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.

FINANCIAL STATEMENTS

TOWN OF BYHALIA, MISSISSIPPI

Year Ended September 30, 2024

Franks, Franks, Wilemon & Hagood, P.A.
Certified Public Accountants

TOWN OF BYHALIA, MISSISSIPPI
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Rudolph Franks, CPA (1933-2019)

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
Town of Byhalia, Mississippi

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Byhalia as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Byhalia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Byhalia as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Byhalia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Byhalia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Byhalia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the schedule of the Town's proportionate share of the net pension liability and the schedule of the Town's contributions on pages 44 through 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Byhalia's basic financial statements. The accompanying individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Long-Term Debt and the Schedule of Surety Bonds for Municipal Officials are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2025, on our consideration of the Town of Byhalia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Byhalia'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 Town of Byhalia's internal control over financial reporting and compliance.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
October 23, 2025

TOWN OF BYHALIA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information for the Year Ended September 30, 2024

This section of the Town of Byhalia's Financial Report presents our discussion and analysis of the Town's financial performance during the fiscal year ending September 30, 2024. Please read it in conjunction with the Town of Byhalia financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$20,968,147. Of this amount, \$5,074,706 may be used to meet the Town of Byhalia's ongoing obligations to citizens and creditors. This compares to the previous year when assets exceeded liabilities by \$18,572,067 of which \$5,719,448 was available to meet the Town's ongoing obligations.

- As of the close of the current fiscal year, the Town of Byhalia's governmental funds reported combined ending fund balances of \$2,468,000, a decrease of \$402,216 in comparison to the prior year. Approximately 40% of the combined fund balances, \$994,859, is considered unassigned and is available for spending at the Town of Byhalia's discretion.

- The Town of Byhalia's total debt is \$8,043,080. No new debt was issued in the current fiscal year. Debt in the amount of \$376,199 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two types of statements that present different views of the Town of Byhalia.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town of Byhalia's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Town of Byhalia's operations in more detail than the government-wide statements.

  The Governmental Funds statements tell how general government services such as public safety was financed in the short term as well as what remains for future spending. The Town of Byhalia has two Governmental Fund types: General Fund & Special Revenue Fund.

  Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Water, Sewer and Gas System funds.

  The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the Town of Byhalia's financial statements, including the portion of the Town of Byhalia they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the Town of Byhalia's Government-wide and Fund Financial Statements

		Fund Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire Town Government (except fiduciary funds) and the Town's component units.	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the Town operates similar to private businesses: Water, Sewer and Gas System.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Town of Byhalia as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town of Byhalia's net position and how they have changed. Net position—the difference between the Town of Byhalia's assets and liabilities—is one way to measure the Town of Byhalia's financial health, or position.

- Over time, increases or decreases in the Town of Byhalia's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the Town of Byhalia, the reader should consider additional non-financial factors such as changes in the Town of Byhalia's property tax base.

- *Governmental activities* –Most of the Town of Byhalia's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.

- *Business-type activities* – The Town of Byhalia charges fees to customers to help it cover the costs of certain services it provides. The Town of Byhalia's water, sewer and gas systems services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town of Byhalia's most significant funds—not the Town as a whole. The "fund" level is where the basic unit of financial organization and operation within the Town of Byhalia exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.

- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Town of Byhalia has two types of funds:

- **Governmental funds**—most of the Town of Byhalia's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town of Byhalia's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The Town of Byhalia utilizes two types of governmental funds: the General Fund and Special Revenue Fund.

- **Proprietary funds**—Services for which the Town of Byhalia charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The Town has only one type of proprietary funds—enterprise funds. The Town of Byhalia's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Fund Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Byhalia's assets exceeded liabilities by $20,968,147 at the close of the most recent fiscal year, compared to $18,572,067 in the prior year.

A large portion, 65 percent and 65 percent, of the Town's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding for the years ended September 30, 2024 and 2023. The Town uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF BYHALIA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

Town of Byhalia's Net Position

	Governmental Activities 2024	Governmental Activities Restated 2023	Business-Type Activities 2024	Business-Type Activities Restated 2023	Total 2024	Total Restated 2023
Current and Other Assets	$ 2,842,032	$ 3,362,342	$ 11,688,035	$ 10,150,065	$ 14,530,067	$13,512,389
Noncurrent Assets	8,406,636	8,008,875	13,291,473	12,417,764	21,698,109	20,426,639
Total Assets	11,248,668	11,371,199	24,979,508	22,567,829	36,228,176	33,939,028
Deferred Outflows	629,206	771,576	242,900	301,594	872,106	1,073,170
Total Deferred Outflows	629,206	771,576	242,900	301,594	872,106	1,073,170
Current and Other Liabilities	200,683	335,164	2,248,713	2,533,425	2,449,396	2,868,589
Long-Term Liabilities	4,359,191	3,963,538	9,145,963	9,303,675	13,505,154	13,267,213
Total Liabilities	4,559,874	4,298,702	11,394,676	11,837,100	15,954,550	16,135,802
Deferred Inflows	128,124	218,803	49,461	85,526	177,585	304,329
Total Deferred Inflows	128,124	218,803	49,461	85,526	177,585	304,329
Net Position:						
Net Investment in Capital Assets	8,198,640	7,736,576	5,456,389	4,306,509	13,655,029	12,043,085
Restricted	1,238,412	809,534	1,000,000	0	2,238,412	809,534
Unrestricted (Deficit)	(2,247,176)	(920,840)	7,321,882	6,640,288	5,074,706	5,719,448
Total Net Position	$ 7,189,876	$ 7,625,270	$ 13,778,271	$ 10,946,797	$ 20,968,147	$ 18,572,067

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The $5,074,706 of unrestricted net position provides excess funds to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net position of our business-type activities was $7,321,882 at the end of the current fiscal year compared to $6,640,288 at the end of the prior fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The Town of Byhalia generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position: Approximately 15.45% of the Town of Byhalia's revenue comes from sales tax and 7.99% from property taxes, with 25.23% of all revenue coming from some type of tax for the year ended 2024. (See Table A-2.) Another 54.29% comes from fees charged for services, 7.84% from intergovernmental revenues and the remaining balance is from operating and capital grants & contributions, investment earnings and other miscellaneous receipts.

TOWN OF BYHALIA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2
Changes in the Town of Byhalia's Net Position

	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Revenues						
Program Revenues:						
Charges for Services	$ 231,123	$ 283,657	$ 5,587,804	$ 5,320,049	$ 5,818,927	$ 5,603,706
Operating Grants & Contributions	0	0	0	0	0	0
Capital Grants & Contributions	1,159,388	1,119,982	0	363,525	1,159,388	1,483,507
General Revenues:						
Property Taxes	856,390	786,886	0	0	856,390	786,886
Sales Tax	1,656,400	1,547,731	0	0	1,656,400	1,547,731
Licenses & Permits	97,972	57,118	0	0	97,972	57,118
Other Taxes	191,178	141,120	0	0	191,178	141,120
Intergovernmental Revenues	516,860	436,907	0	0	516,860	436,907
Investment Income	65,130	45,651	257,006	205,514	322,136	251,165
Other	98,754	41,864	0	0	98,754	41,864
Total Revenues	4,873,195	4,460,916	5,844,810	5,889,088	10,718,005	10,350,004
Expenses						
General Government	747,912	1,107,366	0	0	747,912	1,107,366
Public Safety	2,454,639	2,095,445	0	0	2,454,639	2,095,446
Public Works	699,464	598,963	0	0	699,464	598,963
Culture & Recreation	104,752	94,693	0	0	104,752	94,693
Interest on Long-Term Debt	4,350	12,841	0	0	4,350	12,841
Water, Sewer & Gas System	0	0	4,310,808	4,557,399	4,310,808	4,557,399
Total Expenses	4,011,117	3,909,308	4,310,808	4,557,399	8,321,925	8,466,707
Excess (Deficit) of Revenue Over Expenses	862,078	551,608	1,534,002	1,331,689	2,396,080	1,833,297
Transfers	(1,297,472)	(22,976)	1,297,472	22,976	0	0
Increase (Decrease) in Net Position	(435,394)	528,632	2,831,474	1,354,665	2,396,080	1,833,297
Net Position-Beginning	7,625,270	7,096,638	10,946,797	9,592,132	18,572,067	16,688,770
Net Position-Ending	$ 7,189,876	$ 7,625,270	$ 13,778,271	$ 10,946,797	$ 20,968,147	$ 18,572,067

Governmental Activities

Governmental activities decreased the Town's net position by $435,394, thereby accounting for 0 percent of the total increase in the net position of the Town for the year ended September 30, 2024. Key elements of this increase are as follows:

The largest funding sources for the Town's governmental activities, as a percent of total revenues, are sales tax (34%), property taxes (8%), intergovernmental revenues (8%), and other taxes (2%) for the year ended September 30, 2024.

