

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 BAY SPRINGS, MISSISSIPPI

Audited Financial Statements

September 30, 2022

CITY OF BAY SPRINGS, MISSISSIPPI
Audited Financial Statements
September 30, 2022

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the Board
of Aldermen, and City Clerk
City of Bay Springs, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay Springs, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Unmodified Opinions

In our opinion, the financial statements referred to previously 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 Bay Springs, Mississippi, as of September 30, 2022, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of the City's Contributions, and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

The City of Bay Springs, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

The Schedule of Surety Bonds for Municipal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024, on our consideration of the City of Bay Springs, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and



Honorable Mayor, Members of the Board of
Aldermen, and City Clerk
City of Bay Springs, Mississippi

grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Grantham Poole Puc

Ridgeland, Mississippi
October 9, 2024

CITY OF BAY SPRINGS, MISSISSIPPI
Statement of Financial Position
September 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,500,873	\$ 3,930,579	\$ 5,431,452
Restricted Assets - Cash	-	98,057	98,057
Property Tax Receivable	781,700	-	781,700
Fines Receivable (Net of Allowance for Uncollectables of \$516,230)	57,381	-	57,381
Receivables (Net of Uncollectibles):			
Accounts	48,042	486,180	534,222
Sales Tax	80,570	-	80,570
Due from Other Funds	155,670	14,349	170,019
Prepaid Expenses	5,882	-	5,882
Total Current Assets	2,630,118	4,529,165	7,159,283
Capital Assets:			
Land	257,243	453,918	711,161
Buildings	1,438,671	-	1,438,671
Improvements Other Than Buildings	2,916,323	22,168	2,938,491
Mobile Equipment	1,687,462	783,758	2,471,220
Other Furniture and Equipment	513,700	636,564	1,150,264
Infrastructure	1,902,295	-	1,902,295
Utility Systems	-	11,526,362	11,526,362
Accumulated Depreciation	(4,762,441)	(6,951,361)	(11,713,802)
Total Capital Assets	3,953,253	6,471,409	10,424,662
Total Assets	6,583,371	11,000,574	17,583,945
Deferred Outflows of Resources:			
Deferred Outflows Related to Pension	172,730	114,650	287,380
Total Deferred Outflows of Resources	172,730	114,650	287,380
Total Assets and Deferred Outflows Resources	\$ 6,756,101	\$ 11,115,224	\$ 17,871,325

CITY OF BAY SPRINGS, MISSISSIPPI
Statement of Financial Position
September 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Accounts Payable	\$ 36,173	\$ 477,148	\$ 513,321
Accrued Payroll	16,797	14,052	30,849
Due to Other Funds	139,970	30,049	170,019
Customer Deposits	-	119,699	119,699
Other Accrued Liabilities	21,659	-	21,659
Non-Current Liabilities:			
Due Within One Year	79,620	60,513	140,133
Due in More Than One Year	40,782	427,017	467,799
Long-term Compensated Absences	47,881	30,429	78,310
Net Pension Liability	2,031,327	1,348,301	3,379,628
Total Liabilities	2,414,209	2,507,208	4,921,417
Deferred Inflows of Resources:			
Deferred Inflows Related to Pension	219,620	145,773	365,393
Property Tax for Future Reporting Period	781,700	-	781,700
Total Deferred Inflows of Resources	1,001,320	145,773	1,147,093
Net Position:			
Net Investments in Capital Assets	3,832,851	5,983,879	9,816,730
Restricted for Debt Service	153,720	-	153,720
Unrestricted	(645,999)	2,478,364	1,832,365
Total Net Position	3,340,572	8,462,243	11,802,815
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,756,101	\$ 11,115,224	\$ 17,871,325

CITY OF BAY SPRINGS, MISSISSIPPI
Statement of Activities
Year Ended September 30, 2022

Function / Programs	Expenses	Program Revenues			Governmental Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
General Government	\$ (681,104)	\$ -	\$ -	\$ -	\$ (681,104)	\$ -	\$ (681,104)
Public Safety	(1,308,516)	38,767	-	-	(1,269,749)	-	(1,269,749)
Public Works	(809,418)	145,234	-	990,789	326,605	-	326,605
Culture and Recreation	(161,096)	-	-	-	(161,096)	-	(161,096)
Economic Development	(182,637)	-	-	-	(182,637)	-	(182,637)
Pension Expense	(141,391)	-	-	-	(141,391)	-	(141,391)
Interest on Long-term Debt	(5,257)	-	-	-	(5,257)	-	(5,257)
Total Governmental Activities	(3,289,419)	184,001	-	990,789	(2,114,629)	-	(2,114,629)
Business-Type Activities:							
Water	(1,042,519)	316,991	-	-	-	(725,528)	(725,528)
Sewer	(244,181)	186,494	-	-	-	(57,687)	(57,687)
Gas	(2,623,780)	2,962,311	-	-	-	338,531	338,531
Industrial Park	(627,076)	663,191	-	-	-	36,115	36,115
Total Business-Type Activities	(4,537,556)	4,128,987	-	-	-	(408,569)	(408,569)
Total Functions / Programs	\$ (7,826,975)	\$ 4,312,988	\$ -	\$ 990,789	\$ (2,114,629)	\$ (408,569)	\$ (2,523,198)
General Revenues:							
Property Tax					\$ 840,328	\$ -	\$ 840,328
Franchise Tax					125,281	-	125,281
Sales Tax					737,717	-	737,717
Licenses and Permits					12,505	-	12,505
Intergovernmental, Not Restricted to Specific Functions/Programs					145,260	-	145,260
Other					98,604	-	98,604
Interest Income					637	-	637
Transfer In (Out)					(65,904)	65,904	-
Total General Revenues and Transfers					1,894,428	65,904	1,960,332
Change in Net Position					(220,201)	(342,665)	(562,866)
Net Position at Beginning of Year					3,560,773	8,358,974	11,919,747
Prior Period Adjustment					-	445,934	445,934
Net Position, Beginning, as Restated					3,560,773	8,804,908	12,365,681
Net Position at End of Year					\$ 3,340,572	\$ 8,462,243	\$ 11,802,815

