20,361,128</u>	<u>\$ 7,793,754</u>	<u>\$ 75,500</u>	<u>\$ -</u>	<u>\$ (13,844,795)</u>	<u>\$ 1,352,921</u>	<u>\$ (12,491,873)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 5,260,953	\$ -	\$ 5,260,953
Sales Taxes					7,682,864	-	7,682,864
General Intergovernmental Revenue					605,439	-	605,439
Franchise Taxes					474,563	-	474,563
Privilege Licenses and Permits					105,171	-	105,171
Fines and Forfeitures					304,359	-	304,359
Miscellaneous					1,024,501	2,836	1,027,337
Unrestricted Investment Earnings					113,117	80,332	193,449
Transfers In (Out) and Other					-	-	-
Total General Revenue and Transfers					<u>15,570,967</u>	<u>83,168</u>	<u>15,654,135</u>
Change in Net Position					1,726,173	1,436,089	3,162,262
Net Position at Beginning of Year, as Previously Reported					\$ (2,808,053)	20,715,607	17,907,554
Prior Period Adjustment (See Note 9)					-	2,748,120	2,748,120
Net Position at Beginning of Year, as Restated					<u>(2,808,053)</u>	<u>23,463,727</u>	<u>20,655,674</u>
Net position at end of year					<u>\$ (1,081,880)</u>	<u>\$ 24,899,816</u>	<u>\$ 23,817,936</u>

See accompanying notes to financial statements

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**City of McComb, Mississippi**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2021**

	General Fund	Martin Luther King Project	Other Non-major Government Funds	Total Government Funds
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 6,076,261	\$ 1,325,471	\$ 2,338,299	\$ 9,740,031
Taxes Receivable, Net	5,429,461	-	611,515	6,040,976
Due from Other Funds	1,321,502	-	(23,878)	1,297,624
Other Assets	528,203	-	-	528,203
Total Assets	13,355,427	1,325,471	2,925,936	17,606,834
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Current Liabilities				
Accounts Payable	19,118	-	5,870	24,988
Accrued Liabilities	436,591	-	-	436,591
Payable to Other Governments	-	-	-	-
Due to Other Funds	488,782	-	236,082	724,864
Total Liabilities	944,491	-	241,952	1,186,443
Deferred Inflows of Resources:				
Unavailable Property Taxes	5,429,461	-	607,138	6,036,599
Unavailable Fine Revenue	527,722	-	1,599,592	2,127,314
Total Deferred Inflows of Resources	5,957,183	-	2,206,730	8,163,913
Fund Balances:				
Nonspendable:				
Prepaid Items	-	-	-	-
Restricted	-	1,325,471	-	1,325,471
Committed	-	-	-	-
Unassigned	6,453,753	-	477,254	6,931,007
Total Fund Balances	6,453,753	1,325,471	477,254	8,256,478
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,355,427	\$ 1,325,471	\$ 2,925,936	\$ 17,606,834

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**For the Year Ended September 30, 2021**

<b>Fund Balances - Total Governmental Funds</b>	\$	8,256,478
---	----	-----------

Amounts reported for Governmental Activities in Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statement. (Outflows)

Governmental Capital Assets	19,042,628	
Less Accumulated Depreciation	<u>-</u>	19,042,628

Certain revenue that was earned in the current period but not received within 60 days is not recognized in the fund statements but recognized under full accrual.

-

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

Net Pension Liability	<u>(15,148,105)</u>	(15,148,105)
-----------------------	---------------------	--------------

Capital Leases GASB 87 Adjustments

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

Deferred Outflows of Resources Related to Pensions	2,377,857	
Deferred Inflows of Resources Related to Pensions	<u>(4,295,281)</u>	(1,917,424)

Prior Period Adjustments Not Recorded in Funds

Long-term liabilities of governmental funds are not due and payable in the current period and, therefore, are not reported in the funds. These long-term liabilities consist of:

Bonds Payable	(10,701,757)	
Capital Lease Payable	(126,140)	
Interest Payable on Long-Term Debt	(129,645)	
Compensated Absences	(357,915)	<u>(11,315,457)</u>

<b>Net Position of Governmental Activities</b>	\$	<u><u>(1,081,880)</u></u>
--	----	---------------------------

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	General Fund	Martin Luther King Project	Non Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
General Property Taxes	\$ 3,235,381	\$ -	\$ 2,025,573	\$ 5,260,954
Privilege Licenses and Permits	80,756	-	-	80,756
Sales Taxes	7,615,728	-	67,136	7,682,864
Intergovernmental Taxes	653,589	-	-	653,589
Franchise Taxes	481,454	-	-	481,454
Charges for Services	69,370	-	122,679	192,049
Court Fines and Forfeitures	304,359	-	-	304,359
Interest Income	48,392	23,333	41,393	113,118
Other Fees and Taxes	46,983	-	-	46,983
Contributions	1,590	-	82,893	84,483
Miscellaneous	504,119	-	265,816	769,935
Total Revenues	<u>13,041,721</u>	<u>23,333</u>	<u>2,605,490</u>	<u>15,670,544</u>
<b>EXPENDITURES:</b>				
General Government	3,751,090	-	10,805	3,761,895
Public Safety	6,008,314	-	139,242	6,147,556
Public Works	247,121	135,192	2,609,875	2,992,188
Culture and Recreation	714,181	-	128,693	842,874
Disability and Relief Funding	-	-	324,116	324,116
Other	49,829	-	37,281	87,110
Debt Service:				
Debt Issuance Costs	-	-	-	-
Principal	-	-	1,288,049	1,288,049
Interest and Service Charges	-	-	503,715	503,715
Total Expenditures	<u>10,770,535</u>	<u>135,192</u>	<u>5,041,776</u>	<u>15,947,503</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,271,186</u>	<u>(111,859)</u>	<u>(2,436,286)</u>	<u>(276,959)</u>
Other Financing Sources and (Uses):				
Loan Proceeds	-	-	-	-
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,271,186	(111,859)	(2,436,286)	(276,959)
Fund Balances, Beginning of Year	3,686,657	2,996,314	1,653,560	8,336,531
Prior Year Adjustments Between Funds	495,910	(1,558,984)	1,259,980	196,906
Fund Balances, End of Year	<u>\$ 6,453,753</u>	<u>\$ 1,325,471</u>	<u>\$ 477,254</u>	<u>\$ 8,256,478</u>