The largest expense categories for the Town's governmental activities are public safety (61%), general government (19%) and public works (17%) for the year ended September 30, 2024.

Business-type Activities

Business-type activities increased the Town's net position by $2,831,474 thereby accounting for 100 percent of the total increase in the net position of the Town for the year ended September 30, 2024.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of $5,587,804 for water, sewer and gas system charges for services for the year ended September 30, 2024.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was $997,213. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 40 percent of total fund expenditures. The fund balance of the Town's general fund decreased by $833,553 during the current fiscal year.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. As of September 30, 2024, the fund balance was $1,223,624.

Proprietary Funds—The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled $13,778,271.

Budgetary Highlights

The Town's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The Town's 2023-24 general fund operating budget increased by approximately $1,188,138 during the current fiscal year. This increase was related to increases in general, public safety, public works, and culture and recreation departments.

The Town's tax millage for the 2024 fiscal year remained constant with no change.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the Town has recorded depreciation expense associated with all of its capital assets, including infrastructure. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounted to $20,156,359, net of accumulated depreciation of $13,838,778. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3
Town of Byhalia's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	Restated 2023	2024	Restated 2023
Land	$ 19,583	$ 19,583	$ 84,524	$ 84,524	$ 104,107	$ 104,107
Plant, Buildings & Improvements	4,213,357	3,623,313	18,828,430	14,539,580	23,041,787	18,162,893
Machinery & Equipment	3,103,796	3,020,794	1,482,984	1,330,046	4,586,780	4,350,840
Infrastructure	5,514,405	5,514,405	0	0	5,514,405	5,514,405
Construction in Progress	157,267	0	590,791	3,728,557	748,058	3,728,557
Accumulated Depreciation	(4,601,772)	(4,169,220)	(9,237,006)	(8,829,522)	(13,838,778)	(12,998,742)
Total	$ 8,406,636	$ 8,008,875	$ 11,749,723	$ 10,853,185	$ 20,156,359	$ 18,862,060

Long-term Debt—At September 30, 2024 and 2023, the Town had $8,043,080 and $8,419,279 in capital leases, bonds and notes outstanding, respectively. More detailed information about the Town of Byhalia's long-term liabilities is presented in the notes to the financial statements.

Table A-4
Town of Byhalia's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds Payable	$ 0	$ 0	$ 7,835,084	$ 8,133,580	$ 7,835,084	$ 8,133,580
Promissory Notes	168,134	206,304	0	0	168,134	206,304
Capital Leases Payable	39,862	65,995	0	13,400	39,862	79,395
Total	$ 207,996	$ 272,299	$ 7,835,084	$ 8,146,980	$ 8,043,080	$ 8,419,279

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town considered current year operational expenses and estimated increases and decreases based on economic factors when establishing the fiscal year 2025 budget. The total budgeted appropriations for the Town general fund operations are $3,766,744. This budget reflects a decrease of approximately $897,377. The decrease is primarily related to a decrease in other services and charges and capital outlay in the general government department.

CONTACTING THE TOWN OF BYHALIA FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town of Byhalia finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Byhalia's Finance Department, P.O. Box 412 Byhalia, MS 38611.

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 4,129,134	$ 9,641,751	$ 13,770,885
Cash and Cash Equivalents - Restricted	-	1,541,750	1,541,750
Accounts Receivable, Net	22,546	302,150	324,696
Due From Other Governments	188,232	-	188,232
Property Taxes Receivable	104,348	-	104,348
Court Fines Receivable, Net	141,906	-	141,906
Internal Balances	(1,744,134)	1,744,134	-
Capital Assets:			
Land	19,583	84,524	104,107
Plant, Buildings and Improvements	4,213,357	18,828,430	23,041,787
Machinery and Equipment	3,103,796	1,482,984	4,586,780
Infrastructure	5,514,405	-	5,514,405
Construction in Progress	157,267	590,791	748,058
Accumulated Depreciation	(4,601,772)	(9,237,006)	(13,838,778)
TOTAL ASSETS	$ 11,248,668	$ 24,979,508	$ 36,228,176
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	$ 629,206	$ 242,900	$ 872,106
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 629,206	$ 242,900	$ 872,106

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES:			
Accounts Payable	$ 99,693	$ 393,322	$ 493,015
Accrued Compensated Absences	28,227	20,074	48,301
Accrued Liabilities	28,085	200,091	228,176
Refundable Meter Deposits	-	1,326,313	1,326,313
Net Pension Liability	4,195,873	1,619,792	5,815,665
Long-Term Liabilities:			
Due Within One Year	44,678	308,913	353,591
Due in More Than One Year	163,318	7,526,171	7,689,489
TOTAL LIABILITIES	$ 4,559,874	$ 11,394,676	$ 15,954,550
DEFERRED INFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	$ 128,124	$ 49,461	$ 177,585
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 128,124	$ 49,461	$ 177,585
NET POSITION:			
Net Investment in Capital Assets	$ 8,198,640	$ 5,456,389	$ 13,655,029
Restricted for:			
Public Safety	12,434	-	12,434
Culture and Recreation	1,225,978	-	1,225,978
Capital Projects		1,000,000	1,000,000
Unrestricted (Deficit)	(2,247,176)	7,321,882	5,074,706
TOTAL NET POSITION	$ 7,189,876	$ 13,778,271	$ 20,968,147

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

		PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position — PRIMARY GOVERNMENT		
FUNCTIONS/ PROGRAMS	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	$ 747,912	$ 2,998	$ -	$ 439,852	$ 442,850	$ (305,062)	$ -	$ (305,062)
Public Safety	2,454,639	142,411	-	14,786	157,197	(2,297,442)	-	(2,297,442)
Public Works	699,464	85,714	-	-	85,714	(613,750)	-	(613,750)
Culture and Recreation	104,752	-	-	704,750	704,750	599,998	-	599,998
Interest on Long-Term Debt	4,350	-	-	-	-	(4,350)	-	(4,350)
TOTAL GOVERNMENTAL ACTIVITIES	4,011,117	231,123	-	1,159,388	1,390,511	(2,620,606)	-	(2,620,606)
Business-Type Activities:								
Water & Sewer System	746,083	858,421	-	-	858,421	-	112,338	112,338
Gas System	3,564,725	4,729,383	-	-	4,729,383	-	1,164,658	1,164,658
TOTAL BUSINESS-TYPE ACTIVITIES	4,310,808	5,587,804	-	-	5,587,804	-	1,276,996	1,276,996
TOTAL PRIMARY GOVERNMENT	$ 8,321,925	$ 5,818,927	$ -	$ 1,159,388	$ 6,978,315	$ (2,620,606)	$ 1,276,996	$ (1,343,610)
GENERAL REVENUES:								
Taxes:								
Property Taxes						$ 856,390	$ -	$ 856,390
Sales Taxes						1,656,400	-	1,656,400
Privilege and Franchise Taxes						142,593	-	142,593
Licenses and Permits						97,972	-	97,972
In Lieu Taxes						48,585	-	48,585
Intergovernmental Revenues						516,860	-	516,860
Investment Earnings						65,130	257,006	322,136
Gain (Loss) on Sale of Assets						(1,811)	-	(1,811)
Miscellaneous						100,565	-	100,565
Transfers						(1,297,472)	1,297,472	-
TOTAL GENERAL REVENUES AND TRANSFERS						2,185,212	1,554,478	3,739,690
CHANGE IN NET POSITION						(435,394)	2,831,474	2,396,080
NET POSITION--BEGINNING, as originally stated						7,988,795	10,547,547	18,536,342
PRIOR PERIOD ADJUSTMENT						(363,525)	399,250	35,725
NET POSITION--BEGINNING, as restated						7,625,270	10,946,797	18,572,067
NET POSITION--ENDING						$ 7,189,876	$ 13,778,271	$ 20,968,147

