

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF SHAW, MISSISSIPPI
COMPILATION REPORT AND
REPORT ON AGREED-UPON PROCEDURES
YEAR ENDED SEPTEMBER 30, 2024

CITY OF SHAW, MISSISSIPPI
COMPILATION REPORT AND
REPORT ON AGREED-UPON PROCEDURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

FINANCIAL STATEMENTS

Independent Accountant's Report	1
Combined Statement of Cash Receipts and Disbursements (All Funds)	2 - 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual	4
Combining Statement of Additions and Deductions - Agency Fund	5
Notes to the Financial Statements	6 - 14

AGREED UPON PROCEDURES

Independent Auditor's Report on Applying Agreed-Upon Procedures	16 - 19
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STATE LEGAL COMPLIANCE SECTION

Independent Auditor's Report on Compliance with State Laws and Regulations	21
Schedule of Surety Bonds for Municipal Officials	Schedule 1 22
Schedule of Bonds and Notes Payable	Schedule 2 23
Schedule of Capital Assets	Schedule 3 24
Statement of Legal Debt Limit	Schedule 4 25



INDEPENDENT ACCOUNTANT'S REPORT

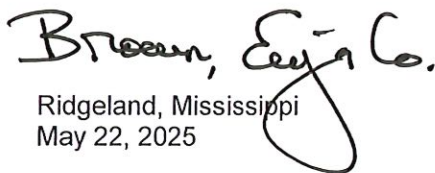
The Honorable Mayor Everette Stanton
and Board of Alderpersons
City of Shaw, Mississippi

Management is responsible for the combined statement of cash receipts and disbursements for each fund of the City of Shaw, Mississippi, for the year ended September 30, 2024, and the accompanying supplementary information contained in Schedules 1 through 4, which are presented only for supplementary analysis purposes. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the accompanying statement of cash receipts and disbursements and supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the combined statement of cash receipts and disbursements.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the City's cash basis of accounting, require the presentation of government-wide financial statements.

Management also has not presented the management's discussion and analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of 21-35-31, Miss. Code Ann. (1972), we have issued a report dated May 22, 2025, on the results of our agreed-upon procedures.


Ridgeland, Mississippi
May 22, 2025

CITY OF SHAW, MISSISSIPPI
Combined Statement of Cash Receipts
and Disbursements (All Funds)
For the Year Ended September 30, 2024

	Governmental Funds		Business Type Funds		Total
	General Fund	Special Revenue Fund	Water Fund	Sewer Fund	(Memo Only) 2024
Revenue receipts:					
General property taxes	\$ 384,245	-	-	-	\$ 384,245
Licenses and permits	4,244	-	-	-	4,244
Franchise taxes	51,533	-	-	-	51,533
State grants, including pass through	-	92,191	-	-	92,191
Federal grants	-	-	77,649	-	77,649
State shared revenues:					
Municipal aid	728	-	-	-	728
Sales tax	89,108	-	-	-	89,108
Gasoline tax	4,209	-	-	-	4,209
Fire rebates	14,362	-	-	-	14,362
Grand Gulf	9,130	-	-	-	9,130
Liquor licenses	900	-	-	-	900
Homestead reimbursement	37,541	-	-	-	37,541
Other	2,015	-	-	-	2,015
Other:					
Rent	48,750	-	-	-	48,750
Fines and bonds	11,583	-	-	-	11,583
Interest income	55	-	-	-	55
Miscellaneous	17,121	-	1,032	-	18,153
Charges for services:					
Water/Sewer	-	-	249,554	96,144	345,698
Garbage	100,030	-	8,875	-	108,905
Total revenue receipts	<u>775,554</u>	<u>92,191</u>	<u>337,110</u>	<u>96,144</u>	<u>1,300,999</u>
Other receipts:					
Interfund loans and transfers	<u>60,969</u>	<u>2,772</u>	<u>139,672</u>	<u>-</u>	<u>203,413</u>
Total other receipts	<u>60,969</u>	<u>2,772</u>	<u>139,672</u>	<u>-</u>	<u>203,413</u>
Total receipts	<u>\$ 836,523</u>	<u>94,963</u>	<u>476,782</u>	<u>96,144</u>	<u>\$ 1,504,412</u>

CITY OF SHAW, MISSISSIPPI
Combined Statement of Cash Receipts
and Disbursements (All Funds) - Continued
For the Year Ended September 30, 2024