CITY OF BAY SPRINGS, MISSISSIPPI
Balance Sheet
Governmental Funds
September 30, 2022

<u>ASSETS</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 732,041	\$ 153,720	\$ 615,112	\$ 1,500,873
Accounts Receivable	48,042	-	-	48,042
Property Tax Receivable	744,000	37,700	-	781,700
Fines Receivable (Net of Allowance for Uncollectibles of \$516,230)	57,381	-	-	57,381
Due from Other Governments	80,570	-	-	80,570
Due from Other Funds	150,098	2,036	3,537	155,671
Prepaid Expenses	5,882	-	-	5,882
Total Assets	<u>\$ 1,818,014</u>	<u>\$ 193,456</u>	<u>\$ 618,649</u>	<u>\$ 2,630,119</u>
 <u>LIABILITIES AND FUND BALANCES</u> 				
Liabilities:				
Accounts Payable	\$ 36,010	\$ -	\$ 164	\$ 36,174
Accrued Payroll	16,797	-	-	16,797
Due to Other Funds	139,970	-	-	139,970
Other Accrued Liabilities	21,659	-	-	21,659
Total Liabilities	<u>214,436</u>	<u>-</u>	<u>164</u>	<u>214,600</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	744,000	37,700	-	781,700
Unavailable Revenue - Fines	57,381	-	-	57,381
Total Deferred Inflows of Resources	<u>801,381</u>	<u>37,700</u>	<u>-</u>	<u>839,081</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,015,817</u>	<u>37,700</u>	<u>164</u>	<u>1,053,681</u>
Fund Balances:				
Restricted for Debt Service	-	155,756	-	155,756
Unassigned	802,197	-	618,485	1,420,682
Total Fund Balances	<u>802,197</u>	<u>155,756</u>	<u>618,485</u>	<u>1,576,438</u>
Total Liabilities, Deferred Inflows of Resources and Resources and Fund Balances	<u>\$ 1,818,014</u>	<u>\$ 193,456</u>	<u>\$ 618,649</u>	<u>\$ 2,630,119</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Reconciliation of the Balance Sheet to the
Statement of Net Position - Governmental Funds
September 30, 2022

Fund Balance - Total Governmental Funds		\$ 1,576,438
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental Capital Assets	8,715,694	
Less: Accumulated Depreciation	<u>(4,762,441)</u>	3,953,253
Other long-term assets (fines receivable) are not available to pay for current period expenditures, and therefore, are deferred in the funds.		
		57,381
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:		
Notes Payable	(120,402)	
Compensated Absences	<u>(47,881)</u>	(168,283)
Deferred outflows related to pension liability are applicable to future periods, and therefore, are not reported in the funds.		
		172,730
Deferred inflows related to pension liability are applicable to future periods, and therefore, are not reported in the funds.		
		(219,620)
Net pension obligations are not due and payable in the current period, and therefore, are not reported in the funds.		
		<u>(2,031,327)</u>
Net Position of Governmental Activities		<u><u>\$ 3,340,572</u></u>

CITY OF BAY SPRINGS, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Taxes	\$ 798,318	\$ 42,010	\$ -	\$ 840,328
Licenses and Permits	137,785	-	-	137,785
Intergovernmental	774,040	-	1,099,726	1,873,766
Charges for Services	145,234	-	-	145,234
Fines and Forfeitures	33,602	-	-	33,602
Other Revenues	85,601	162	13,475	99,238
Total Revenues	<u>\$ 1,974,580</u>	<u>\$ 42,172</u>	<u>\$ 1,113,201</u>	<u>\$ 3,129,953</u>
Expenditures:				
Current:				
General Government	\$ 571,068	\$ -	\$ 4,211	\$ 575,279
Public Safety	807,112	-	-	807,112
Public Works	705,139	-	-	705,139
Culture and Recreation	191,907	-	-	191,907
Economic Development	-	-	502,009	502,009
Debt Service:				
Principal Retirement	85,154	-	-	85,154
Total Expenditures	<u>2,360,380</u>	<u>-</u>	<u>506,220</u>	<u>2,866,600</u>
(Deficiency) of Revenues Over Expenditures	<u>(385,800)</u>	<u>42,172</u>	<u>606,981</u>	<u>263,353</u>
Other Financing Sources (Uses):				
Transfers In	236,076	-	142,990	379,066
Transfers Out	<u>(21,052)</u>	<u>-</u>	<u>(423,918)</u>	<u>(444,970)</u>
Total Other Financing Sources	<u>215,024</u>	<u>-</u>	<u>(280,928)</u>	<u>(65,904)</u>
Net Change in Fund Balance	<u>(170,776)</u>	<u>42,172</u>	<u>326,053</u>	<u>197,449</u>
Fund Balances, Beginning	<u>972,973</u>	<u>113,584</u>	<u>292,432</u>	<u>1,378,989</u>
Fund Balances, Ending	<u>\$ 802,197</u>	<u>\$ 155,756</u>	<u>\$ 618,485</u>	<u>\$ 1,576,438</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022

Net Changes in Fund Balances - Total Governmental Funds	\$	197,449
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are depreciated over their estimated useful lives</p>		
Loss on disposal of assets	(285,138)	
Expenditures for Capital Assets	672,990	
Less: Current Year Depreciation	(319,931)	67,921
<p>Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required in the Statement of Activities using the full accrual basis of accounting</p>		
		5,165
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long debt in the Statement of Net Position.</p>		
Principal Payments		79,898
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in Long-term Compensated Absences		(10,585)
<p>Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities includes:</p>		
Recording of contributions made subsequent to the measurement date	52,794	
Recording of reduction in pension expense for amounts included in net pension liability.	(612,843)	(560,049)
Change in Net Position of Governmental Activities	\$	(220,201)