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

		General Fund		Other Governmental Funds		Total Governmental Funds
ASSETS:						
Cash on Deposit	$	2,861,312	$	1,267,822	$	4,129,134
Accounts Receivable		22,546		-		22,546
Due from Other Governments		188,232		-		188,232
Due from Other Funds		494,159		91,000		585,159
TOTAL ASSETS	$	3,566,249	$	1,358,822	$	4,925,071
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts Payable	$	99,673	$	20	$	99,693
Accrued Expenses		28,085		-		28,085
Due to Other Funds		2,194,115		135,178		2,329,293
TOTAL LIABILITIES		2,321,873		135,198		2,457,071
FUND BALANCES:						
Committed to:						
Cemetery		234,729		-		234,729
Restricted:						
Public Safety		12,434		-		12,434
Culture and Recreation		-		1,225,978		1,225,978
Unassigned (Deficit)		997,213		(2,354)		994,859
TOTAL FUND BALANCES		1,244,376		1,223,624		2,468,000
TOTAL LIABILITIES AND FUND BALANCES	$	3,566,249	$	1,358,822	$	4,925,071

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2024

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	2,468,000
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		8,406,636
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(207,996)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		(28,227)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.		104,348
Net pension liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(4,195,873)
Deferred outflows and inflows related to pensions are applicable to future periods and therefore they are not reported in the Governmental Funds Balance Sheet.		
Deferred outflows of resources related to defined benefit pension plan		629,206
Deferred inflows of resources related to defined benefit pension plan		(128,124)
Accrual of court fine revenues to qualify as financial resources.		141,906
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	7,189,876

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property Taxes	$ 852,312	$ -	$ 852,312
Sales and Use Taxes	1,656,400	-	1,656,400
Privilege and Franchise Taxes	142,593	-	142,593
Licenses and Permits	97,972	-	97,972
In Lieu of Taxes	48,585	-	48,585
Intergovernmental Revenues	501,814	15,046	516,860
Charges for Services	85,714	-	85,714
Penalties and Interest	2,998	-	2,998
Fines and Forfeitures	141,194	-	141,194
Interest Income	64,254	876	65,130
Sale of Cemetery Lots	18,178	-	18,178
Grant Income	454,638	704,750	1,159,388
Miscellaneous Revenues	82,387	-	82,387
TOTAL REVENUES	4,149,039	720,672	4,869,711
EXPENDITURES:			
Current:			
General Government	978,280	67	978,347
Public Safety	2,024,839	16,529	2,041,368
Public Works	462,747	-	462,747
Culture and Recreation	269,837	157,267	427,104
Debt Service	68,653	-	68,653
TOTAL EXPENDITURES	3,804,356	173,863	3,978,219
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	344,683	546,809	891,492
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	3,764	-	3,764
Transfers (to) from Other Funds	(1,182,000)	(115,472)	(1,297,472)
TOTAL OTHER FINANCING SOURCES (USES)	(1,178,236)	(115,472)	(1,293,708)
NET CHANGE IN FUND BALANCES	(833,553)	431,337	(402,216)
FUND BALANCES (DEFICIT) - Beginning, as originally stated	2,441,454	792,287	3,233,741
PRIOR PERIOD ADJUSTMENT	(363,525)	-	(363,525)
FUND BALANCES (DEFICIT) - Beginning, as restated	2,077,929	792,287	2,870,216
FUND BALANCES (DEFICIT) - Ending	$ 1,244,376	$ 1,223,624	$ 2,468,000

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	(402,216)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		886,063
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(482,727)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the remaining basis of the capital assets sold.		(5,575)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		1,217
Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.		4,078
Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.		(495,153)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.		
This amount represents long-term debt proceeds.		-
This amount represents long-term debt repayments.		64,303
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(5,384)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(435,394)

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended September 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
Property Taxes	$ 768,000	$ 1,094,468	$ 852,312	$ (242,156)
Sales and Use Taxes	1,505,544	1,661,660	1,643,894	(17,766)
Privilege and Franchise Taxes	116,200	165,736	141,553	(24,183)
Licenses and Permits	71,200	123,306	97,972	(25,334)
In Lieu of Taxes	-	-	48,585	48,585
Intergovernmental Revenues	393,100	610,805	498,167	(112,638)
Charges for Services	80,000	92,750	85,714	(7,036)
Penalties and Interest	2,500	2,500	2,998	498
Fines and Forfeitures	200,000	205,000	141,194	(63,806)
Interest Income	5,000	43,409	64,254	20,845
Sale of Cemetery Lots	12,500	18,805	18,178	(627)
Grant Income	-	-	454,638	454,638
Miscellaneous Revenues	3,300	58,253	82,387	24,134
TOTAL REVENUES	3,157,344	4,076,692	4,131,846	55,154
EXPENDITURES:				
Current:				
General Government	652,327	1,227,377	978,280	249,097
Public Safety	2,290,452	2,416,944	2,024,839	392,105
Public Works	424,224	496,532	462,747	33,785
Culture and Recreation	108,980	450,999	269,837	181,162
Debt Service	-	72,269	68,653	3,616
TOTAL EXPENDITURES	3,475,983	4,664,121	3,804,356	859,765
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(318,639)	(587,429)	327,490	914,919
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Capital Assets	-	-	3,764	3,764
Transfers (to) from Other Funds	294,899	218,205	(1,182,000)	(1,400,205)
TOTAL OTHER FINANCING SOURCES (USES)	294,899	218,205	(1,178,236)	(1,396,441)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	$ (23,740)	$ (369,224)	$ (850,746)	$ (481,522)

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF FUND NET POSITION- PROPRIETARY FUNDS
September 30, 2024

	Water & Sewer	Gas	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 2,910,705	$ 6,731,046	$ 9,641,751
Due From Other Funds	43,378	1,924,204	1,967,582
Accounts Receivable, Net	70,701	231,449	302,150
Total Current Assets	3,024,784	8,886,699	11,911,483
Noncurrent Assets:			
Cash and Cash Equivalents- Restricted	-	1,541,750	1,541,750
Water, Sewer, and Gas System,			
Buildings, Vehicles and Equipment	10,380,965	9,930,449	20,311,414
Construction in Progress	590,791	-	590,791
Land	64,374	20,150	84,524
Less: Accumulated Depreciation	(6,207,399)	(3,029,607)	(9,237,006)
Net Noncurrent Assets	4,828,731	8,462,742	13,291,473
TOTAL ASSETS	$ 7,853,515	$ 17,349,441	$ 25,202,956
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	$ 78,189	$ 164,711	$ 242,900
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 78,189	$ 164,711	$ 242,900
LIABILITIES:			
Current Liabilities:			
Accounts Payable	$ 143,651	$ 249,671	$ 393,322
Due to Other Funds	206,035	17,413	223,448
Refundable Meter Deposits	131,025	1,195,288	1,326,313
Accrued Liabilities	48,074	152,017	200,091
Notes, Bonds and Capital Leases Payable -			
Within One Year	21,976	286,937	308,913
Total Current Liabilities	550,761	1,901,326	2,452,087
Noncurrent Liabilities:			
Notes, Bonds and Capital Leases Payable			
Less Current Portion	743,825	6,782,346	7,526,171
Net Pension Liability	521,413	1,098,379	1,619,792
Accrued Compensated Absences	1,155	18,919	20,074
Total Noncurrent Liabilities	1,266,393	7,899,644	9,166,037
TOTAL LIABILITIES	$ 1,817,154	$ 9,800,970	$ 11,618,124
DEFERRED INFLOWS OF RESOURCES:			
Deferred Amounts Related to Pensions	$ 15,921	$ 33,540	$ 49,461
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 15,921	$ 33,540	$ 49,461
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	4,062,930	1,393,459	5,456,389
Restricted for Capital Improvements	1,000,000	-	1,000,000
Unrestricted Net Position (Deficit)	1,035,699	6,286,183	7,321,882
TOTAL NET POSITION	$ 6,098,629	$ 7,679,642	$ 13,778,271