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO**  
**NET POSITION OF THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(276,959)
Amounts reported for Governmental Activities in Statement of Activities are different because:		
Capital Outlays are reported as expenditures in governmental funds but are not reported as expenses in the Statement of Activities. Instead, costs associated with capital assets are capitalized in the Statement of Net Position.		428,284
Depreciation is not an expenditure in governmental funds but is an expense of allocating the cost of capital assets over their useful lives in the Statement of Activities. Adjustments were made for depreciation are included.		675,222
Revenues in the funds that provide current financial resources but have been included in the Statement of Activities in prior fiscal years.		-
The Statement of Activities reports pension expense and other activity related to the net pension liability activity:		
Contributions made after the measurement date		-
Pension Expense		(386,264)
The amortization of bond premiums and discounts is reported on the fund financial statements when debt is issued but amortized in the Statement of Activities.		-
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year proceeds were received from:		
Issuance of tax increment financing bonds		-
Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.		1,290,071
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Change in compensated absences		(4,181)
Change in accrued interest		-
<b>Change in Net Position of the Statement of Activities</b>	<b>\$</b>	<b><u>1,726,173</u></b>

See accompanying notes to financial statements

**PROPRIETARY FUNDS**

**City of McComb, Mississippi**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2021**

	<b>Business -Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer Authority Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current Assets			
Cash in Treasury Accounts	\$ 4,698,733	\$ 475,938	\$ 5,174,671
Accounts Receivable, Net	503,226	-	503,226
Prepaid Expenses	-	-	-
Inventories	-	-	-
Due from Other Funds	345,465	617,620	963,085
Total Current Assets	<u>5,547,424</u>	<u>1,093,558</u>	<u>6,640,982</u>
Noncurrent Assets:			
Property, Plant and Equipment, at Cost:			
Capital Assets, Net	46,566,692	-	46,566,692
Total Noncurrent Assets	46,566,692	-	46,566,692
Total Assets	<u>\$ 52,114,116</u>	<u>\$ 1,093,558</u>	<u>\$ 53,207,674</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows Related to Pensions			
Total Assets and Deferred Outflows of Resources	\$ 237,786	\$ -	\$ 237,786
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	\$ 30,194	\$ 78,000	\$ 108,194
Retainage Payable	-	-	-
Accrued Liabilities	53,478	-	53,478
Interest Payable	38,401	-	38,401
Capital Lease Payable	-	-	-
Due to Other Funds	1,416,833	39,800	1,456,633
Loans Payable - Current Portion	2,191,355	-	2,191,355
Total Current Liabilities	<u>3,730,261</u>	<u>117,800</u>	<u>3,848,061</u>
Current Liabilities Payable from Restricted Assets:			
Customer Deposits	672,419	-	672,419
Noncurrent Liabilities:			
Compensated Absences	50,252	-	50,252
Loans Payable	22,167,827	-	22,167,827
Net Pension Liability	1,388,829	-	1,388,829
Total Noncurrent Liabilities Payable	<u>23,606,908</u>	<u>-</u>	<u>23,606,908</u>
Total Liabilities	<u>\$ 28,009,588</u>	<u>\$ 117,800</u>	<u>\$ 28,127,388</u>
Deferred inflows of resources:			
Deferred Inflows Related to Pension	418,256	-	418,256
Total Deferred Inflows of Resources	<u>418,256</u>	<u>-</u>	<u>418,256</u>
<b><u>NET POSITION</u></b>			
Net Invested in Capital Assets	-	-	-
Restricted for Capital Improvements	-	-	-
Unrestricted	23,924,058	975,758	24,899,816
Total Net Position	<u>\$ 23,924,058</u>	<u>\$ 975,758</u>	<u>\$ 24,899,816</u>

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**September 30, 2021**

	<b>Business -Type Activities</b>		
	<b>Water and Sewer Authority Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charge for Services	\$ 5,733,322	\$ 1,208,317	\$ 6,941,639
Tap, Connection and Other Fees	31,017	-	31,017
Capital Improvement Fees	581,325	-	581,325
Other Revenue	<u>242,608</u>	<u>-</u>	<u>242,608</u>
Total Operating Revenues	<u>6,588,272</u>	<u>1,208,317</u>	<u>7,796,589</u>
<b>OPERATING EXPENSES:</b>			
Personnel Services	877,492	-	877,492
Operating Supplies and Expenses	245,592	-	245,592
Contract Services and Other Charges	2,017,207	1,035,506	3,052,713
Depreciation	<u>1,730,579</u>	<u>-</u>	<u>1,730,579</u>
Total Operating Expenses	<u>4,870,870</u>	<u>1,035,506</u>	<u>5,906,376</u>
Operating Income (Loss)	<u>1,717,402</u>	<u>172,811</u>	<u>1,890,213</u>
<b>OPERATING INCOME</b>			
<b>NON-OPERATING REVENUE (EXPENSES)</b>			
Investment Earnings	80,332	-	80,332
Interest and Service Charges on Long-Term Debt	<u>(534,456)</u>	<u>-</u>	<u>(534,456)</u>
Total Non-Operating Revenue (Expenses)	<u>(454,124)</u>	<u>-</u>	<u>(454,124)</u>
Income (Loss) before Transfers	<u>1,263,278</u>	<u>172,811</u>	<u>1,436,089</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>			
Capital Contributions	-	-	-
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers & Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>1,263,278</u>	<u>172,811</u>	<u>1,436,089</u>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	19,912,660	802,947	20,715,607
<b>Prior Period Adjustment</b>	2,748,120	-	2,748,120
<b>NET POSITION - END OF YEAR</b>	<u>\$ 23,924,058</u>	<u>\$ 975,758</u>	<u>\$ 24,899,816</u>