CITY OF BAY SPRINGS, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2022

	Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Gas	Industrial Park	
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 74,928	\$ 1,902,201	\$ 1,953,450	\$ 3,930,579
Cash - Restricted for Meter Deposits	74,443	-	23,614	-	98,057
Accounts Receivable	89,316	71,506	325,358	-	486,180
Due from Other Funds	12,857	-	1,492	-	14,349
Total Current Assets	176,616	146,434	2,252,665	1,953,450	4,529,165
Noncurrent Assets:					
Capital Assets:					
Land	257	38,517	-	415,144	453,918
Improvements	18,718	-	-	3,450	22,168
Systems	3,980,780	3,971,620	579,000	2,994,962	11,526,362
Mobile Equipment	145,411	125,321	322,003	191,023	783,758
Other Furniture and Equipment	74,769	132,620	225,353	203,822	636,564
Less: Accumulated Depreciation	<u>(2,078,346)</u>	<u>(2,077,673)</u>	<u>(995,075)</u>	<u>(1,800,267)</u>	<u>(6,951,361)</u>
Total Noncurrent Assets	2,141,589	2,190,405	131,281	2,008,134	6,471,409
Total Assets	2,318,205	2,336,839	2,383,946	3,961,584	11,000,574
Deferred Outflows of Resources:					
Deferred Outflows Related to Pension	48,831	4,706	50,045	11,068	114,650
Total Deferred Outflows of Resources	48,831	4,706	50,045	11,068	114,650
Total Assets and Deferred Outflows of Resources	\$ 2,367,036	\$ 2,341,545	\$ 2,433,991	\$ 3,972,652	\$ 11,115,224

CITY OF BAY SPRINGS, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2022

	Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Gas	Industrial Park	
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	\$ 15,216	\$ 1,682	\$ 438,273	\$ 21,977	\$ 477,148
Accrued Payroll	5,019	493	7,197	1,343	14,052
Due to Other Funds	8,801	2,010	19,219	19	30,049
Customer Deposits	96,085	-	23,614	-	119,699
Current Portion of Long-term Debt	33,839	12,404	-	14,270	60,513
Total Current Liabilities	158,960	16,589	488,303	37,609	701,461
Noncurrent Liabilities:					
Compensated Absences Payable	15,416	-	7,871	7,142	30,429
Long-term Debt	235,590	140,463	-	50,964	427,017
Net Pension Liability	574,258	55,350	588,535	130,158	1,348,301
Total Noncurrent Liabilities	825,264	195,813	596,406	188,264	1,805,747
Total Liabilities	984,224	212,402	1,084,709	225,873	2,507,208
Deferred Inflows of Resources:					
Deferred Inflows Related to Pension	62,087	5,984	63,630	14,072	145,773
Total Deferred Inflows of Resources	62,087	5,984	63,630	14,072	145,773
Total Liabilities and Deferred Inflows of Resources	1,046,311	218,386	1,148,339	239,945	2,652,981
Net Position:					
Net Investments in Capital Assets	1,872,160	2,037,538	131,281	1,942,900	5,983,879
Unrestricted	(551,435)	85,621	1,154,371	1,789,807	2,478,364
Total Net Position	1,320,725	2,123,159	1,285,652	3,732,707	8,462,243
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,367,036	\$ 2,341,545	\$ 2,433,991	\$ 3,972,652	\$ 11,115,224

CITY OF BAY SPRINGS, MISSISSIPPI
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2022

	Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Gas	Industrial Park	
Operating Revenues:					
Sales	\$ 314,433	\$ 186,367	\$ 2,926,175	\$ 643,417	\$ 4,070,392
Other Revenue	2,558	127	36,136	19,774	58,595
Total Operating Revenues	316,991	186,494	2,962,311	663,191	4,128,987
Operating Expenses:					
Personnel Services	573,537	-	330,404	94,609	998,550
Contractual Services, Materials, and Supplies	226,748	42,478	160,625	129,755	559,606
Utilities	84,197	18,572	22,886	140,930	266,585
Other Services and Charges	14,823	75,942	2,092,576	154,430	2,337,771
Depreciation	134,781	104,398	17,289	105,895	362,363
Total Operating Expenses	1,034,086	241,390	2,623,780	625,619	4,524,875
Operating Income	(717,095)	(54,896)	338,531	37,572	(395,888)
Nonoperating Expenses:					
Interest Expense	(8,433)	(2,791)	-	(1,457)	(12,681)
Total Nonoperating Expenses	(8,433)	(2,791)	-	(1,457)	(12,681)
Income (Loss) Before Transfers	(725,528)	(57,687)	338,531	36,115	(408,569)
Transfers In	482,979	38,050	-	-	521,029
Transfers Out	-	-	(51,000)	(404,125)	(455,125)
Total Transfers	482,979	38,050	(51,000)	(404,125)	65,904
Change In Net Position	(242,549)	(19,637)	287,531	(368,010)	(342,665)
Total Net Position, Beginning	1,563,274	2,142,796	998,121	3,654,783	8,358,974
Prior Period Adjustment	-	-	-	445,934	445,934
Net Position, Beginning, as Restated	1,563,274	2,142,796	998,121	4,100,717	8,804,908
Total Net Position, Ending	\$ 1,320,725	\$ 2,123,159	\$ 1,285,652	\$ 3,732,707	\$ 8,462,243

CITY OF BAY SPRINGS, MISSISSIPPI
Statements of Cash Flows
Proprietary Funds
Year Ended September 30, 2022

	Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Gas	Industrial Park	
Cash Flows From Operating Activities:					
Cash Received From Customer and Users	\$ 362,519	\$ 191,104	\$ 2,812,602	\$ 663,191	\$ 4,029,416
Cash Payments to Suppliers	(359,130)	(146,909)	(2,031,160)	(627,668)	(3,164,867)
Cash Payments to Employees	(307,009)	(52,408)	(339,444)	(94,609)	(793,470)
Operating Transfers	482,979	38,050	(51,000)	(404,125)	65,904
Net Cash Provided (Used) by Operating Activities	<u>179,359</u>	<u>29,837</u>	<u>390,998</u>	<u>(463,211)</u>	<u>136,983</u>
Cash Flows From Capital and Related Financing Activities:					
Purchases of Capital Assets	(285,138)	-	-	-	(285,138)
Principal Payments	(30,249)	(12,189)	-	(13,987)	(56,425)
Net Cash Used by Capital and Related Financing Activities	<u>(315,387)</u>	<u>(12,189)</u>	<u>-</u>	<u>(13,987)</u>	<u>(341,563)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(136,028)	17,648	390,998	(477,198)	(204,580)
Cash and Cash Equivalents, October 1, 2022	<u>210,471</u>	<u>57,280</u>	<u>1,534,817</u>	<u>2,430,648</u>	<u>4,233,216</u>
Cash and Cash Equivalents, September 30, 2023	<u>\$ 74,443</u>	<u>\$ 74,928</u>	<u>\$ 1,925,815</u>	<u>\$ 1,953,450</u>	<u>\$ 4,028,636</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Statements of Cash Flows
Proprietary Funds
Year Ended September 30, 2022

	Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Gas	Industrial Park	
Reconciliation of Change in Net Position to Net					
Cash Provided (Used) by Operating Activities:					
Change in Net Position	\$ (242,549)	\$ (19,637)	\$ 287,531	\$ 77,924	\$ 103,269
Adjustments Not Affecting Cash:					
Depreciation Expense	134,781	104,398	17,289	105,895	362,363
Changes in Net Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	45,528	4,610	(149,709)	-	(99,571)
(Increase) Decrease in Due From Other Funds	(6,296)	-	-	-	(6,296)
(Increase) in Deferred Outflows of Related to Pension	(19,959)	4,719	3,608	(147)	(11,779)
Increase (Decrease) in Accounts Payable	(33,362)	(9,917)	244,927	(657,589)	(455,941)
Increase (Decrease) in Customer Deposits	6,219	-	(4,254)	-	1,965
Increase (Decrease) in Payroll Related Liabilities	(70)	(30)	297	(78)	119
Increase (Decrease) in Compensated Absences Payable	4,228	-	(7,445)	556	(2,661)
Increase (Decrease) in Due to Other Funds	8,750	-	4,909	-	13,659
Increase (Decrease) in Net Pension Liability	279,898	(40,738)	41,522	18,813	299,495
Increase (Decrease) in Deferred Inflows Related to Pension	2,191	(13,568)	(47,677)	(8,585)	(67,639)
Total Adjustments	<u>421,908</u>	<u>49,474</u>	<u>103,467</u>	<u>(541,135)</u>	<u>33,714</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 179,359</u>	<u>\$ 29,837</u>	<u>\$ 390,998</u>	<u>\$ (463,211)</u>	<u>\$ 136,983</u>
Cash and Cash Equivalents	\$ -	\$ 74,928	\$ 1,902,201	\$ 1,953,450	\$ 3,930,579
Restricted Cash	<u>74,443</u>	<u>-</u>	<u>23,614</u>	<u>-</u>	<u>98,057</u>
Total Cash and Cash Equivalents	<u>\$ 74,443</u>	<u>\$ 74,928</u>	<u>\$ 1,925,815</u>	<u>\$ 1,953,450</u>	<u>\$ 4,028,636</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Bay Springs, Mississippi (the “City”) was incorporated in 1904. The City operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police and volunteer fire protection), highways and streets, sanitation, wastewater, water, natural gas, public libraries, parks, public improvements, planning and zoning, and general administrative services.

Basis of Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information concerning the City as a whole. The statements include no fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenue and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The statement of net position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

The governmental and proprietary financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues and expenditures/expenses. Funds are organized into governmental and proprietary categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenue as soon as all eligibility requirements have been satisfied.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The City's proprietary funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of proprietary funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major Governmental Funds:

General Fund - This fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

The other Governmental Funds of the City account for grants and other resources whose use is restricted to a particular purpose.

The City reports the following major Proprietary Funds:

Water Fund - This fund accounts for the revenues generated from the charges for distribution of water to the residential and commercial users in the City.

Sewer Fund - This fund accounts for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users in the City.

Gas Fund - This fund accounts for the revenues generated from the charges for providing natural gas service to the residential and commercial users in the City.

Industrial Park Fund - This fund accounts for the revenues generated from charges for sanitary sewer services provided to commercial entities located within the City's Industrial Park.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Property and equipment purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Pursuant to GASB Statement 34, small governmental entities (less than \$10 million in annual revenue) are not required to retroactively state the values of infrastructure purchased or constructed in prior years. Therefore, infrastructure acquired prior to October 1, 2002 has not been recorded, unless the value was already included in the City's inventory of capital assets. GASB 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year (October 1, 2002).

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Building	40 Years
Building improvements	20 Years
Improvements other than buildings	20 Years
Infrastructure	20-30 Years
Utility systems	40 Years
Equipment	3-10 Years
Library books	10 Years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Accordingly, actual results could differ from those estimates.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration.

Accounts Receivable

No allowance account is used by the City as of September 30, 2022. All accounts receivable balances reflect amounts due from customers.

Surety Bonds

Surety bond coverage meets the legal requirements for the year ended September 30, 2022.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has incurred deferred outflows that are related to pension reporting.

Compensated Absences

The City maintains a personnel policy that permits employees to accumulate earned but unused vacation or sick pay benefits. The City records the vested portion of accumulated unused compensated absences at year-end based on each employee's accumulated unused hours and rate of pay, including the City's share of Social Security and Medicare taxes. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

Governmental funds record as an expenditure the amount accrued during the year that would normally be liquidated with available expendable resources.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows are directly related to pension reporting, fines receivable, and property tax receivable.