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Water & Sewer	Gas	Totals
OPERATING REVENUES			
Charges for Services	$ 786,096	$ 4,425,217	$ 5,211,313
Service Charges and Penalties	58,499	295,586	354,085
Other Receipts	13,826	8,580	22,406
Total Operating Revenues	858,421	4,729,383	5,587,804
Less: Gas Purchased	-	1,846,718	1,846,718
Net Income Before Operating Expenses	858,421	2,882,665	3,741,086
OPERATING EXPENSES			
Personnel Services	147,354	645,571	792,925
Contractual Services	59,033	82,917	141,950
Supplies	77,752	77,788	155,540
Depreciation and Amortization	233,729	173,755	407,484
Other Services	202,707	524,490	727,197
Total Operating Expenses	720,575	1,504,521	2,225,096
Net Operating Income (Loss)	137,846	1,378,144	1,515,990
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	37,595	219,411	257,006
Interest and Fiscal Charges	(25,508)	(213,486)	(238,994)
Total Non-Operating Revenues (Expenses)	12,087	5,925	18,012
Income (Loss) Before Operating Transfers	149,933	1,384,069	1,534,002
OPERATING TRANSFERS IN (OUT)			
Operating Transfers In (Out)	1,297,472	-	1,297,472
CHANGE IN NET POSITION	1,447,405	1,384,069	2,831,474
NET POSITION - October 1, as previously stated	4,251,974	6,295,573	10,547,547
Prior Period Adjustment	399,250	-	399,250
NET POSITION - October 1, as restated	4,651,224	6,295,573	10,946,797
NET POSITION - September 30,	$ 6,098,629	$ 7,679,642	$ 13,778,271

The accompanying notes are an integral part of these financial statements.

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Water & Sewer	Gas	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 873,949	$ 4,685,333	$ 5,559,282
Cash Payments for Gas Purchases	-	(1,944,655)	(1,944,655)
Cash Payments for Personal Services	(94,741)	(1,006,496)	(1,101,237)
Cash Payments for Contractual Services	(59,033)	(82,917)	(141,950)
Cash Payments for Supplies	(77,752)	(77,788)	(155,540)
Cash Payments for Other Services	(78,102)	(397,892)	(475,994)
Net Cash Provided By (Used in) Operating Activities	564,321	1,175,585	1,739,906
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers - In from (Out) to Other Funds	1,643,713	(6,491)	1,637,222
Net Cash Provided By (Used In) Noncapital Financing Activities	1,643,713	(6,491)	1,637,222
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Fixed Assets	(979,942)	(324,080)	(1,304,022)
Principal Paid on Bonds, Notes Payable and Capital Leases	(35,230)	(276,666)	(311,896)
Interest Paid on Bonds, Notes Payable and Capital Leases	(25,508)	(213,486)	(238,994)
Bond Issuance Cost Paid	-	-	-
Net Cash Provided By (Used In) Capital Financing Activities	(1,040,680)	(814,232)	(1,854,912)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Investments	37,595	219,411	257,006
Net Cash Provided By Investing Activities	37,595	219,411	257,006
NET INCREASE (DECREASE) IN CASH	1,204,949	574,273	1,779,222
CASH, OCTOBER 1	1,705,756	7,698,523	9,404,279
CASH, SEPTEMBER 30	$ 2,910,705	$ 8,272,796	$ 11,183,501
BALANCE SHEET RECONCILIATION			
Cash and Cash Equivalents	$ 2,910,705	$ 6,731,046	$ 9,641,751
Cash and Cash Equivalents - Restricted	-	1,541,750	1,541,750
	$ 2,910,705	$ 8,272,796	$ 11,183,501
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ 137,846	$ 1,378,144	$ 1,515,990
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used in) Operating Activities			
Depreciation	233,729	173,755	407,484
Net Pension Expense	33,465	142,217	175,682
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	6,254	(81,923)	(75,669)
Increase (Decrease) in Accounts Payable - operating activities	124,605	28,661	153,266
Increase (Decrease) in Accrued Liabilities - operating activities	19,148	(503,142)	(483,994)
Increase in Meter Deposits	9,274	37,873	47,147
Total Adjustments	426,475	(202,559)	223,916
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 564,321	$ 1,175,585	$ 1,739,906

The accompanying notes are an integral part of these financial statements.

NOTE 1 - Summary of Significant Accounting Policies

The Town of Byhalia, Mississippi was incorporated in 1873. The Town operates under a Board of Aldermen-Mayor form of government and provides the following services: public safety (police and fire), streets, sanitation, culture, recreation, public improvements, planning and zoning, utilities, and general administrative services.

Government-Wide and Fund Financial Statements

The Town'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 more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the Town that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non-major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

NOTE 1 - Summary of Significant Accounting Policies (continued)

<u>Measurement Focus, Basis of Accounting and Financial Statement Presentation</u>

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

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The Town reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds.

Additionally, the Town reports the following governmental fund types:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes, all of the special revenue funds are non-major funds.

The Town reports the following major proprietary funds:

The Water, Sewer and Gas Funds – These funds are used to account for the Town's water and sewer treatment and distribution system as well as the gas distribution system. These funds are responsible for water and gas delivery to the residents of the Town of Byhalia.

NOTE 1 - Summary of Significant Accounting Policies (continued)

The Town has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, sale of sewer for the Sewer Fund, and sale of gas for the Gas Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Financial Reporting Entity

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is a fiscal dependency by the organization on the Town

Included within the reporting entity:

Town of Byhalia's water, sewer, and gas systems. The rates for user charges and bond issuance authorizations also are approved by the government's governing body and the legal liability for the general obligation portion of the water, sewer and gas debt remains with the government.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

(1) The mayor and board of aldermen formulate the budget policy at the May board meeting.

(2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.

(3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.

(4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.

(5) Between September 1st-15th the budget must be adopted and the tax levy set.

(6) Between September 1st-30th, in accordance with the Town's population, the budget must be posted in three public places.

(7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

(8) Further, budgets are used as management control devices in the Proprietary Fund. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Changes in Accounting Standards

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs. This standard had no impact on the Town's financial statements.

Cash and Investments

The collateral for public entities' deposits in financial institutions is 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 entities are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments - State statutes, Town bond ordinances and Town resolutions authorize the Town's investments. The Town is authorized to invest in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, or of any school district, which such county or municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court, or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository or in interest-bearing time certificates of deposit with municipal depositories serving in accordance with Section 27-105-353 at a rate of interest not less than a simple interest rate numerically equal to the average bank discount rate on United States Treasury bills of comparable maturity.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

The Town has an agreement with the County pursuant to which the tax collector of the County has assumed the duty and responsibility for billing and collecting all Town ad valorem taxes, including all taxes on real property, personal property and public utilities property by the Town.

The Town recognizes tax revenues upon collection of the taxes or upon collection from the county tax collector. In addition, the Town makes an accrual for amounts collected by the county tax collector as of September 30 and remitted to the Town within 30 days after year end.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Revenue Enterprise Bonds

The enterprise funds provide the annual debt service requirements on certain general obligation enterprise bonds (not secured by system revenues) issued to finance system improvements. Since the enterprise funds provide the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the Enterprise Funds and have been reported on the balance sheets of the Enterprise Funds.

Although the general obligation enterprise bonds are reported on the balance sheets of the Enterprise Funds, they are backed by the full faith and credit of the Town and are therefore a contingent liability to the general government.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, State of Mississippi, or of any county or municipality of the State of Mississippi.

Investments are represented by certificates of deposit and are stated at cost, plus accrued interest.

Fund Balance Classification

The Town has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are 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 for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - Summary of Significant Accounting Policies (continued)

• Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

• Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the Town's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

• Unassigned: This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

Inventories

Inventories for proprietary fund types are valued at cost. The Town does not maintain inventory records for any other fund types.

Business Information

The Town of Byhalia provides gas, water, and sewer services to customers located within the Town limits of Byhalia, Mississippi as well as a limited number of customers outside the Town limits. Credit is extended to all of these customers for services.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for; therefore, the Town does not employ an encumbrance system.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the proprietary fund types consider all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents

Compensated Absences

The Town's policy allows employees to accumulate unused vacation leave up to 30 days and unused sick leave up to 75 days. Upon termination, any accumulated vacation will be paid to the employee. Sick leave will be paid only upon illness while an employee of the Town.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines and the provision for uncollectible business-type activities receivables as mentioned in Note 4. It is at least reasonably possible that the significant estimate used will change within the next year.