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**September 30, 2021**

	<b>Business -Type Activities</b>		
	<b>Water and Sewer Authority Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers and Users	\$ 5,268,326	\$ 1,442,282	\$ 6,710,608
Payments to Suppliers	(1,139,581)	(842,681)	(1,982,262)
Payments to Employees	(877,492)	-	(877,492)
Net Cash Provided by Operating Activities	<u>3,251,253</u>	<u>599,601</u>	<u>3,850,854</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Transfers to Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of Capital Assets	(182,804)	(123,663)	(306,467)
Proceeds from Loans Payable	-	-	-
Principal paid on Loans Payable	(1,024,418)	-	(1,024,418)
Interest Paid on Loans Payable	(534,456)	-	(534,456)
Capital Contributions	-	-	-
Net Cash Used in Capital and Related Financing Activities	<u>(1,741,678)</u>	<u>(123,663)</u>	<u>(1,865,341)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Received	80,332	-	80,332
Net Cash Provided by Investing Activities	<u>80,332</u>	<u>-</u>	<u>80,332</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,589,907	475,938	2,065,846
Cash and Cash Equivalents at Beginning of Year	3,108,826	-	3,108,826
Cash and Cash Equivalents at End of Year	<u>4,698,733</u>	<u>\$ 475,938</u>	<u>\$ 5,174,672</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income	\$ 1,717,402	\$ 172,811	\$ 1,890,213
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities:			
Depreciation Expense	1,730,579	-	1,730,579
(Increase) Decrease in:			
Accounts Receivable Net	1,019,946	-	1,019,946
Due from Other Funds	156,956	311,426	468,382
Prepaid Expenses	46,185	-	46,185
Deferred Outflows Related to Pensions	(84,536)	-	(84,536)
Increase (Decrease) in:			
Accounts Payable	(23,921)	(196,062)	(219,983)
Retainage Payable	(276,014)	-	(276,014)
Accrued Liabilities	15,077	-	15,077
Customer Deposits	(1,133,856)	-	(1,133,856)
Due to Other Funds	-	311,426	311,426
Compensated Absences	384	-	384
Net Pension Liability	(220,742)	-	(220,742)
Deferred Inflows Related to Pension	303,793	-	303,793
Net Cash Provided by (Used In) Operating Activities	<u>\$ 3,251,253</u>	<u>\$ 599,601</u>	<u>\$ 3,850,854</u>

See accompanying notes to financial statements

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**A. General Statement**

The City of McComb was incorporated in 1872. The City amended its charter in accordance with Section 21-17-9 M.C.A, which was approved by the State of Mississippi's Governor and Attorney General and adopted by the Mayor and Aldermen of the City of McComb. The City charter was amended with following charter provisions such as 1) inspection of City's book; 2) requires corporate officers to be qualified electors of City's officers; 3) to amend the provisions regarding the jurisdiction of the municipal court to comply with state laws; 4) to amend the provisions regarding the municipal court clerk; 5) to mend the provision regarding the City's sexton; 6) to amend the provisions regarding the City's jail and City's prisoners; 7) to amend the provision regarding the building and repairing of sidewalks; 8) to amend the provision regarding the speed of horses; and 9) to repeal the provision authorizing the appropriation of funds to a public hospital.

The City operates under a Mayor-Selectmen\Selectwomen form of government which is a Mayor-Aldermen\Alderwomen. As authorized by its charter, the City provides various services: public safety (police and fire), highway and streets, sanitation, health and social services, culture, recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates a water and sewer system.

The City complies with accounting principles accepted in the United States of America ("GAAP"). The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting framework and the more significant accounting policies of the City are described in the subsequent sections of this note.

**B. Financial Reporting Entity**

The City's combined financial statements include the accounts of all City operations. In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and GASB Statement No. 39 Determining Whether Certain Organizations Are Component Units. The criteria for including organizations as component units within the City's reporting entity included whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

B. Financial Reporting Entity - Continued

- The City appoints a voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City of McComb has no component units.

C. **Basis of Presentation**

The government-wide financial statements include a Statement of Net Position and the Statement of Activities. These statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Government-Wide Financial Statements**

The Statements of Activities demonstrate the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to the general government.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on fund financial statements.

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – Continued

The City reports the following major governmental funds:

**General Fund** – This fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**City Bond and Interest Fund** – This fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City’s general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds and interest.

**Capital Projects Fund** – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Special Revenue Fund** – This fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

***Proprietary Funds***

The City reports the following major proprietary funds using the economic measurement focus and accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, liabilities and maintenance of the water and sewer system, as well as the billing and collection activities. All costs are financed through charges to utility customers with rates reviewed by the Board of Aldermen.

**Water Fund** – accounts for the operations of the water distribution system of the City.

**Sewer Fund** – accounts for the operating activities of the City’s sewer utilities services.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – Continued

**Other Fund Types**

The City also reports the following fund types:

**Internal Service Funds** – accounts for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These include garage services. The City’s internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City’s governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

**Agency Fund** – accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

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

Measurement focus refers to what is being measured; the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide and fund financial statements for proprietary funds are reported using the economic resource measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current), deferred outflows of resources and deferred inflows of resources are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in the net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting, pursuant to GASB Statement No. 33. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus and Basis of Accounting-Continued

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A two-month availability period is used for recognition of all other Government Fund revenues. Expenditures are recognized when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are generally not measurable or available until actually received.

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.

The City’s proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the City’s utility type funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

E. **Equity Classification**

Net position in government-wide and proprietary fund financial statements are classified in three components:

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowing attributable to the acquisition, construction or improvement of those assets.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Equity Classification – Continued

RESTRICTED

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

UNRESTRICTED

Unrestricted net position is all other net position not meeting the definition of “restricted” or “net investment in capital assets.”

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (“GASB Statement No. 54”), which became effective in fiscal 2011. Under GASB Statement No. 54, fund balance in governmental fund financial statements is classified as: non-spendable, restricted, committed, assigned, and unassigned.

The governmental fund type classified fund balances as follows:

- **Nonspendable.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted.** This classification includes 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.** This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the City. Such formal action may be in the form of an ordinance or resolutions and may only be modified or rescinded by a subsequent formal action.
- **Assigned.** This classification includes amounts that are intended by the City to be used for specific purposes but are neither restricted nor committed. Assignments may be made only by the governing body or official.
- **Unassigned.** This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. The City uses restricted amounts first when both restricted and unrestricted fund balances are available.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**F. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes permit the City to invest funds in excess of sums required for immediate expenditure or current obligation in certificates of deposit and other time deposits with financial institutions approved for the deposit of State funds, debt instruments of the U.S. government and its agencies of the State of Mississippi, or of any county or municipality when such county or municipal bonds have been properly approved.

The City pools its cash resources of its various funds in order to maximize investment opportunities. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements and is considered to be cash equivalents. Investment income is allocated based on each fund's average daily balance in the pooled cash account.

**G. Interfund Balances and Activity**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of fiscal year are referred to as "Due to/from other funds." Noncurrent portions of interfund receivables and payable are reported as "Advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account, if applicable, to indicate that they are available for appropriation and are not expendable available financial resources. Interfund receivables and payable between funds within governmental activities are eliminated in the Statements of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal balances."

**H. Prepaid Items**

There were no Prepaid items as of September 30, 2021 are for payments made by the City in the current year to provide services in the subsequent fiscal year. Prepaid items are recorded using the consumption method.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**I. Inventories**

The City did not have any Inventories in governmental funds as of September 30, 2021 consisting of expendable supplies held for consumption stated on a first-in, first-out basis.