	<u>Governmental Funds</u>		<u>Business Type Fund</u>		Total (Memo Only)
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>2024</u>
Operating disbursements:					
General government					
Administration and finance	\$ 130,546	-	-	-	\$ 130,546
Judicial	12,518	-	-	-	12,518
Public safety:					
Police	195,933	-	-	-	195,933
Fire	4,942	-	-	-	4,942
Court	11,972	-	-	-	11,972
Public works	-	7,931	-	-	7,931
Health and welfare	112,998	-	-	-	112,998
Culture, parks and recreation	15,237	-	-	-	15,237
Community development	-	3,675	-	-	3,675
Enterprise:					
Water/Sewer	-	-	258,615	40,517	299,132
Debt Service					
Principal payment on debt	6,105	-	18,115	-	24,220
Interest payment on debt	4,266	-	22,194	-	26,460
Total operating disbursements	<u>494,517</u>	<u>11,606</u>	<u>298,924</u>	<u>40,517</u>	<u>845,564</u>
Other disbursements:					
Capital outlay - general government	5,000	-	-	-	5,000
Capital outlay - water/sewer	-	-	77,649	-	77,649
Interfund loans and transfers	<u>49,812</u>	<u>845</u>	<u>74,498</u>	<u>63,544</u>	<u>188,699</u>
Total other disbursements	<u>54,812</u>	<u>845</u>	<u>152,147</u>	<u>63,544</u>	<u>271,348</u>
Total disbursements	<u>549,329</u>	<u>12,451</u>	<u>451,071</u>	<u>104,061</u>	<u>1,116,912</u>
Net change in cash balances	287,194	82,512	25,711	(7,917)	387,500
Cash balance - beginning of year	<u>1,422,286</u>	<u>617,317</u>	<u>374,193</u>	<u>103,152</u>	<u>2,516,948</u>
Cash balance - end of year	<u>\$1,709,480</u>	<u>699,829</u>	<u>399,904</u>	<u>95,235</u>	<u>\$ 2,904,448</u>

CITY OF SHAW, MISSISSIPPI
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2024

	Budget Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 330,000	330,000	\$ 384,245	\$ 54,245
Licenses and permits	5,000	5,000	4,244	(756)
Franchise taxes	35,000	35,000	51,533	16,533
State shared revenues	-	-	5,838	5,838
Homestead exemption	-	-	37,541	37,541
Sales tax	84,538	84,538	89,108	4,570
Charges for services	90,000	90,000	100,030	10,030
Fire protection	14,362	14,362	14,362	-
Grand gulf	12,000	12,000	9,130	(2,870)
Fines and forfeits	20,000	20,000	11,583	(8,417)
Rents	32,000	32,000	48,750	16,750
Interest	-	-	55	55
Miscellaneous income	3,900	3,900	10,370	6,470
Delta Fest	6,500	6,500	8,765	2,265
Christmas parade	2,500	2,500	-	(2,500)
TOTAL REVENUES	<u>635,800</u>	<u>635,800</u>	<u>775,554</u>	<u>139,754</u>
EXPENDITURES:				
General Government				
Personal services	107,143	107,143	80,352	26,791
Supplies	2,500	2,500	3,911	(1,411)
Other services and charges	35,764	35,764	58,801	(23,037)
Capital outlay	3,474	3,474	5,000	(1,526)
Total General Government	<u>148,881</u>	<u>148,881</u>	<u>148,064</u>	<u>817</u>
Public Safety				
Personal services	237,865	237,865	118,390	119,475
Supplies	3,000	3,000	5,677	(2,677)
Other services and charges	117,177	117,177	88,780	28,397
Capital outlay	4,000	4,000	-	4,000
Total Public Safety	<u>362,042</u>	<u>362,042</u>	<u>212,847</u>	<u>149,195</u>
Public Works				
Supplies	500	500	-	500
Total Public Works	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Health and Welfare				
Supplies	5,500	5,500	-	5,500
Other services and charges	90,000	90,000	112,998	(22,998)
Total Health and Welfare	<u>95,500</u>	<u>95,500</u>	<u>112,998</u>	<u>(17,498)</u>
Culture\Parks and Recreation				
Personal services	4,306	4,306	3,197	1,109
Supplies	1,000	1,000	-	1,000
Other services and charges	11,800	11,800	12,040	(240)
Total Culture\Parks and Recreation	<u>17,106</u>	<u>17,106</u>	<u>15,237</u>	<u>1,869</u>
Debt Service				
Principal payment on debt	6,105	6,105	6,105	-
Interest payment on debt	4,266	4,266	4,266	-
Total Debt Service	<u>10,371</u>	<u>10,371</u>	<u>10,371</u>	<u>-</u>
Total Expenditures	<u>634,400</u>	<u>634,400</u>	<u>499,517</u>	<u>134,883</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,400</u>	<u>1,400</u>	<u>276,037</u>	<u>274,637</u>
Other Financing Sources (Uses):				
Transfers in	-	-	60,969	60,969
Transfers out	-	-	(49,812)	(49,812)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>11,157</u>	<u>11,157</u>
Net change in fund balance	1,400	1,400	287,194	285,794
Cash Balance at beginning of year	1,422,286	1,422,286	1,422,286	-
Cash Balance at end of year	<u>\$ 1,423,686</u>	<u>1,423,686</u>	<u>1,709,480</u>	<u>\$ 285,794</u>
Fund Balance at end of year (cash basis)			<u>\$ 1,709,480</u>	