Cash and Cash Equivalents

For purposes of cash flows, the City considers all cash and restricted cash to be cash and cash equivalents.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, and natural gas utility services. Operating expenses are necessary costs that have been incurred in order to provide the service that is the primary activity of the fund.

Equity Classifications

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

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 borrowings attributable to the acquisition, construction or improvements of those assets.

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

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

Government-wide Financial Statements: (Continued)

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

Fund Financial Statements:

The City has adopted the provisions of GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of October 1, 2010. These provisions require governmental fund balances to be reported in one of five classifications, replacing the previous classifications of reserved, unreserved, and designated. These five classifications are as follows:

Nonspendable Fund Balance is composed of items which are either not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balances are reported using the same criteria used in reporting government-wide net position as noted above.

Committed Fund Balances are amounts that can only be used for specific purposes as a result of constraints imposed for formal action of the individual government’s highest level of decision-making authority.

Assigned Fund Balance contains amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance is General Fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources. When expenditures are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Leases

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022. However, the City had no leases for the year ended September 30, 2022.

NOTE 2 CASH AND INVESTMENTS

The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes. Various restrictions on deposits are imposed by statutes.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Code Sec. 21-33-323 Miss Code Ann. (1972) allows municipalities to invest their surplus funds. The City may only invest in direct obligations of the United States, or the State of Mississippi, or certain local Mississippi governments. They may also invest in certificates of deposit from municipal depositories or State of Mississippi depositories located within the municipality. There is no authority to invest in mutual funds or brokerage firm accounts. All investments of the City throughout the year and at year-end were interest bearing time certificates of deposit which are recorded at cost plus interest earned at September 30, 2022. The market value equals the carrying amount of these investments.

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 those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The City's deposits, which include all cash accounts and certificates of deposits, with a carrying value of \$5,529,509 and a bank balance of \$5,739,369 at September 30, 2022, are covered by federal deposit insurance and by deposits held in banks that are members of the State of Mississippi's Collateral Pool.

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended September 30, 2022:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 257,243	\$ -	\$ -	\$ 257,243
Total Capital Assets Not Being Depreciated	<u>257,243</u>	<u>-</u>	<u>-</u>	<u>257,243</u>
Capital Assets Being Depreciated:				
Buildings	1,438,671	-	-	1,438,671
Improvements Other Than Buildings	3,201,461	-	(285,138)	2,916,323
Mobile Equipment	1,687,462	-	-	1,687,462
Other Furniture and Equipment	513,700	-	-	513,700
Infrastructure	1,229,305	672,990	-	1,902,295
Total Capital Assets Being Depreciated	<u>8,070,599</u>	<u>672,990</u>	<u>(285,138)</u>	<u>8,458,451</u>
Less Accumulated Depreciation For:				
Buildings	771,637	35,966	-	807,603
Improvements Other Than Buildings	1,439,812	118,141	-	1,557,953
Mobile Equipment	1,317,901	87,102	-	1,405,003
Other Furniture and Equipment	487,418	6,068	-	493,486
Infrastructure	425,742	72,654	-	498,396
Total Accumulated Depreciation	<u>4,442,510</u>	<u>319,931</u>	<u>-</u>	<u>4,762,441</u>
Total Capital Assets Being Depreciated, Net	<u>3,628,089</u>	<u>353,059</u>	<u>(285,138)</u>	<u>3,696,010</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,885,332</u>	<u>\$ 353,059</u>	<u>\$ (285,138)</u>	<u>\$ 3,953,253</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

Governmental Activities:

Public Safety	\$ 235,177
Public Works	40,761
Culture and Recreation	43,993
Total Depreciation Expense	<u>\$ 319,931</u>

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 453,918	\$ -	\$ -	\$ 453,918
Total Capital Assets Not Being Depreciated	<u>453,918</u>	<u>-</u>	<u>-</u>	<u>453,918</u>
Capital Assets Being Depreciated:				
Utility Systems	11,241,224	285,138	-	11,526,362
Improvements Other Than Buildings	22,168	-	-	22,168
Machinery and Equipment	783,758	-	-	783,758
Other Furniture and Equipment	636,564	-	-	636,564
Total Capital Assets Being Depreciated	<u>12,683,714</u>	<u>285,138</u>	<u>-</u>	<u>12,968,852</u>
Less Accumulated Depreciation For:				
Utility Systems	5,360,933	307,704	-	5,668,637
Improvements Other Than Buildings	21,760	116	-	21,876
Machinery and Equipment	654,024	37,489	-	691,513
Other Furniture and Equipment	552,282	17,053	-	569,335
Total Accumulated Depreciation	<u>6,588,999</u>	<u>362,362</u>	<u>-</u>	<u>6,951,361</u>
Total Capital Assets Being Depreciated, Net	<u>6,094,715</u>	<u>(77,224)</u>	<u>-</u>	<u>6,017,491</u>
Business-type Activities Capital Assets, Net	<u>\$ 6,548,633</u>	<u>\$ (77,224)</u>	<u>\$ -</u>	<u>\$ 6,471,409</u>

Business-type Activities:

Water Fund	\$ 134,781
Sewer Fund	104,398
Natural Gas Fund	17,289
Industrial Park Fund	105,894
Total	<u>\$ 362,362</u>

NOTE 4 NON-CURRENT LIABILITIES

Loans payable at September 30, 2022, are comprised of the following issues:

Cap Loans

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 09/30/22</u>
Water Tank	\$ 498,100	2028	2.00%	\$ 170,754
Water Tank	200,000	2027	2.00%	65,234
Water Pollution Control - 01-2	249,098	2034	1.75%	152,867
Water Pollution Control - 02-2	139,917	2036	1.75%	98,675
	<u>\$ 1,087,115</u>			<u>\$ 487,530</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 4 NON-CURRENT LIABILITIES (CONTINUED)