Pensions

For 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 Town of Byhalia's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the Town of Byhalia's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

Use of Restricted/Unrestricted Net Position

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

Capital Assets and Depreciation

The Town's capitalization threshold is $1,000 for general fixed assets and $5,000 for infrastructure assets. The Town retroactively applied these thresholds to all general fixed assets in service at September 30, 2003 pursuant to GASB requirements. Donated assets are recorded at fair market value.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, Building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

NOTE 1 - Summary of Significant Accounting Policies (continued)

Interfund Transfers

The principal purpose of interfund transfers is to provide reimbursement for shared costs between funds, funding for debt service and operations. All transfers are routine and consistent with the activities of the fund making the transfer.

Financial Instruments

The carrying amount of cash, investments, accounts and other receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments.

NOTE 2 - Deposits and Investments

Deposits

The carrying amount of the Town's total deposits with financial institutions at September 30, September 30, 2024, was $15,312,635, and the bank balance was $13,865,406. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town had $500,000 of bank balances covered by federal depository insurance and $1,541,750 covered by a trust fund or collateralized in accordance with state law at year end. The Town had $796,597 of deposits that were not covered by federal depository insurance or collateralized in accordance with state law at year end. The collateral for public entities' deposits in financial institutions is held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the Town's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the Town's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

NOTE 2 - Deposits and Investments (continued)

Credit risk: The Town and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the Town's policy to limit its investments to those allowed by the State statute.

Concentration of credit risk: The Town complies with the State statute regarding investments; as a result, concentration risk is limited.

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the Town's requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The Town's investments are insured or registered, or are securities held by the Town or its agent in the Town's name.

NOTE 3 - Fixed Assets

The following is a summary of capital asset activity as of September 30, 2024:

Primary Government:

	Balance 10-01-23	Additions	Reclass/ Disposals	Balance 09-30-24
Capital Assets, not being depreciated:				
Land	$ 19,583	$ 0	$ 0	$ 19,583
Construction in Progress	0	640,506	(483,239)	157,267
Total Capital Assets, not being Depreciated:	19,583	640,506	(483,239)	176,850
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	3,623,313	106,805	483,239	4,213,357
Infrastructure	5,514,405	0	0	5,514,405
Machinery and Equipment	3,020,794	138,752	(55,750)	3,103,796
Total Capital Assets being depreciated	12,158,512	245,557	427,489	12,831,558
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(992,523)	(125,467)	0	(1,117,990)
Infrastructure	(1,192,711)	(162,350)	0	(1,355,061)
Machinery and Equipment	(1,983,986)	(194,910)	50,175	(2,128,721)
Total Accumulated Depreciation	(4,169,220)	(482,727)	50,175	(4,601,772)
Total Capital Assets, depreciated, net Governmental Activities	7,989,292	237,170	477,664	8,229,786
Capital Assets, net	$ 8,008,875	$ 403,336	$ (5,575)	$ 8,406,636

NOTE 3 - Fixed Assets (continued)

A summary of business-type capital asset activity at September 30, 2024 follows:

	Balance 10-01-23	Additions	Reclass/ Disposals	Balance 09-30-24
Capital Assets, not being depreciated:				
Land	$ 84,524	$ 0	$ 0	$ 84,524
Construction in Progress	3,728,557	1,129,278	(4,267,044)	590,791
Total Capital Assets, not being Depreciated:	3,813,081	1,129,278	(4,267,044)	675,315
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	$ 14,539,580	$ 21,806	$ 4,267,044	$ 18,828,430
Machinery and Equipment	1,330,046	152,938	0	1,482,984
Total Capital Assets being depreciated	15,869,626	174,744	4,267,044	20,311,414
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(7,381,536)	(342,304)	0	(8,066,523)
Machinery and Equipment	(1,045,542)	(65,180)	0	(1,170,483)
Total Accumulated Depreciation	(8,427,078)	(407,484)	0	(9,237,006)
Total Capital Assets, depreciated, net Business-type Activities	7,346,595	(232,740)	4,267,044	11,074,408
Capital Assets, net	$ 9,236,052	$ 896,538	$ 0	$ 11,749,723

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 78,824
Public Safety	184,797
Public Works	186,016
Culture & Recreation	33,090
Total Depreciation Expense – Governmental Activities	$ 482,727
Depreciation expense for Water, Sewer and Gas funds	$ 407,484

NOTE 4 - Receivables

Receivables at September 30, 2024, consisted primarily of property and other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, court fines, and accrued interest on investments.

All accounts receivable are shown net of an allowance for uncollectible amounts of $201,177 for Governmental Activities and $90,072 for Business-Type Activities. The allowance is based on management estimates and the average age of receivables.

NOTE 5 - Long-Term Debt

Long-term debt activity for the year ended September 30, 2024 are as follows:

	Balance at 9/30/23	Additions	Deletions	Balance at 9/30/24	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 79,244	$ 0	$ 21,255	$ 57,989	$ 17,789
Notes Payable	127,060	0	16,915	110,145	17,600
Capital Leases	65,995	0	26,133	39,862	9,289
Governmental Long-Term Liabilities	$ 272,299	$ 0	$ 64,303	$ 207,996	$ 44,678
Business-Type Activities:					
Revenue Bonds Payable	$ 8,133,580	$ 0	$ 298,496	$ 7,835,084	$ 308,913
Capital Leases	13,400	0	13,400	0	0
Business-Type Long-Term Liabilities	$ 8,146,980	$ 0	$ 311,896	$ 7,835,084	$ 308,913

Revenue Bonds. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are subject to optional redemption at various dates. Revenue bonds outstanding as of September 30, 2024 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
Proprietary Funds				**Issued**	**Outstanding**
2003	3.375%	4/17/2003	4/17/2038	$ 954,700	$ 765,801
2011	3.750%	11/02/2011	11/02/2046	1,900,000	1,549,283
2022	2.680%	2/08/2022	2/01/2042	6,000,000	5,520,000
				$ 8,854,700	$ 7,835,084

Loans. The Town also uses loans to finance its projects. Loans outstanding as of September 30, 2024 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
General Funds				**Issued**	**Outstanding**
NEMPDD Town Hall	2.000%	11/01/2015	11/01/2029	$ 250,000	$ 110,145
Rural Development (97-07)	4.625%	9/19/2002	12/19/2032	400,000	57,989
				$ 650,000	$ 168,134

NOTE 5 - Long-Term Debt (continued)

Capital Leases. The Town is obligated for the following capital assets acquired through capital leases as of September 30, 2024:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
General Funds				**Issued**	**Outstanding**
2021 SCBA Equipment	3.24%	7/01/2022	7/01/2028	$ 65,158	$ 39,862
				$ 65,158	$ 39,862

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

The Annual requirements to amortize all debt outstanding as of September 30, 2024 including interest payments of $2,670,000 are as follows:

Year Ending September 30	Governmental Funds Principal	Governmental Funds Interest	Proprietary Funds Principal	Proprietary Funds Interest	Total Principal	Total Interest
2025	$ 44,678	$ 9,521	$ 308,913	$ 230,481	$ 353,591	$ 240,002
2026	46,105	8,218	316,266	221,493	362,371	229,711
2027	47,681	7,042	323,707	212,286	371,388	219,328
2028	31,787	5,636	336,236	202,788	368,023	208,424
2029	19,000	753	343,860	194,786	362,860	195,539
2030 - 2034	18,745	2,296	1,872,172	816,346	1,890,917	818,642
2035 - 2039	0	0	2,158,918	517,354	2,158,918	517,354
2040 - 2044	0	0	1,702,224	201,936	1,702,224	201,936
2045 - 2049	0	0	472,788	39,064	472,788	39,064
	$ 207,996	$ 33,466	$ 7,835,084	$ 2,636,534	$ 8,043,080	$ 2,670,000

NOTE 8 - Defined Benefit Pension Plan (continued)

Benefits Provided - Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions - At September 30, 2024, PERS members were required to contribute 9% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2024 was 17.90% of annual covered payroll. This rate increased as of July 1, 2024 from 17.40%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contributions (employer share only) to PERS for the years ending September 30, 2024, 2023 and 2022 were $300,369, $275,020 and $270,250, 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, 2024, the Town reported a liability of $5,815,665 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportionate share used to calculate the September 30, 2024 net pension liability was 0.022396 percent, which was based on a measurement date of June 30, 2024. This was an increase of 0.001645 percent from its proportionate share used to calculate the September 30, 2023 net pension liability, which was based on a measurement date of June 30, 2023.