**Capital Assets and Depreciation**

Capital assets, which include land, construction in progress, infrastructure, buildings and improvements, leased equipment and equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are capitalized at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows.

<u>Description</u>	<u>Estimated Lived</u>
Land	-0- years
Building	40 years
Improvements other than buildings	20 years
Roads	20 years
Bridges – concrete	50 years
Bridges – timber	30 years
Computer Equipment	3 years
Furniture and Fixtures	7 years
Vehicles	5 years
Equipment	10 years
Leased property under Capital Leases	*

\*Leased property capitalization policy and estimated useful life will correspond with the amounts for the applicable asset classification, as listed above.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Capital Assets and Depreciation - Continued

The City maintains a threshold level of \$5,000 or more for capitalizing capital assets, unless State guidelines require a lower threshold. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective account, and the resulting gain or loss is recorded in operations. In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

The cost of normal maintenance and repair that does not add to the value of capital assets or materially extend their respective lives is not capitalized. Interest expenditures are not capitalized on capital assets.

J. **Compensated Absences**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The City does not provide for the payment of accumulated sick leave. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds reports only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

K. **Long-term Obligations**

In the government-wide, the proprietary and financial statements, outstanding debts are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payables are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal and interest payments are treated as period costs when paid.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**L. Post Employment Health Care and Life Insurance Benefits**

The City does not incur costs associated with post-employment benefits for retired employees. The City allows all vested employees to continue in the group plan after retirement; however, the retired employees pay 100% of the premiums.

**M. Net Position**

The government-wide statement of Net Position reports a total of \$ -0- of restricted assets for governmental activities, of which the same amount is restricted by enabling legislation.

**N. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the City, which are either unusual in nature or infrequent in occurrence.

**O. Estimates**

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

**P. Budgets and Budgetary Accounting**

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The City's Accountant submits to the Mayor and Selectmen\Selectwomen a proposed operating budget for the fiscal year commencing October 1. The operating budget includes expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted by adoption of a resolution that is recorded in the minutes of the City Board. The Board of Selectmen\Selectwomen did not prepare a Budget Comparison to Actual Expenditures for the fiscal year ended September 30, 2021. Any expenditures of any fund must be approved by the City Board. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted as a basis consistent with generally accepted accounting principles (GAAP). All budgetary appropriations lapse at the end of each fiscal year.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Q. Deferred Outflows /Inflows of Resources**

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

Deferred outflows related to pensions – This amount represents the City’s proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Notes for additional details.

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

Deferred inflows related to pensions – The amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Notes for additional details.

**R. Pensions**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of Mississippi (PERS) and additions to/deductions from PERS’ fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (included refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**S. Property Tax Revenue**

Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Selectmen/Selectwomen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes that become a lien are due in the month that coincides with the month of the original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of the original purchase occurs.

**T. Intergovernmental Revenue in Government Funds**

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the “available” criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**U. Allocation of Indirect Expenses**

The City allocates indirect expenses primarily comprised of central government services to operating functions and programs benefiting from those services. Central services include overall City management, accounting, financial reporting, payroll, procurement contracting and oversight, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions within public services and parks.

**V. Leases**

Right-to-assets and lease liabilities are recognized upon the commencement of the lease term in relation to leases in which the City has acquired the right to use a leased asset. These are measured at the present value of payments expected to be made by the City during the lease term in addition to certain costs.

The interest rate utilized to calculate the present value of lease payments is calculated annually and represents the weighted cost of debt. The City do not have any Right-to-assets and lease liabilities as of September 30, 2021.

**NOTE 2. CASH AND CASH EQUIVALENTS**

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5- 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 these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. At September 30, 2021, all of the City's bank deposits were covered under the collateral pool administered by the State Treasurer.

On September 30, 2021, the carrying amount (recorded on the City's books) of the City's demand deposits was \$ 15,246,404 and the bank balance was \$ 14,914,701. Of the bank balances, \$ 3,500,000 was insured by the FDIC and the \$ 11,746,404 was covered by pooled and/or pledged collateral with the banks. As of September 30, 2021, the carrying amount of the City's restricted cash was \$ 9,504,953.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS AND DEFERRED REVENUE**

*Property Taxes Receivable, Deferred Revenue and Property Tax Calendar*

Property taxes are levied in September on the assessed (appraised) value of all real and business personal property located in the city and are payable by the following February 1. An enforceable lien on property is attached as of January 1. However, taxpayers are permitted to pay ad valorem taxes in installments by paying one-half by February 1, one-quarter by May 1, and one-quarter by July 1. Installments bear interest at the rate of 12% per annum. City property tax revenues are recognized when levied. Major tax payments are received in February through May. An allowance is established for delinquent taxes to the extent that their collectability is doubtful. The City has an interlocal agreement with the county to collect all City and school taxes.

For the current year, the City levied taxes in the amount of 46.84 mills for the following purposes for General, City Debt Service and Police & Fire Disability Relief Fund.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS AND DEFERRED REVENUE—CONT'D

*General Accounts Receivables and Uncollectible Accounts*

Significant receivables include amounts for fines and forfeitures from the court system and charges for ambulance transportation. The court system receivables are due when the City has an enforceable legal claim against the organization or individual. Revenues and receivables for court fines and forfeitures are reported net of any amounts the City, based on historical trends, estimated will be uncollectible based on noncompliance with partial payment agreements. Revenues and receivables are reported net of contractual allowances due to agreements between the City and various insurance companies and an allowance for uncollectible amounts based on historical trends for non-payments.

*Enterprise Receivables and Uncollectible Accounts*

Significant receivables include amounts due from customers primarily for utility services. These receivables are due prior to the next billing cycle, which is every month. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending upon the fund.

*Receivables from Other Governments and Deferred Revenue*

Other government receivables are primarily comprised of amounts due from federal and state governments for miscellaneous taxes and grants. Revenue is recorded as earned when eligibility requirements are met for grants. Grant revenues deferred in the governmental fund financial statements include unearned revenue and revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Deferred revenue received after 60 days is fully recognized as revenue in the government-wide statements if grantor eligibility requirements are met.