Capital Leases

<u>Description</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 09/30/22</u>
Fire Loan	\$ 379,692	2024	3.19%	\$ 120,402
	<u>\$ 379,692</u>			<u>\$ 120,402</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/21</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding 09/30/22</u>	<u>Due Within One Year</u>
		<u>Additions</u>	<u>Reductions</u>		
Governmental Activities:					
Accrued Compensated Absences	\$ 37,296	\$ 10,585	\$ -	\$ 47,881	\$ -
Capital Lease - 4-2017 Ford Explorers	2,808	-	(2,808)	-	-
Capital Lease - Fire Truck	197,492	-	(77,090)	120,402	79,620
Total Governmental Activities	<u>237,596</u>	<u>10,585</u>	<u>(79,898)</u>	<u>168,283</u>	<u>79,620</u>
Net Pension Liability	<u>1,373,413</u>	<u>657,914</u>	<u>-</u>	<u>2,031,327</u>	<u>-</u>
<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/21</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding 09/30/22</u>	<u>Due Within One Year</u>
		<u>Additions</u>	<u>Reductions</u>		
Business-type Activities:					
Accrued Compensated Absences	\$ 13,485	\$ 16,944	\$ -	\$ 30,429	\$ -
CAP Loan - Water Pollution Control - 01-2	165,056	-	(12,189)	152,867	12,404
Cap Loan - Water tank	194,349	-	(23,595)	170,754	27,068
Cap Loan - Water tank	79,221	-	(13,987)	65,234	14,270
CAP Loan - Water Pollution Control - 01-2	105,329	-	(6,654)	98,675	6,771
Total Business-type Activities	<u>557,440</u>	<u>16,944</u>	<u>(56,425)</u>	<u>517,959</u>	<u>60,513</u>
Net Pension Liability	<u>1,048,805</u>	<u>299,495</u>	<u>-</u>	<u>1,348,300</u>	<u>-</u>
Total Government-wide					
Long-term Debt	<u>\$ 3,217,254</u>	<u>\$ 984,938</u>	<u>\$ (136,323)</u>	<u>\$ 4,065,869</u>	<u>\$ 140,133</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15 percent of assessed value of the taxable property within the City, according to the then last completed assessment for taxation. However, the limitation is increased to 20 percent whenever a City issues bonds to repair or replace washed out or collapsed bridges on the public roads of the City. As of September 30, 2022, the amount of outstanding debt was equal to 1.29 percent of the latest property assessments.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 4 NON-CURRENT LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for the following debt reported in the statement of net position are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 79,620	\$ 2,722	\$ 60,513	\$ 8,592
2024	40,782	388	61,686	7,419
2025	-	-	62,881	6,225
2026	-	-	64,101	5,006
2027	-	-	56,288	3,808
2028 - 2032	-	-	138,229	9,053
2033 - 2036	-	-	43,832	925
	<u>\$ 120,402</u>	<u>\$ 3,110</u>	<u>\$ 487,530</u>	<u>\$ 41,028</u>

NOTE 5 RISK MANAGEMENT

The City has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures/expenses. Insurance settlements have not exceeded insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 6 PENSION PLAN OBLIGATIONS

General Information about the Pension plan.

Plan Description

The City of Bay Springs, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et. seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS and by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 6 PENSION PLAN OBLIGATIONS (CONTINUED)

Benefits Provided (Continued)

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

Contributions

At September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the City of Bay Springs, Mississippi is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022, was 17.40% of annual covered payroll. This rate increased as of July 1, 2021 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City of Bay Springs, Mississippi's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021, and 2020 were \$199,384, \$190,743 and \$191,169, respectively, equal to the required contributions for each year.

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

At September 30, 2022, the City of Bay Springs, Mississippi reported a liability of \$3,379,628 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. City of Bay Springs, Mississippi's proportion of the net pension liability was based on a projection of the City of Bay Springs, Mississippi's long-term share of contribution to the pension plan relative to projected contributions for all participating entities, actuarially determined City of Bay Springs, Mississippi's proportionate share used to calculate the September 30, 2022, net pension liability was 0.016419 percent, which was based on a measurement date of June 30, 2022. This was an increase of .000031 percent from its proportionate share used to calculate the September 30, 2021, net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the City of Bay Springs, Mississippi recognized pension expense of \$235,239. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 6 PENSION PLAN OBLIGATIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 58,723	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	213,198
Changes in Assumptions	175,863	-
Changes in the Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	-	152,195
City Contributions Subsequent to the Measurement Date	52,794	-
	\$ 287,380	\$ 365,393

\$52,794 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year September 30, 2023. 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,	Amount
2023	\$ 2,310
2024	(23,304)
2025	(119,763)
2026	9,950
	\$ (130,807)

Actuarial Assumptions

The total pension liability used in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.40%
Salary increases	2.65%-17.90%, average, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

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

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 6 PENSION PLAN OBLIGATIONS (CONTINUED)

Actuarial Assumptions (Continued)

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

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

The most recent target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.60 %
International Equity	22.00%	4.50
Global Equity	12.00%	4.80
Fixed Income	20.00%	(0.25)
Real Estate	10.00%	3.75
Private Equity	8.00%	6.25
Cash Equivalents	1.00%	(1.00)
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate (9.00%) and that participating employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Bay Springs' Proportionate Share of the Net Pension Liability to changes in the Discount Rate

The City of Bay Springs, Mississippi's proportionate share of the net pension liability has been calculated using a discount rate of 7.75%. The following presents the City of Bay Springs, Mississippi's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
Proportionate Share of the Net Position	\$ 4,410,759	\$ 3,379,628	\$ 2,529,512

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 6 PENSION PLAN OBLIGATIONS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Payable to the Pension Plan

At September 30, 2022, the City of Bay Springs, Mississippi has no amounts payable for outstanding contributions to the pension plan required for the year ended September 30, 2022.