NOTE 8 - Defined Benefit Pension Plan (continued)

For the year ended September 30, 2024, the Town recognized pension expense of $971,204. At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 307,709	$ -
Net difference between projected and actual earnings on pension plan investments	32,489	-
Changes of assumptions	333,762	-
Changes in the proportion and differences between the Town's contributions and proportionate share of contributions	120,445	177,585
Town contribututions subsequent to the measurement date	77,701	-
Total	$ 872,106	$ 177,585

$77,701 reported as deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2025	$ 217,449
2026	417,078
2027	29,536
2028	(47,243)
Total	$ 616,820

Actuarial Assumptions - The total pension liability as of June 30, 2024 was determined by an actuarial valuation prepared as of June 30, 2023 and by the investment experience for the fiscal year ending June 30, 2024. The following actuarial assumptions are 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	7.00 percent, net of pension plan investment expense, including inflation

NOTE 8 - Defined Benefit Pension Plan (continued)

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00%	5.15%
International Equity	20.00%	5.00%
Global Equity	12.00%	5.15%
Fixed Income	18.00%	2.75%
Real Estate	10.00%	3.50%
Private Equity	10.00%	6.25%
Infrastructure	2.00%	3.85%
Private Credit	2.00%	4.90%
Cash Equivalents	1.00%	0.50%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00 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 percent) and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). 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.

NOTE 8 - Defined Benefit Pension Plan (continued)

Sensitivity to the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	Discount Rate	Town's Proportionate Share of the Net Pension Liability
1% decrease	6.00%	$7,537,948
Current discount rate	7.00%	$5,815,665
1% increase	8.00%	$4,406,106

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 9 - Fund Balance Reconciliation – General Fund Budget Basis

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes - All Governmental Fund Types" are eliminated for budget purposes. In the current fiscal year accrued revenues were $17,193 more than cash revenues.

NOTE 10 - Risk Management

The Town of Byhalia is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the Town except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the Town retains the risk of loss.

Risk of loss related to workers compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The Town pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 10 - Risk Management (continued)

The Town Attorney estimates that the amount of actual or potential claims against the Town as of September 30, 2024, will not materially affect the financial condition of the Town. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the Town during the current or prior year.

Note 11 – Tax Abatements

The Town enters into property tax abatement agreements with local businesses for economic development purposes. The abatements may be granted to any business located within or promising to locate within the town limits. The abatements are negotiated on an individual basis. Each abatement is for 10 years. The Town had nine tax abatement agreements with four entities as of September 30, 2024.

The Town had three types of abatements, none of which provides for the abatement of school or state tax levies:

Section 27-31-101 – New enterprise exemptions
Section 27-31-105 – Expanded enterprise exemptions
Section 27-31-104 – Fee in lieu of tax agreements

All six entities had tax abatements listed under the above listed statutes.

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	$404,073

The companies were not required to comply with any special provisions in order to receive the abatements and the Town made no commitments as part of the agreements other than to reduce taxes. Abatements may be voided pursuant to state law in the event of a cessation of company operations.

NOTE 12 – Expenditures Over Appropriations for Individual Funds

Any expenditures over appropriations at the legal level or budgetary control for the respective funds are disclosed in the Combined Statement or Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the respective fund. Expenditures over appropriations at the legal level of budgetary control are as follows:

	Budget	Actual	Overage
General Fund			
Culture and Recreation			
Supplies	$ 17,300	$ 22,760	$ 5,460
Public Works			
Supplies	25,840	32,939	7,099

NOTE 13 – Commitments

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 14 – Adjustments and Restatements of Beginning Balances

Prior Period Adjustment to Previously Issued Financial Statements

Proceeds from a grant award were received in the previous year that were recorded in the general fund. As of September 30, 2023, the proceeds from the grant award should have been originally transferred and recorded in the water and sewer fund.

Certain amounts expended in the water and sewer fund for capital assets were improperly recorded as expenses rather than being capitalized. As of September 30, 2023, the expense should have been capitalized, increasing net position and capital assets.

Adjustments to and Restatements of Beginning Balances

		Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
		Funds		Government-Wide	
		General Fund	Water & Sewer Fund	Governmental Activities	Business-type Activities
9/30/2023, as previously reported	$	2,441,454	4,251,974	7,988,795	10,547,547
Prior Period Adjustment		(363,525)	399,250	(363,525)	399,250
9/30/2023, as adjusted or restated	$	2,077,929	4,651,224	7,625,270	10,946,797

NOTE 15 - Subsequent Events

Management has evaluated subsequent events through October 23, 2025, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BYHALIA, MISSISSIPPI
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
PERS
For the year ended September 30, 2024
UNAUDITED

	2024	2023	2022	2021	2020
A. Byhalia's proportion of the net pension liability (%)	0.022396%	0.020751%	0.021718%	0.020230%	0.019612%
B. Byhalia's proportionate share of the net pension liability	$ 5,815,665	$ 5,219,150	$ 4,470,355	$ 2,990,082	$ 3,796,655
C. Byhalia's covered employee payroll	$ 1,716,264	$ 1,538,184	$ 1,495,138	$ 1,345,098	$ 1,305,902
D. Byhalia's proportionate share of the net pension liability as a percentage of its covered employee payroll (%)	338.86%	339.31%	298.99%	222.29%	290.73%
E. Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%

	2019	2018	2017	2016	2015
A. Byhalia's proportion of the net pension liability (%)	0.019520%	0.019006%	0.019280%	0.016176%	0.016700%
B. Byhalia's proportionate share of the net pension liability	$ 3,433,953	$ 3,161,263	$ 3,204,990	$ 2,889,436	$ 2,581,491
C. Byhalia's covered employee payroll	$ 1,271,295	$ 1,213,695	$ 1,236,819	$ 1,034,838	$ 1,044,717
D. Byhalia's proportionate share of the net pension liability as a percentage of its covered employee payroll (%)	270.11%	260.47%	259.13%	279.22%	247.10%
E. Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF BYHALIA, MISSISSIPPI
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
PERS
For the year ended September 30, 2024
UNAUDITED

		2024	2023	2022	2021	2020
A. Contractually required contributions		$ 300,369	$ 275,020	$ 270,250	$ 241,938	$ 226,003
B. Contributions in relation to contractually required contributions		$ 300,369	$ 275,020	$ 270,250	$ 241,938	$ 226,003
C. Contribution deficiency (excess)		$ -	$ -	$ -	$ -	$ -
D. Byhalia's covered employee payroll		$ 1,713,786	$ 1,580,575	$ 1,553,162	$ 1,390,445	$ 1,298,866
E. Contributions as a percentage of covered employee payroll	**	17.53%	17.40%	17.40%	17.40%	17.40%

		2019	2018	2017	2016	2015
A. Contractually required contributions		$ 207,573	$ 192,152	$ 190,077	$ 177,991	$ 167,874
B. Contributions in relation to contractually required contributions		$ 207,573	$ 192,152	$ 190,077	$ 177,991	$ 167,874
C. Contribution deficiency (excess)		$ -	$ -	$ -	$ -	$ -
D. Byhalia's covered employee payroll		$ 1,286,724	$ 1,220,013	$ 1,206,838	$ 1,130,102	$ 1,065,868
E. Contributions as a percentage of covered employee payroll	**	16.13%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in the fiscal year ended September 30, 2015.

** Until July 1, 2019, the employer's rate was 15.75%. Subsequent to July 1, 2019 the employer's rate was 17.40% through June 30, 2024. The employer's rate at September 30, 2024 was 17.90% of annual covered payroll. This rate increased as of July 1, 2024 from 17.40%.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF BYHALIA, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

PENSION SCHEDULES

(1) Changes of assumptions

a. 2023

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

b. 2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  1. For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
  2. For females, 84% of female rates up to age 72, 100% for ages above 76.
  3. 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:
  1. For males, 134% of male rates at all ages.
  2. For females, 121% of female rates at all ages.
  3. 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:
  1. For males, 97% of male rates at all ages.
  2. For females, 110% of female rates at all ages.
  3. 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%.