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 4. RECEIVABLES AND PAYABLES**

Receivables at September 30, 2021 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Allowance</u>	<u>Total</u>
Governmental Activities				
Total Governmental Activities	\$ <u>5,541,179</u>	\$ <u>1,578,170</u>	\$ <u>(550,170)</u>	\$ <u>6,569,179</u>
Business-type Activities				
Total Business-type Activities	\$ <u>303,692</u>	\$ <u>274,715</u>	\$ <u>(75,181)</u>	\$ <u>503,226</u>

Payables at September 30, 2021 were as follows:

	<u>Vendors</u>	<u>Salaries &amp; Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities				
Total Governmental Activities	\$ <u>22,017</u>	\$ <u>0</u>	\$ <u>2,971</u>	\$ <u>24,988</u>
Business-type Activities				
Total Business-type Activities	\$ <u>87,411</u>	\$ <u>54,234</u>	\$ <u>1,258</u>	\$ <u>142,903</u>

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

Interfund balances at September 30, 2021 for Governmental Funds and Business-Type Activities, resulting from interfund goods and services, transactions recorded in the accounting system and payments between funds, are recorded and total amount of the interfund balances are in agreement with each interfund balance.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended September 30, 2021, for the primary government is as follows:

	<u>Beginning 10/1/2020</u>	<u>Additions</u>	<u>Retirement/ Transfers</u>	<u>Ending 9/30/2021</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 756,288			\$ 756,288
<b>Construction in progress</b>	1,339,479			1,339,479
Total Non-depreciable Capital Assets	2,095,767			2,095,767
Depreciable capital assets:				
Buildings	13,660,215			13,660,215
Improvements other than Buildings	1,317,000			1,317,000
Furniture and Equipment	3,187,529	14,435		3,201,964
Mobile Equipment	4,742,446	675,608		5,418,054
Automotive and Equipment	141,469			141,469
Infrastructure	12,174,944			12,174,944
Total Depreciable Capital Assets	35,223,603	690,043	-	35,913,646
Less Accumulated Depreciation:				
Buildings	(5,215,377)	(334,162)		(5,549,539)
Improvements other than Buildings	(612,859)	(65,850)		(678,709)
Furniture and Equipment	(2,826,971)	(58,758)		(2,885,729)
Mobile Equipment	(4,052,133)	(268,153)		(4,320,286)
Automotive and Equipment	(18,194)	(21,019)		(39,213)
Infrastructure	(5,413,456)	(617,252)		(6,030,708)
Total Accumulated Depreciation	(18,138,990)	(1,365,193)	-	(19,504,183)
Governmental Activities Capital Assets, Net	\$ 19,180,380	\$ (675,151)	\$ -	\$ 18,505,229
Business-Type Activities:				
Non-depreciable Capital Assets:				
Land	\$ 273,639	\$ -	\$ -	\$ 273,639
<b>Construction in progress</b>	5,455,054	-	-	5,455,054
Total Non-depreciable Capital Assets	5,728,693	-	-	5,728,693
Depreciable Capital Assets:				
Buildings	410,629	-	-	410,629
Equipment	748,423	-	-	748,423
Mobile Equipment	1,214,824	19,500	-	1,234,324
Infrastructure	64,076,809	-	-	64,076,809
Total Depreciable Capital Assets	66,450,685	19,500	-	66,470,185
Less Accumulated Depreciation:				
Buildings	(337,977)	(13,985)	-	(351,962)
Equipment	(724,528)	(14,107)	-	(738,635)
Mobile Equipment	(924,336)	(81,395)	-	(1,005,731)
Infrastructure	(23,682,651)	(1,621,092)	-	(25,303,743)
Total Accumulated Depreciation	(25,669,492)	(1,730,579)	-	(27,400,071)
Business-type Activities Capital Assets, Net	46,509,886	(1,711,079)	-	44,798,807

Depreciation expenses of \$ 3,076,272 for the year ended September 30, 2021, was charged to the following governmental

Governmental activities:	<u>\$1,365,193</u>
Business-type activities:	<u>\$1,711,079</u>

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 7. SUMMARY OF DEBT**

Fund	GL Number	Loan Number	Account Description	2020 Balance	2021 Additions	2021 Disposals	2021 Balance	CP	LTD
402	402-000-166		NP SRF MS DEQ SRFC280909	18,882,254	-	(1,711,979)	17,170,275	1,742,182	15,428,093
402	402-000-167		NP SRF MS DEQ SRFC280909	1,176,099	-	(127,334)	1,048,765	130,882	917,883
402	402-000-169		NP SRF MS DEQ C280909-03	1,363,181	-	(86,112)	1,277,069	87,634	1,189,435
402	402-000-170		BONDS PAYABLE	5,089,736	-	(226,663)	4,863,073	230,653	4,632,420
				<u>26,511,270</u>	<u>-</u>	<u>(2,152,088)</u>	<u>24,359,182</u>	<u>2,191,351</u>	<u>22,167,831</u>
200	200-901-858	GOB Series 2014	BOND PRINCIPAL PYMT	535,000	-	(130,000)	405,000	130,000	275,000
200		GOB Series 2014 Premium		7,759	-	(2,002)	5,757	2,002	3,755
200	200-902-858	GOB Series 2006	BOND PRINCIPAL PYMT	795,000	-	(120,000)	675,000	125,000	550,000
200	200-904-858	GOB Series 2015	G. O. Bonds - Series 2015	1,615,000	-	(85,000)	1,530,000	90,000	1,440,000
200	200-906-858	GOB Series 2017	BOND PRINCIPAL PYMT	2,340,000	-	(305,000)	2,035,000	315,000	1,720,000
200	200-911-858	GOB Series 2019	G. O BOND SERIES 2019 BOND PRINCIPAL PAYMENT	1,400,000	-	(104,000)	1,296,000	108,000	1,188,000
200	200-913-858	GOB Series 220	BOND PRINCIPAL PYMT	3,200,000	-	(270,000)	2,930,000	280,000	2,650,000
200	200-914-858	GORB Non-Rated Bank Qualified Series 2021		-	3,330,000	-	3,330,000	400,000	2,930,000
				<u>9,892,759</u>	<u>3,330,000</u>	<u>(1,016,002)</u>	<u>12,206,757</u>	<u>1,450,002</u>	<u>10,756,755</u>
200	200-912-858	7652 001	BOND PRINCIPAL PYMT	1,920,000	-	(95,000)	1,825,000	101,000	1,724,000
186	186-300-848		LOAN PRINCIPAL PAYMENT	297,611	-	(167,966)	129,645	129,645	-
102	102-160-822		PRINCIPAL PAYMENT	162,321	-	(36,181)	126,140	37,378	88,762
102	102-150-856	4080495		-	335,555	(10,635)	324,920	44,700	280,220
				<u>162,321</u>	<u>335,555</u>	<u>(46,816)</u>	<u>451,060</u>	<u>82,078</u>	<u>368,982</u>
				<u>38,783,961</u>	<u>3,665,555</u>	<u>(3,477,872)</u>	<u>38,971,644</u>	<u>3,954,076</u>	<u>35,017,568</u>