CITY OF SHAW, MISSISSIPPI
Combining Statement of Additions and Deductions - Cash Basis
All Agency Funds
For the Year Ended September 30, 2024

	Payroll Clearing Fund	Accounts Payable Clearing	Total
Additions			
Interest	\$ -	-	\$ -
Other additions	380	-	380
Total Additions	380	-	380
Deductions			
Other deductions	150	-	150
Total Deductions	150	-	150
Change in Net Assets	230	-	230
Cash balance at beginning of year	1,556	-	1,556
Cash balance at end of year	<u>\$ 1,786</u>	<u>-</u>	<u>\$ 1,786</u>

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Shaw, Mississippi, (City) have been prepared in conformity with the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenses and requisition of assets are recognized when cash is disbursed rather than when the obligation is incurred. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City does not apply FASB pronouncements issued after November 30, 1989. The more significant of the government's accounting policies are described below.

A. Fund Accounting

The financial statement consists of all the funds of the City of Shaw: General Fund, Special Revenue Funds, and the Enterprise Funds.

The accounts of the City of Shaw are organized on the basis of funds, each of which is considered a separate accounting entity.

GOVERNMENTAL FUNDS

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

Special Revenue Fund: The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the City's restricted resources.

PROPRIETARY FUNDS

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Water and Sewer Funds are included in this category.

MAJOR FUNDS

For 2024, the City reports the following major funds:

General Fund - reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Water and Sewer Fund - accounts for the operating activities of the City's water and sewer utility services.

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are prepared on a cash receipts and disbursements basis, according to requirements for small Cities in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

C. Total Columns on Combined Statement

The total column on the Combined Statement of Cash Receipts and Disbursements is captioned Memorandum Only to indicate that it is presented only to facilitate analysis. Data in this column is not meant to present fairly the cash receipts and disbursements of consolidated financial information for the City as a whole in conformity with the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

D. Cash and Cash Equivalents

The City deposits excess funds in the financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposits with maturities greater than 12 months when acquired.

E. Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality, or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposits are classified as investments if they have a maturity greater than 12 months when acquired.

Investments are reported at fair value.

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Report Classification

Receipts and disbursements were classified according to requirements for small Cities in the State of Mississippi as prescribed by the Office of the State Auditor.

G. Property Tax

Property taxes attach as an enforceable lien on property 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 millage rate for the City for the fiscal year ended September 30, 2024 was 82.0 mills for general purposes.

NOTE 2 - BUDGET POLICY

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

- ◆ Prior to September 30, the City Clerk submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenses and expenditures and the means of financing them.
- ◆ Public notice is given of the City's budget meetings being open to the public, so that a public hearing is conducted on the budget.
- ◆ The budget as submitted is reviewed by the Mayor and Aldermen and necessary revisions are made to the budget. Then, the budget is approved prior to September 15.
- ◆ The Budget is formally revised during July of each year or any time a deficit is indicated.
- ◆ Budgetary comparisons are employed by management as a management control device during the year for all funds.
- ◆ Appropriations lapse at the end of each fiscal year.