PENSION SCHEDULES (continued)

c. 2019
- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    1. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
    2. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
    3. 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:
    1. For males, 137% of male rates at all ages.
    2. For females, 115% of female rates at all ages.
    3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

d. 2017
- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

e. 2016
- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

f. 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 adjusted to reflect actual experience more closely.
- Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

PENSION SCHEDULES (continued)

(2) Changes in benefit provisions

a. 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 preceding year with a minimum rate of one percent and a maximum rate of five percent.

(3) ***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, 2022 valuation for the June 30, 2024 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

• Actuarial cost method	Entry age
• Amortization method	Level percentage of payroll, open
• Remaining amortization period	25.6 years
• Asset valuation method	5-year smoothed market
• Price Inflation	2.40 percent
• Salary increase	2.65 percent to 17.90 percent, including inflation
• Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

INDIVIDUAL FUND FINANCIAL STATEMENTS

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended September 30, 2024

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Property Taxes	$ 1,094,468	$ 852,312	$ (242,156)
Homestead Exemption Reimbursement	135,941	18,268	(117,673)
Privilege Licenses and Fees	59,278	59,400	122
Road Maintenance	396,694	410,802	14,108
Sales Tax	1,406,116	1,406,116	-
Intergovernmental Revenue	270,254	251,463	(18,791)
Gasoline Tax	5,750	4,802	(948)
Hotel/Motel Tax	47,460	47,460	-
Alcoholic Beverage Licenses	10,250	3,150	(7,100)
Building Permits	98,905	97,852	(1,053)
Court Fines and Fees	205,000	141,194	(63,806)
TVA In Lieu Tax	-	48,585	48,585
Miscellaneous	69,933	82,387	12,454
Penalties and Interest	2,500	2,998	498
Cable Franchise Fees	130,859	82,273	(48,586)
Sale of Cemetery Lots	18,805	18,178	(627)
Interest Income	43,409	64,254	20,845
Late Charges - Utility	500	-	(500)
Grant Income	-	454,638	454,638
Sanitation Fees	80,570	85,714	5,144
Total revenues	4,076,692	4,131,846	55,154
EXPENDITURES			
General Government			
Personnel Services	360,370	284,406	75,964
Supplies	15,070	13,858	1,212
Other Services and Charges	500,937	288,033	212,904
Capital Outlay	351,000	391,983	(40,983)
Total	1,227,377	978,280	249,097
Public Safety			
Personnel Services	1,747,293	1,457,887	289,406
Supplies	98,416	94,589	3,827
Other Services and Charges	467,662	346,755	120,907
Capital Outlay	103,573	125,608	(22,035)
Total	2,416,944	2,024,839	392,105
Culture and Recreation			
Personnel Services	17,990	$ 15,080	2,910
Supplies	17,300	22,760	(5,460)
Other Services and Charges	51,265	33,823	17,442
Capital Outlay	364,444	198,174	166,270
Total	$ 450,999	$ 269,837	$ 181,162

TOWN OF BYHALIA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND - Continued
For the Fiscal Year Ended September 30, 2024

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Works			
Personnel Services	$ 255,865	$ 242,006	$ 13,859
Supplies	25,840	32,939	(7,099)
Other Services and Charges	125,320	124,831	489
Sanitation: Other Services and Charges	65,000	62,971	2,029
Capital Outlay	24,507	-	24,507
Total	496,532	462,747	33,785
Debt Service			
Principal Retirement	72,029	64,303	7,726
Interest and Fiscal Charges	240	4,350	(4,110)
Total	72,269	68,653	3,616
Total expenditures	4,664,121	3,804,356	859,765
Excess (Deficit) revenues over (under) expenditures	(587,429)	327,490	914,919
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	3,764	3,764
Operating Transfers In	218,205	(1,182,000)	(1,400,205)
Total other financing sources (uses)	218,205	(1,178,236)	(1,396,441)
Excess (Deficit) of revenues and other sources over (under) expenditures and other uses	(369,224)	(850,746)	(481,522)
Fund balances - Beginning	2,077,929	2,077,929	-
Fund balances - Ending	$ 1,708,705	1,227,183	$ (481,522)
Adjustments To GAAP Basis:			
Add/Less: Accrued revenue		17,193	
Fund Balance GAAP - Ending		$ 1,244,376	

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BYHALIA
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2024

NAME	POSITION	BOND	INSURANCE COMPANY
Jennifer Moody	City Clerk	$ 50,000	Scott Insurance Company
Thaddeus Parnell	Deputy Clerk	50,000	Guardian Insurance Group, LLC
Angela Clayton	Court Clerk	50,000	Guardian Insurance Group, LLC
Jennifer Knighton	Deputy Court Clerk	50,000	Scott Insurance Company
Helen Rayford	Accounts Payable Clerk	50,000	Scott Insurance Company
Maria Miranda	Utility Clerk	50,000	Scott Insurance Company
Tracy Holmes	Utility Clerk	50,000	Guardian Insurance Group, LLC
Teresa Waldrop	Utility Clerk	50,000	Guardian Insurance Group, LLC
Tina Paradise	Receptionist	50,000	Scott Insurance Company
Samuel Royal	Public Works Director	50,000	Guardian Insurance Group, LLC
Art Dunlap	Police Chief	50,000	Scott Insurance Company
Charles Laughter	Assistant Police Chief	50,000	Scott Insurance Company
Candie Wilson	Dispatcher	50,000	Scott Insurance Company
Brianna Ables	Dispatcher	50,000	Scott Insurance Company
Stephanie Manns	Dispatcher	50,000	Scott Insurance Company
Noah Sansom	Dispatcher	50,000	Scott Insurance Company
Mark Bowles	Dispatcher	50,000	Scott Insurance Company
Quanneisha Campbell	Dispatcher	50,000	Scott Insurance Company
Jennifer Smith	Dispatcher	50,000	Scott Insurance Company
Michael Hamblin, Sr.	Alderman	50,000	Scott Insurance Company
William Crain	Alderman	50,000	Scott Insurance Company
William Rose	Alderman	50,000	Scott Insurance Company
Toni Moore	Alderman	50,000	Scott Insurance Company
Delainer Richmond	Alderman	50,000	Scott Insurance Company
Donald Hollingsworth	Mayor	50,000	Scott Insurance Company

TOWN OF BYHALIA, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
For the Fiscal Year Ended September 30, 2024

	BALANCE OUTSTANDING October 1, 2023	TRANSACTIONS DURING FISCAL YEAR ISSUED	TRANSACTIONS DURING FISCAL YEAR REDEEMED	BALANCE OUTSTANDING September 30, 2024
General Obligation and Revenue Bonds				
Water System (2003)	$ 787,631	$ -	$ 21,830	$ 765,801
Gas System (2011)	1,590,949	-	41,666	1,549,283
Gas System (2022)	5,755,000	-	235,000	5,520,000
Other Long Term Debt				
Community Facility Loan	79,244	-	21,255	57,989
NEMPDD Loan - Town Hall	127,060	-	16,915	110,145
Capital Lease Payable - Trailer Jetter	13,400	-	13,400	-
Capital Lease Payable - 2021 SCBA Equipment	48,019	-	8,157	39,862
Capital Lease Payable - 2018 Ford Explorer	3,492	-	3,492	-
Capital Lease Payable - 2022 Fire Radios & Equipment	14,484	-	14,484	-
TOTAL	$ 8,419,279	$ -	$ 376,199	$ 8,043,080

Town of Byhalia
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/Program or Cluster Title	*AL/Other #*	*Name of Grant-Grant ID No.*	*Passed-through to Subrecipients ($)*		*Federal Expenditures($)*
Other Programs					
Department of the Interior					
Passed through Mississippi Department of Wildlife Fisheries and Parks					
Outdoor Recreation Acquisition, Development and Planning	15.916	28-00693			$ 127,714
Total Passed through Mississippi Department of Wildlife Fisheries and Parks					127,714
Total Department of the Interior			0		127,714
Department of Housing and Urban Development					
Passed through Mississippi Development Authority					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	1102-20-135-PF-01			366,025
Total Passed through Mississippi Development Authority					366,025
Total Department of Housing and Urban Development			0	*	366,025
Department of the Treasury					
Passed through Mississippi Department of Environmental Quality					
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	231-1-CW-5.5			382,074
Passed through Mississippi Department of Finance and Administration					
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027				191,037
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS					573,111
Total Department of the Treasury			0	*	573,111
Total Other Programs					1,066,850
Total Expenditures of Federal Awards			$ 0		$ 1,066,850

SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Byhalia, Mississippi under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town has elected no to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

* Major Program

OTHER REPORTS

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967

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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 Aldermen
Byhalia. Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Byhalia, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Byhalia's basic financial statements and have issued our report thereon dated October 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Byhalia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Byhalia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Byhalia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings no.2024-003, 2024-004, and 2024-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings no. 2024-001, 2024-002, 2024-005, and 2024-007 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Byhalia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as findings no. 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, and 2024-007.