NOTE 7 PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied before September 26, and are due before February 1. The City's property taxes are billed and collected by Jasper County and remitted to the City monthly. Jasper County also remits to the City automobile taxes and a pro-rata share of road and bridge taxes collected by them.

NOTE 8 INTERFUND TRANSFERS

Interfund transfers were made in the amount of \$900,095.

NOTE 9 JOINT VENTURE

In November 1996 the City and Jasper County, Mississippi entered into a joint venture to purchase and improve the Livestock Exhibition Building with each party holding one-half interest in the building. To date, all major renovations and improvements to the building have been completed. All repairs and expenditures related to this property are shared equally by the two parties.

NOTE 10 EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of \$(645,999) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$31,732 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$140,998 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$219,620 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

The business activities' unrestricted net position amount of \$ 2,478,364 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$21,062 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$93,588 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$145,773 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to Financial Statements
September 30, 2022

NOTE 11 SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Bay Springs, Mississippi evaluated the activity of the City through October 9, 2024, (the date the financial statements were available to be issued) and determined that the following subsequent events require disclosure in the notes to the financial statements:

On October 4, 2022, the Board approved a grant for paving Ishee Lane in amount of \$183,000 with the city paying \$20,000.

On November 1, 2022, the Board approved a payment to a local contractor in the amount of \$95,350 for the SRLF Water Improvements Phase III Project.

On February 7, 2023, the Board approved a payment for 5 new police Chargers on State Contract Bid in the amount of \$31,900 each for total price of \$159,500. The Board also approved lights for the Chargers in the amount of \$19,412.

On March 21, 2023, the Board approved a payment for a 2023 Chevrolet Silverado in amount of \$40,633 for the Police Department.

On April 18, 2023, the Board approved a new loan for water in the amount \$294,291 with interest rate of 1.95% with payment being \$1,518 per month for a total of 150 payments.

On August 15, 2023, the Board approved accepting a bid from a local contractor in amount of \$1,452,740 for ARPA Water Tank Painting & Demolition.

On November 7, 2023, the Board approved the sole source purchase of a control panel for a blower in the amount of \$10,989 from Parkson Corporation.

On February 20, 2024, the Board approved replacing two ballfield fences at West Jasper Recreation Association in the amount of \$36,278.

Required Supplementary Information

CITY OF BAY SPRINGS, MISSISSIPPI
Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis)
General Fund - Unaudited
Year Ended September 30, 2022

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual (Budgetary Basis)	
Revenues:				
Property Taxes	\$ 899,689	\$ 768,890	\$ 798,318	\$ 29,428
Licenses and Permits	123,700	134,218	135,467	1,249
Intergovernmental Revenues	796,341	713,749	807,736	93,987
Charges for Services	137,140	136,218	147,876	11,658
Fines and Forfeitures	21,770	31,595	33,602	2,007
Other Revenues	77,968	89,646	90,640	994
Total Revenues	\$ 2,056,608	\$ 1,874,316	\$ 2,013,639	\$ 139,323
Expenditures:				
Current:				
General Government	\$ 513,156	\$ 539,377	\$ 577,696	\$ (38,319)
Public Safety	926,667	817,367	804,380	12,987
Public Works	770,586	675,393	709,649	(34,256)
Culture and Recreation	255,146	170,564	184,278	(13,714)
Economic Development	43,710	-	-	-
Total Expenditures	2,509,265	2,202,701	2,276,003	(73,302)
(Deficiency) of Revenues				
Over Expenditures	(452,657)	(328,385)	(262,364)	66,021
Other Financing Sources (Uses):				
Transfers In	452,657	238,447	228,447	(10,000)
Total Other Financing Sources (Uses)	452,657	238,447	228,447	(10,000)
Net Change in Fund Balance	-	(89,938)	(33,917)	56,021
Fund Balances, Beginning	849,134	849,134	849,134	-
Fund Balances, Ending	\$ 849,134	\$ 759,196	\$ 815,217	\$ 56,021

CITY OF BAY SPRINGS, MISSISSIPPI
Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis)
General Fund - Unaudited
Year Ended September 30, 2022

	Debt Service Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual (Budgetary Basis)	
Revenues:				
Property Taxes	\$ 47,088	\$ 40,459	\$ 42,009	\$ 1,550
Miscellaneous Revenues	95	147	163	16
Total Revenues	<u>\$ 47,183</u>	<u>\$ 40,606</u>	<u>\$ 42,172</u>	<u>\$ 1,566</u>
Other Financing Sources (Uses):				
Transfers (Out)	(47,183)	-	-	-
Total Other Financing Sources (Uses)	<u>(47,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	40,606	42,172	1,566
Fund Balances, Beginning	<u>153,720</u>	<u>153,720</u>	<u>153,720</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 153,720</u>	<u>\$ 194,326</u>	<u>\$ 195,892</u>	<u>\$ 1,566</u>

CITY OF BAY SPRINGS, MISSISSIPPI
Schedule of the City's Proportionate Share
of the Net Pension Liability - Unaudited
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion Percentage of the Net Pension Liability (Asset)	0.016419%	0.016388%	0.016770%	0.017080%	0.017928%	0.018%	0.018%	0.170%	0.016%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,379,628	\$ 2,422,219	\$ 3,246,477	\$ 3,004,708	\$ 2,981,959	\$ 2,992,211	\$ 3,215,249	\$ 2,627,865	\$ 1,942,107
Employer's Covered Employee Payroll	\$ 1,145,882	\$ 1,096,227	\$ 1,098,672	\$ 1,128,521	\$ 1,119,097	\$ 1,141,302	\$ 1,186,990	\$ 1,053,897	\$ 1,016,752
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	294.94%	220.96%	295.49%	266.25%	266.46%	262.18%	270.87%	249.35%	191.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

Information above is presented as of the measurement date of June 30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for the last ten year period. However, GASB Statement No. 68 was implemented in FYE 09/30/15, and until a full ten-year trend is compiled, the City has only presented information for the years in which the information is available.