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 2 - BUDGET POLICY (Continued)

Mississippi laws require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws. The major reconciling items between the budgetary and cash basis presentations are presented on the "budget to actual" statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

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, Mississippi 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.

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$2,409,309 and \$495,139, respectively. The bank balance was \$2,916,721.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2024, none of the City's bank balance of \$2,916,721 was exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2024, none of the City's bank balance of \$2,916,721 was exposed to custodial credit risk.

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2024, the City had no investments.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 4 - LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

A. Governmental Type Activities

During the year ended September 30, 2024, the following changes occurred in liabilities reported for the General Government:

	Balance Oct. 1, 2023	Additions	Retirements	Balance Sept. 30, 2024	Amount Due Within One Year
Revenue bonds	\$ 100,797	-	(6,105)	\$ 94,692	\$ 6,333
Total	\$ 100,797	-	(6,105)	\$ 94,692	\$ 6,333

General Obligation Bonds, Obligations Under Capital Leases, and Notes Payable

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 4 - LONG-TERM DEBT (Continued)

Revenue Bonds Payable

The outstanding Revenue Bond Payable is as follows as of September 30, 2024.

	<u>Amount Outstanding</u>
On December 19, 2006, the Mayor and Board of Alderman authorized the issuance of \$168,550 in revenue urban renewal bonds with an interest rate of 4.375% maturing December, 19, 2036. Proceeds from these bonds were used for City Hall Development. This debt will be retired from the City's General Obligation Bond Fund.	<u>\$ 94,692</u>

Annual debt service requirements to maturity for the note for the General Government are as follows:

<u>Fiscal year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,333	4,038	\$ 10,371
2026	6,616	3,755	10,371
2027	6,912	3,459	10,371
2028	7,212	3,159	10,371
2029	7,544	2,827	10,371
2030-2034	43,084	8,771	51,855
2035-2036	16,991	697	17,688
Total	<u>\$ 94,692</u>	<u>26,706</u>	<u>\$ 121,398</u>

B. Business-Type Activities

During the year ended September 30, 2024, the following changes occurred in liabilities reported for the Water/Sewer Fund:

	<u>Balance Oct. 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Sept. 30, 2024</u>	<u>Amount Due Within One Year</u>
Revenue bonds	\$ 515,372	-	(18,115)	\$ 497,257	\$ 20,239
Total	<u>\$ 515,372</u>	<u>-</u>	<u>(18,115)</u>	<u>\$ 497,257</u>	<u>\$ 20,239</u>

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 4 - LONG-TERM DEBT (Continued)

The following is outstanding debt related to Business-Type Activities as of September 30, 2024.

1. Revenue Bonds Payable

	<u>Amount Outstanding</u>
On November 7, 2007, the Mayor and Board of Alderman authorized the issuance of \$718,000 in combined water and sewer system rehabilitation revenue bonds with an interest rate of 4.25% maturing on November 7, 2042. Proceeds from these bonds were used to make improvements to the water and sewer system facility. This debt will be retired from the Water and Sewer Proprietary Fund.	\$ <u>497,257</u>
Total Revenue Bonds Payable	\$ <u>497,257</u>

Annual debt service requirements to maturity for revenue refunding bonds for the Proprietary Fund are as follows:

Rural Development Loan Number 93-06

Fiscal year ending September 30	Principal	Interest	Total
2025	\$ 20,240	20,069	\$ 40,309
2026	21,118	19,191	40,309
2027	22,035	18,274	40,309
2028	22,943	17,366	40,309
2029	23,988	16,321	40,309
2030 - 2034	136,455	64,998	201,453
2035 - 2039	161,753	39,790	201,543
2040 - 2041	<u>88,725</u>	<u>6,088</u>	<u>94,813</u>
Total	<u>\$ 497,257</u>	<u>202,097</u>	<u>\$ 699,354</u>

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 5 - CAPITAL OUTLAY DISBURSEMENTS

The City of Shaw had a total of \$82,649 in capital outlay disbursements during the current fiscal year, of this amount \$77,649 met the capitalization threshold.