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 7. SUMMARY OF DEBT -Continuation**

Fund	GL Number	Loan Number	Account Description	Original Principal	Original Loan Date	Maturity Date	Monthly Pmt	Interest Rate
402	402-000-166		NP SRF MS DEQ SRFC280909	33,856,027.00	3/1/2011	11/1/2030	169,061.46	1.75%
402	402-000-167		NP SRF MS DEQ SRFC280909	2,399,252.00	5/1/2009	10/1/2029	13,173.43	2.75%
402	402-000-169		NP SRF MS DEQ C280909-03	1,817,268.00	2/1/2015	10/1/2034	9,106.80	1.75%
402	402-000-170		BONDS PAYABLE	5,201,586.00	3/1/2020	10/1/2039	26,159.43	1.75%
200	200-901-858	GOB Series 2014	BOND PRINCIPAL PYMT					
200		GOB Series 2014 Premium		1,260,000.00				
200	200-902-858	GOB Series 2006	BOND PRINCIPAL PYMT	Amortized over 10 years				
200	200-904-858	GOB Series 2015	G. O. Bonds - Series 2015	2,000,000.00	3/1/2007	3/1/2026	variable	3.80%
200	200-906-858	GOB Series 2017	BOND PRINCIPAL PYMT	2,000,000.00	8/13/2015	8/1/2035	variable	
200	200-911-858	GOB Series 2019	G. O BOND SERIES 2019 BOND PRINCIPAL PAYMENT	3,200,000.00	3/1/2018	3/1/2027	variable	
200	200-913-858	GOB Series 220	BOND PRINCIPAL PYMT	1,500,000.00	3/1/2019	3/1/2031	variable	3.50%
200	200-914-858	GORB Non-Rated Bank Qualified Series 2021		3,200,000.00	3/9/2020	3/1/2030	variable	2.38%
				3,330,000.00	2/26/2021	3/1/2030	variable	4.00%
200	200-912-858	7652 001	BOND PRINCIPAL PYMT					
				2,070,000.00	10/1/2018	2/8/2033	variable	
186	186-300-848		LOAN PRINCIPAL PAYMENT					
102	102-160-822		PRINCIPAL PAYMENT					
102	102-150-856	4080495						
				335,555.00	5/21/2021	6/5/2028	4,368.59	2.50%

City of McComb, Mississippi  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 8. COMPENSATED ABSENCES**

The annual changes to compensated absences as of September 30, 2021, are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Beginning Balance	\$ <u>72,419</u>	\$ <u>7,684</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. In the past, 100% has been paid by the General Fund.

**NOTE 9. PRIOR PERIOD ADJUSTMENTS**

The Prior Period Adjustments of \$ 2,748,120 represents \$ 1,722,639 adjustment to prior period accumulated depreciation and \$ 1,025,481 to customer deposit liability.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 10. PENSION OBLIGATIONS**  
**Public Employees' Retirement System of Mississippi (PERS)**

**Defined Benefit Pension Plan**

*Pensions.* For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of PERS. Investments are reported at fair value. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11- et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees' System available at [www.PERS.ms.gov](http://www.PERS.ms.gov). The Public Employees' Retirement System of Mississippi (PERS or the System) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans.

**General Information about the Pension Plan**

*Plan description.* PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,169.2 million and members contributed \$594.9 million for fiscal year 2021. PERS employers contributed \$1,171.8 million and members contributed \$594.7 million for fiscal year 2020.

*Benefits provided.* A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**General Information about the Pension Plan - Continued**

Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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

Contributions. Per Chapter 11 of Title 25, Miss Code Ann. (1972, as amended), the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation. Effective July 1, 2010 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, the employee contribution rate was fixed at 9.00 percent of earned compensation. The City's contractually required contribution rate amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, is fixed at 17.40 percent of earned compensation. Contributions to the pension plan from the City for the years ended September 30, 2021, 2020 and 2019 were \$ 1,087,086, \$1,059,659 and \$1,020,754, respectively. The contributions for each year met the required contributions.

GASB Statement No.68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability, deferred outflows of Resources, deferred inflows of resources, and pension liability.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**PENSION LIABILITIES (ASSETS), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

*Pension Liability.* At September 30, 2021, the City reported a liability of \$13,888,290 for its proportionate share of net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020. The City's proportion of the net pension liability was based on the city's actual contributions to the pension plan during the year ended September 30, 2021 relative to the total actual contributions of all participating employers for the year ended September 30, 2021. At the September 30, 2021 measurement date, the City's proportion was 0.093964 percent. The proportion measured as of September 30, 2021 was 0.091458 percent.

*Pension Expense.* For the year ended September 30, 2021, the City recognized a pension expense of \$695,660.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended September 30, 2021, 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	\$ 222,074	\$ -
Changes in assumptions	1,306,483	-
Net difference between projected and actual earnings on pension plan investments	-	4,295,281
Entity contributions subsequent to the measurement date	<u>1,087,086</u>	<u>-</u>
Total	<u>\$ 2,615,643</u>	<u>\$ 4,295,281</u>

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

Deferred outflows of resources related to pensions resulting from the City's contributions, subsequent to the measurement date, will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	
2022	\$ (499,153)
2023	(492,398)
2024	(653,860)
2025	(1,246,380)

Actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The TPL as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021 and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.40 Percent
Salary Increases	2.65-17.90 Percent, including Inflation
Investment Rate of Return	7.55 Percent, Net of Pension Plan Investment Expenses, including Inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to ages 60, 110% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ended June 30, 2021.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

The 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>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	4.60%	27%
International Equity	4.50%	22%
Global Equity	4.85%	12%
Fixed Income	0.25%	20%
Real Estate	3.75%	10%
Private Equity	6.00%	8%
Cash	0.10%	1%
		<hr style="width: 100%; border: 0.5px solid black;"/> 100%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, each 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 Proportionate Share of Net Pension Liability (Asset) to changes in the Discount Rate.* The sensitivity of the NPL to changes in the discount rate must be disclosed. The following presents the NPL of PERS, calculated using the discount rate of 7.55 percent, as well as what PERS's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

	1% Decrease (6.55)%	Current Discount Rate (7.55)%	1% Increase (8.55)%
City of McComb's Proportionate Share of the Net Pension Liability	\$ 19,669,074	\$16,536,934	\$ 9,124,463

**Payable to the Pension Plan**

At June 30, 2021, the City of McComb reported a payable of \$0.00 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

**PENSION OBLIGATIONS**  
**Mississippi Retirement System (PERS) Fire and Police**

**General Information about the Pension Plan**

*Plan Description.* The Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS or the Plan) is an agent multiple-employer defined benefit pension plan comprised of municipal employee plans from around the State of Mississippi for municipal employees, firefighters, and police officers serving in the participating municipalities. The Public Employees' Retirement System of Mississippi (PERS), in coordination with the governing authorities of the respective municipalities, has administered these plans since July 1, 1987.