CITY OF BAY SPRINGS, MISSISSIPPI
Schedules of the City's Contributions to the Pension Plan - Unaudited
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 199,384	\$ 190,743	\$ 191,169	\$ 182,680	\$ 176,258	\$ 179,755	\$ 186,951	\$ 165,989	\$ 160,138
Contributions in Relation to the Contractually Required Contribution	<u>(199,384)</u>	<u>(190,743)</u>	<u>(1,911,169)</u>	<u>(182,680)</u>	<u>(176,258)</u>	<u>(179,755)</u>	<u>(186,951)</u>	<u>(165,989)</u>	<u>(160,138)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Corporation's Covered Payroll	\$ 1,145,882	\$ 1,096,227	\$ 1,098,672	\$ 1,128,521	\$ 1,119,097	\$ 1,141,302	\$ 1,186,990	\$ 1,053,897	\$ 1,016,752
Contribution's as a Percentage of Covered Payroll	17.40%	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%	15.75%

Information above is presented as of the Employer's fiscal year.

This schedule is presented to illustrate the requirement to disclose information for the last ten year period. However, GASB Statement No. 68 was implemented in FYE 09/30/15, and, until a full ten-year trend is compiled, the City has only presented information for the years in which the information is available.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to the Required Supplementary Information – Unaudited
September 30, 2022

BUDGETARY INFORMATION

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

Prior to September 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted at the City Hall to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. All budget amendments are approved by the board and are in compliance with the municipal law as determined by the Mississippi Code.

The Board of Aldermen has not taken any official action to authorize anyone to transfer budgeted amounts between departments within any fund. Formal budgetary integration is employed as a management control device during the year for all funds. Mississippi law requires that municipalities budget governmental funds on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle.

BASIS OF PRESENTATION

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

BUDGET/GAAP RECONCILIATION

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

	General Fund	Debt Service Fund
Budget (Cash Basis)	\$ (33,917)	\$ 42,172
Increase (Decrease):		
Net Adjustments for		
Revenue Accruals	(324)	-
Net Adjustments for		
Expenditure Accruals	(136,535)	-
GAAP Basis	\$ (170,776)	\$ 42,172

The City exceeded budget for general government, public works, and culture and recreation expenditures.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to the Required Supplementary Information – Unaudited
September 30, 2022

PENSION SCHEDULES

Changes of Assumptions

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

For males, 134% of male rates at all ages. For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.
- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to the Required Supplementary Information – Unaudited
September 30, 2022

PENSION SCHEDULES (CONTINUED)

Changes of Assumptions (Continued)

2021

- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

For males, 134% of male rates at all ages. For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages. For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to the Required Supplementary Information – Unaudited
September 30, 2022

PENSION SCHEDULES (CONTINUED)

Changes of Assumptions (Continued)

2019 (Continued)

- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

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

2016

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

2015

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

Change In Benefit Provisions

2016

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each proceeding year with a minimum rate of 1% and a maximum rate of 5%.

CITY OF BAY SPRINGS, MISSISSIPPI
Notes to the Required Supplementary Information – Unaudited
September 30, 2022

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end.) The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in the schedule:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	27.7 Years
Asset Valuation Method	5-Year Smoothed Market
Price Inflation	2.75 Percent
Salary Increase	3.00 Percent to 18.25 Percent, Including Inflation
Investment Rate of Return	7.75 Percent , Net of Pension Plan Investment Expense, Including Inflation

Other Information

CITY OF BAY SPRINGS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials - Unaudited
Year Ended September 30, 2022

Name	Position	Surety Agency	Bond
Donald Brown	Mayor	RLI Surety	\$100,000
Steve Breland	Alderman	RLI Surety	50,000
Mike Lucus	Alderman	RLI Surety	50,000
James Knotts	Alderman	RLI Surety	50,000
Ronald Keyes	Alderman	RLI Surety	50,000
Bob Cook	Alderman	RLI Surety	100,000
Daniel Gilmore	Police Chief	RLI Surety	50,000
Vickie Cargile	City Clerk	RLI Surety	100,000
Patty Williams	Utility Clerk	RLI Surety	100,000
Additional Deputy Clerks (4)	Deputy Clerk	RLI Surety	50,000 ea.
All Police Officers (7-8)	Police Officer	RLI Surety	25,000 ea.
Reginald Wheaton	Gas Operator	RLI Surety	25,000



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

Honorable Mayor, Members of the
Board of Aldermen, and City Clerk
City of Bay Springs, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bay Springs, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 9, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bay Springs, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bay Springs, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bay Springs, 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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Honorable Mayor, Members of the
Board of Aldermen, and City Clerk
City of Bay Springs, Mississippi

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Grantham Poole Puc".

Ridgeland, Mississippi
October 9, 2024



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

Honorable Mayor, Members of the Board
of Aldermen, and City Clerk
City of Bay Springs, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities and the major fund and the aggregate remaining fund information of the City of Bay Springs, Mississippi, as of and for year ended September 30, 2022, and the related notes to the financial statements, and have issued our report dated October 9, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

With respect to the items tested, the results of those procedures and our compilation of the financial statements disclosed no instances of non-compliance with state laws and regulations.

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

GranthamPoole P.C.

Ridgeland, Mississippi
October 9, 2024

CITY OF BAY SPRINGS, MISSISSIPPI
Schedule of Findings and Responses
September 30, 2022

Section 1: Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued on the financial statements:

Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
Debt Service Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Gas Fund	Unmodified
Industrial Park Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

2. Internal Control over financial reporting:

A. Material weakness identified?	No
B. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported

3. Noncompliance material to the financial statements? No

CITY OF BAY SPRINGS, MISSISSIPPI
Schedule of Findings and Responses
September 30, 2022

Section 2: Financial Statement Findings

There were no financial statements findings.