Town of Byhalia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Byhalia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Byhalia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Franks, Franks, Wilemon + Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
October 23, 2025

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

Honorable Mayor and Board of Aldermen
Town of Byhalia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Byhalia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Byhalia's major federal programs for the year ended September 30, 2024. The Town of Byhalia's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Byhalia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Byhalia, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Byhalia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Byhalia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Byhalia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Byhalia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Byhalia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Town of Byhalia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Byhalia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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Tupelo, Mississippi
October 23, 2025

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
Town of Byhalia, Mississippi

We have audited the financial statements of the Town of Byhalia as of and for the year ended September 30, 2024 and have issued our report dated October 23, 2025. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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.

The results of those procedures and our audit of the financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses can be found in the accompanying schedule of findings and responses as findings no. 2024-001, 2024-002, 2024-003, 2024-005, and 2024-006.

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 Town's 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.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
October 23, 2025

TOWN OF BYHALIA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2024

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	_X_ Yes ____ No
Significant deficiency identified not considered to be a material weakness?	_X_ Yes ____ None reported
Noncompliance material to financial statements noted?	_X_ Yes ____ No

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unmodified
Internal Control over major programs:	
Material weakness identified?	____ Yes _X_ No
Significant deficiency identified not considered to be a material weakness?	____ Yes _X_ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes _X_ No

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	____ Yes _X_ No

SECTION 2 – FINANCIAL STATEMENT FINDINGS:

FINDING NO. 2024-001 (significant deficiency, noncompliance)

Repeat Finding: Yes

Criteria: The Town is required, by state statutes, to prepare a budget for all required governmental funds of the Town and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts.

Condition: The Town had a budget overage in two expenditure categories for the year ended September 30, 2024.

Cause: The Town did not properly amend the budget to prevent budget overages.

Effect: The Town was out of compliance with state budgeting requirements.

Recommendation: The Town should ensure that all expenditures are within the final amended budget amounts. The Town Clerk should generate monthly budget to actual revenue and expense reports that should be used to ensure budgets are amended before expenses are disbursed in excess of budgeted amounts.

Response: The Town will take steps necessary to provide the Board with accurate revenue and expense budget to actual comparisons on a monthly basis for all required accounts. The Town will take steps necessary to ensure that budgets are amended prior to budget overages occurring.

FINDING NO. 2024-002 (significant deficiency, noncompliance)

Repeat Finding: Yes

Criteria: The Town is to participate in the centralized pledging program (State Collateral Pool) to satisfy pledging requirements for deposits at financial institutions where the Town maintains public funds.

Condition: The Town did not ensure that all bank accounts were covered under the State Treasurer pool or that all bank account balances were correct for the year ended September 30, 2024.

Cause: The Town left off two accounts and had three incorrect balances on the Annual Report to the State Treasurer.

Effect: The Town was out of compliance with the Mississippi Code 27-105-5.

Recommendation: The Town should implement adequate controls to ensure that all relevant reports regarding the State Collateral Pool are maintained and should reconcile the reports with the financial records of the Town.

Response: The Town will ensure that it has all current State Collateral Pool reports from the State Treasurer so as to ensure that all Town deposits are properly collateralized. The Town will file the annual report with the State Treasurer and ensure all accounts are included in the future.

SECTION 2 – FINANCIAL STATEMENT FINDINGS (continued):

FINDING NO. 2024-003 (material weakness, noncompliance)

Repeat Finding: Yes

Criteria: The Town is required, by state statutes, to maintain adequate subsidiary records substantiating the existence, completeness and valuation of its fixed assets.

Condition: The Town does not have a complete and accurate listing of all fixed assets. The Town has not ensured that all fixed assets are properly tagged and accounted for in compliance with state laws at the time of purchase.

Cause: The Town has not fully implemented an adequate system of controls for properly tracking activity of fixed assets.

Effect: The Town is not in compliance with the applicable requirements as required by state statute as prescribed by the Office of the State Auditor.

Recommendation: The Town should conduct an annual year-end inventory observation of its fixed assets as required by state statutes. The Town should also implement a system of controls that ensures all new assets purchased are charged to the proper capital outlay accounts, properly tagged and added to the inventory listing as soon as they are placed into service.

Response: The Town will review the current internal controls over fixed assets and implement changes as needed to ensure compliance with state statutes. An annual inventory will be performed near year-end to ensure all assets are properly tagged and accounted for.

FINDING NO. 2024-004 (material weakness)

Repeat Finding: Yes

Criteria: The Town is required, by state statutes, to maintain adequate subsidiary records substantiating the existence, completeness and valuation of its utility's customer deposits. The accounting records should reconcile to the subsidiary records.

Condition: The Town does maintain adequate subsidiary records for customer utility deposits; however, the accounting records do not reconcile to the subsidiary records.

Cause: The Town has not fully implemented an adequate system of controls for properly tracking activity of the customer utility deposits in the accounting records.

Effect: The Town is not in compliance with the applicable requirements as required by state statute as prescribed by the Office of the State Auditor.

SECTION 2 – FINANCIAL STATEMENT FINDINGS (continued):

Recommendation: The Town should reconcile the accounting records to the subsidiary records on a timely basis.

Response: The Town will review the current internal controls over customer utility deposits and implement changes as needed to ensure compliance with state statutes.

FINDING NO. 2024-005 (significant deficiency, noncompliance)

Repeat Finding: Yes

Criteria: The Town is to maintain internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. The Town is to comply with state purchasing laws for all applicable purchases over certain dollar thresholds.

Condition: The Town had three instances of noncompliance for the year ended September 30, 2024.

Cause: The Town did not obtain competitive quotes or bids from vendors for purchases applicable to purchase laws.

Effect: The Town was out of compliance with state purchase law requirements.

Recommendation: The Town should implement adequate internal controls over all purchases to ensure that the Town strictly adheres to the purchase laws in all departments of the Town.

Response: The Town will take the necessary steps to ensure that controls over purchasing are revised to guarantee future compliance.

FINDING NO. 2024-006 (material weakness, noncompliance)

Repeat Finding: Yes

Criteria: The Town is to maintain a reserve account and deposit enough funds on a regular basis to meet the requirements of the United States Department of Agriculture (USDA) loan program.

Condition: The Town did not have enough money set aside in the Water Reserve Fund to meet the reserve requirements set by the USDA loan program for the year ended September 30, 2024.

Cause: The Town did not deposit enough money into the Water Reserve Fund Account on a regular basis to cover potential future costs or meet their reserve requirements under the USDA loan program.

Effect: The Town was out of compliance with the USDA loan program reserve requirements.

SECTION 2 – FINANCIAL STATEMENT FINDINGS (continued):

Recommendation: The Town should implement adequate internal controls to ensure that money is being deposited on a regular basis into the Water Fund Reserve Account to meet the USDA loan program reserve requirements.

Response: The Town will take the necessary steps to ensure that controls over the Water Fund Reserve Account are revised to guarantee future compliance.

FINDING NO. 2024-007 (significant deficiency, noncompliance)

Repeat Finding: No

Criteria: The Town is to maintain internal controls to ensure proper financial management of grant funds. A grant required that the grantee will minimize the time elapsing between the transfer of grant funds and the disbursement of funds by the grantee.

Condition: The Town had two instances of noncompliance for the year ended September 30, 2024.

Cause: The Town did not disburse the vendor payments within 3 days of receipt of grant funds as required by the grant agreement.

Effect: The Town was out of compliance with grant agreement requirements.

Recommendation: The Town should implement adequate internal controls to ensure that the Town strictly adheres to the grant agreements in all departments of the Town.

Response: The Town will take the necessary steps to ensure that controls over grant requirements are revised to guarantee future compliance.

SECTION 3 – FEDERAL AWARD FINDINGS:

NONE