Membership in the two general municipal employee plans and the seventeen (17) fire and police disability and relief systems under MRS was granted to all municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans were elected to extend the eligibility period for membership to July 1, 1987. All MRS plans were closed to new members by July 1, 1987. Eligible employees hired after July 1, 1987, automatically become members of PERS. Members covered by MRS are required to contribute varying amounts of their salary, depending on the actuarial soundness of their respective plans. Each employer contributes the remaining amounts necessary to finance the participation of its own employees in MRS.

Plan provisions are established by the Mississippi Code Ann. Section 21-29-1 et seq., Articles 1, 3, 5, and 7, (1972, as amended), and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

The Plan is included in the PERS Comprehensive Annual Report (ACFR) as part of the Pension Trust Funds. The system's most recent ACFR for the year ended June 30, 2022 should be read in conjunction with these financial statements.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**Administration of the Plan**

The Plan is administered as an agent multiple-employer defined benefit pension plan by PERS, in coordination with the governing authorities of the respective municipalities. *Description of the Benefits Terms.* Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50.0% of their average monthly compensation and to an additional 1.7 % for each year of creditable service beyond 20 years, not to exceed 66.67% of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the MRS plans is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of membership service. MRS plans also provide certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

*Cost-of-Living.*

The retirees and beneficiaries of MRS plans with provisions for a Cost-of-Living Adjustment (COLA) who are receiving a retirement allowance on July 1 of each fiscal year may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than the one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2021, the total COLAs for MRS plans were \$ 5,348,000.

*Contributions Requirements.*

Each plan has an established employee contribution rate. Employer contributions in each municipality are paid through an annual millage rate on the assessed property values in that municipality. These millage rates are determined through reviews of each plan's benefit structure during the MRS annual actuarial valuation and certifications by the actuary as to the funding level required of each participating municipality.

Service credit is awarded for employment in a covered position based on the number of months a member works during a fiscal year. All wages and contributions must be properly reported before service credit can be awarded.

Contributions to the pension plan from the City for the years ended September 30, 2021, 2020 and 2019 were \$ 292,547, \$ 267,158 and \$ 301,580, respectively. The contributions for each year met the required contributions.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**PENSION LIABILITIES (ASSETS), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

*Pension Liability.* At September 30, 2021, the City reported a liability of \$1,259,815 for its proportionate share of net pension liability. The City's proportion of the net pension liability was based on the city's actual contributions to the pension plan during the year ended September 30, 2021 relative to the total actual contributions of all participating employers for the year ended September 30, 2021. At the September 30, 2021 measurement date, the City's proportion was 1.96 percent.

*Pension Expense.* For the year ended September 30, 2021, the City recognized a pension expense of \$ (309,396).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended September 30, 2021, 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	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	112,721
Entity contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 112,721</u>

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

Deferred outflows of resources related to pensions resulting from the City’s contributions, subsequent to the measurement date, will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,		
2022	\$	(26,040)
2023		(25,399)
2024		(26,249)
2025		(35,033)
Thereafter		0

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

Inflation	2.75 Percent
Salary Increases	3.00-4.50 Percent, including Inflation
Investment Rate of Return	6.25 percent, Net of Pension Plan Investment Expenses, including Inflation

*Investment Income*

Investment Income is recognized when earned and includes an estimate for the fair value of investments. Net investment income credited to each employer is allocated to each employer based on the employer’s balance of Fiduciary Net Position. Please refer to the Plan’s financial statements as of and for the year ended June 30, 2022, for further information pertaining to the methods used to estimate the fair value of the Plan’s Investments.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to changes in the Discount Rate.* The sensitivity of the NPL to changes in the discount rate must be disclosed.

**City of McComb, Mississippi**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

The following presents the NPL of the city, calculated using the discount rate of 7.55 percent, as well as what the city's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	<b>1% Decrease</b> <u>(6.55)%</u>	<b>Current Discount Rate</b> <u>(7.55)%</u>	<b>1% Increase</b> <u>(8.55)%</u>
City of McComb's Proportionate Share of the Net Pension Liability	\$ 1,440,650	\$ 1,259,815	\$ 1,100,526

City of McComb, Mississippi  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY OF MCCOMB**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF MISSISSIPPI (PERS)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of McComb's Proportion of the Net Pension Liability	0.093960%	0.091460%	0.096300%	0.100300%	0.10060%	0.09670%	0.10430%
City of McComb's Proportionate Share of the Net Pension Liability	\$ 13,888,290	\$ 17,705,206	\$ 16,941,070	\$ 16,682,869	\$ 16,723,134	\$ 17,273,034	\$ 16,122,723
City of McComb's Covered-Employee Payroll	\$ 6,480,492	\$ 6,269,028	\$ 6,273,204	\$ 6,404,108	\$ 6,456,306	\$ 6,343,902	\$ 6,514,788
Pension Liability as a Percentage of its Covered-Employee Payroll	214.30%	282.42%	270.10%	260.50%	259.02%	272.28%	247.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

City of McComb, Mississippi  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF MCCOMB**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM OF MISSISSIPPI (PERS)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of McComb's Required Contribution	\$ 1,087,086	\$ 1,059,659	\$ 1,020,754	\$ 988,720	\$ 1,034,757	\$ 1,003,574	\$ 1,021,457
City of McComb's Contributions in relation to the Contractually Required Contribution	<u>\$ 1,087,086</u>	<u>\$ 1,059,659</u>	<u>\$ 1,020,754</u>	<u>\$ 988,720</u>	<u>\$ 1,034,757</u>	<u>\$ 1,003,574</u>	<u>\$ 1,021,457</u>
City of McComb's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of McComb's Covered Employee Payroll	\$ 6,480,492	\$ 6,269,028	\$ 6,273,204	\$ 6,404,108	\$ 6,456,306	\$ 6,343,902	\$ 6,514,788
Contributions as a Percentage of Covered Employee Payroll	16.77%	16.90%	16.27%	15.43%	16.02%	15.81%	15.67%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

City of McComb, Mississippi  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY OF MCCOMB**

**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM (PERS) (FIRE & POLICE)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of McComb's Proportion of the Net Pension Liability	1.14000%	1.30000%	1.4000%	1.540000%	1.7600%	1.6000%	1.96000%
City of McComb's Proportionate Share of the Net Pension Liability	\$ 2,629,934	\$ 2,587,065	\$ 2,433,043	\$ 2,128,026	\$ 2,048,958	\$ 1,999,892	\$ 1,259,815
City of McComb's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of McComb's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.55%	25.20%	27.55%	30.19%	32.00%	31.93%	48.46%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

City of McComb, Mississippi  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY OF MCCOMB**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM (PERS) (FIRE & POLICE)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of McComb's Required Contribution	\$ 175,528	\$ 167,665	\$ 224,625	\$ 237,315	\$ 235,882	\$ 221,650	\$ 252,604
City of McComb's Contributions in Relation to the Contractually Required Contribution	\$ 297,547	\$ 267,158	\$ 301,580	\$ 272,021	\$ 276,947	\$ 260,013	\$ 252,604
City of McComb's Contribution Deficiency (Excess)	<u>\$ (117,019)</u>	<u>\$ (99,493)</u>	<u>\$ (76,955)</u>	<u>\$ (34,706)</u>	<u>\$ (41,065)</u>	<u>\$ (38,363)</u>	<u>\$ -</u>
City of McComb's Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

#### **IV. OTHER ADDITIONAL INFORMATION**

City of McComb, Mississippi  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**YEAR ENDED SEPTEMBER 30, 2021**

OFFICIAL'S ADMINISTRATION OCTOBER 1, 2020 TO SEPTEMBER 30, 2021

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Quordiniah N. Lockley	Mayor	Western Surety Company	\$ 50,000
Donovan Hill	Selectman -At-Large	Western Surety Company	\$ 50,000
Ted Tullos	Selectman - Ward 1	Western Surety Company	\$ 50,000
Michael Cameron	Selectman - Ward 2	Western Surety Company	\$ 50,000
Devante Johnson	Selectman - Ward 3	Western Surety Company	\$ 50,000
Shawn Williams	Selectman - Ward 4	Western Surety Company	\$ 50,000
Ronnie Brock	Selectman - Ward 5	Western Surety Company	\$ 50,000
David Myers	City Administrator	Western Surety Company	\$ 50,000
Marcus Williams	City Attorney	Western Surety Company	\$ 50,000
Elisha R. Ford	City Clerk	Western Surety Company	\$ 50,000
Shannon Toney	DeputyCity Clerk	Western Surety Company	\$ 50,000
Pattie Page	DeputyCity Clerk	Western Surety Company	\$ 50,000

## **V. INTERNAL CONTROL AND COMPLIANCE**



Booker T. Camper Jr., CPA PLLC

---

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

Honorable Mayor and Board of Selectmen  
City of McComb, Mississippi

**Report on the Financial Statements**

I was engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of McComb, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of McComb, Mississippi's basic financial statements, and have issued my report thereon dated December 23, 2025.

**Basis for Qualified Opinion**

The CITY OF MCCOMB, MISSISSIPPI had differences between the City's accounting records of \$63,841,237 and supporting schedules of \$ 64,870,329 related to City's Depreciable Capital Assets. Generally accepted accounting principles require that all major accounts be in agreement with the supporting schedules for the purpose of preparing financial statements. Accordingly, the total depreciable capital assets in the financial statements had an understatement of \$ 1,029,092 for the fiscal year ended September 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered CITY OF MCCOMB, MISSISSIPPI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CITY OF MCCOMB, MISSISSIPPI's internal control. Accordingly, I do not express an opinion on the effectiveness of CITY OF MCCOMB, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CITY OF MCCOMB, MISSISSIPPI's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiency in internal control described in the accompanying schedule of finding and questioned cost that I considered to be significant deficiency, 2021-001.

As part of obtaining reasonable assurance about whether CITY OF MCCOMB, MISSISSIPPI's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of the laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### CITY OF MCCOMB, MISSISSIPPI's Response to Finding

The City of MCCOMB's response to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The City of MCCOMB, MISSISSIPPI was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF MCCOMB, MISSISSIPPI'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 CITY OF MCCOMB, MISSISSIPPI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, reading "Booker T. Camper, Jr.", with a long horizontal flourish extending to the right.

**Booker T. Camper, Jr.**

Memphis, Tennessee

December 23, 2025

**City of McComb, Mississippi**  
**Section I – Internal Control Over Financial Reporting – Significant Deficiencies**  
**Findings and Questioned Costs**

**Findings:**

2021-001 The City of McComb, Mississippi’s property records per general ledger did not agree with subsidiary record for the year ended September 30, 2021.

**Condition:** The property record on the general ledger did not agree with the subsidiary records for the fiscal year.

**Criteria:** General Accepted Accounting Principles, Green Book, GAO.

**Effect:** The property records were understated by \$ 1,029,092.

**Cause:** The property records are old and the costs would exceed the benefit derived.

**Recommendation:**

Subsidiary records for depreciable capital assets must be reconciled on a current basis.

**Views of the Responsible Officials:**

Management concurs with finding 2021-001 and will mandate adherence to best practices as it relates to accounting for depreciable capital assets.

**Planned Corrective Actions:**

The Accounting department will develop centralized controls to monitor and review Depreciable Capital assets on a timely basis.



Booker T. Camper Jr., CPA PLLC

---

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

Honorable Mayor and Board of Selectmen  
City of McComb, Mississippi

I 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 McComb, Mississippi as of and for the year ended September 30, 2021, which collectively comprise the City of McComb, Mississippi's basic financial statements and have issued my report thereon dated December 23, 2025. I conducted my 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*.

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

The results of those procedures and my audit of the financial statements disclosed the following material instance of noncompliance with state laws and regulations. My findings and recommendations are as follows:

**Delinquent Filing of Audit Reports:** - The City of McComb, Mississippi has not filed their audit reports on time for the fiscal years ended September 30, 2021 thru September 30, 2024. The State of Mississippi statute requires the filing of audit reports on a timely basis for accounting and administrative purposes.

**Response:** - The City of McComb, Mississippi is in the process of filing their annual audits in accordance with the State rules and regulations in order to meet the legal compliance requirements.

**Budget to Actual Expenditures Reports:** The City of McComb, Mississippi did not prepare budget comparison to actual expenditures for the fiscal year ended September 30, 2021.

**Response:** - The City of McComb, Mississippi will implement accounting and record-keeping procedures to prepare a budget comparison of Budget to Actual expenditures on a monthly basis for management and fiscal requirements.

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above. The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken. This report is intended for the information of the City of McComb, Mississippi's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record, and its distribution is not limited.

**Booker T. Camper, Jr.**  
Memphis, Tennessee  
December 23, 2025