NOTE 6 - FEDERAL AND STATE GRANTS

During the fiscal year ended September 30, 2024, the City received federal grant funds in the amount of \$77,649. The federal expenditures for such awards were less than \$750,000 and therefore, an audit in accordance with the Uniform Guidance was required.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Public Employees' Retirement System

A. *Plan Description and Provisions* The City of Shaw, Mississippi contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

B. *Plan Funding Policy*

At September 30, 2024 PERS members were required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. This rate as September 30, 2024 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ended September 30, 2023, 2022, and 2021 were \$46,891, \$49,332, and \$47,798, respectively, equal to the required contributions for each year.

C. *Trend Information*

Ten-year historical information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS' June 30, 2023, comprehensive annual financial report.

CITY OF SHAW, MISSISSIPPI
Notes to the Financial Statements
September 30, 2024

NOTE 8 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying statement of cash receipts and disbursements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management of City of Shaw, Mississippi, evaluated the activity of the Town through May 22, 2025, which is the date the financial statements are available to be issued.

NOTE 9 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's, tenants, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

CITY OF SHAW, MISSISSIPPI
Agreed Upon Procedures
Year Ended September 30, 2024

INDEPENDENT AUDITOR'S REPORT ON APPLYING
 AGREED-UPON PROCEDURES

The Honorable Mayor and
 Board of Alderpersons
 City of Shaw, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the City of Shaw, Mississippi, solely to assist the Office of the State Auditor in evaluating the City of Shaw, Mississippi's, compliance with certain laws and regulations as of September 30, 2024, and for the year then ended. Management is responsible for the City of Shaw, Mississippi's, compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances for the banks:

Bank	General Fund	Balance per General Ledger
Planters Bank	General fund operating	\$ 1,689,618
Planters Bank	Garbage revenue account	8,178
Planters Bank	Delta Fest account	4,780
Planters Bank	Savings account	6,904
	Total General Fund	<u>1,709,480</u>
	Special Revenue Fund	
Planters Bank	Modernization	286,764
Planters Bank	American Rescue Plan Act	412,279
Planters Bank	Special Projects	786
	Total Special Revenue Fund	<u>699,829</u>
	Total Governmental Funds	<u>\$ 2,409,309</u>

Mayor and Alderpersons
City of Shaw and
Office of the State Auditor
Shaw, Mississippi

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
	<u>Enterprise Funds</u>	
Planters Bank	Water Fund	\$ 399,904
Planters Bank	Sewer Fund	<u>95,235</u>
	Total Proprietary Fund	<u>\$ 495,139</u>
	<u>Agency Funds</u>	
Planters Bank	Payroll Clearing Fund	\$ 1,786
Planters Bank	Accounts Payable Clearing Fund	<u>-</u>
	Total Agency Funds	<u>\$ 1,786</u>

2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Verified use of certified county assessment rolls and traced levies to governing body minutes;
 - b. Examined uncollected taxes for proper handling, including tax sales;
 - c. Traced distribution of taxes collected to proper funds; and
 - d. Analyzed increase in taxes for the most recent period for compliance with increase limitations of sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with the prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss Code Ann. (1972).

Mayor and Alderpersons
City of Shaw and
Office of the State Auditor
Shaw, Mississippi

3. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated below were traced to the deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Balance per General Ledger</u>
General Municipal Aid	General	\$ 728
Gasoline Tax	General	4,209
Homestead Exemption Reimbursements	General	37,541
Sales Tax Allocation	General	89,108
Nuclear Plant	General	9,130
Ms Dept. of Revenue	General	900
Fire Protection Allocation	General	<u>14,362</u>
Total General Fund		<u>155,978</u>
Modernization Grant	Special Revenue	<u>95,968</u>
Total Special Revenue Fund		<u>95,968</u>
MS Development Authority	Water Fund	<u>77,649</u>
Total All Funds		<u>\$ 329,595</u>

4. We did not select a sample of purchases made by the municipality during the fiscal year because no items were purchased that required quotes and bids. Each sample item is required to be evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

However, we have found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

We also noted that checks are signed by the City Clerk and the Mayor. The City Clerk receives the bank statement and reconciles the bank statement. To enhance segregation of duties, someone other than the City Clerk should receive and reconcile the bank statements.

5. We inquired about the Municipal Compliance Questionnaire and were informed by the City Clerk that the questionnaire had been completed and submitted to the proper state agency. We also found that the City had complied with the budget provisions. Our review of the financial statements noted that the General and Utility Funds had budget overruns for the fiscal year ending September 30, 2024.

Mayor and Alderpersons
City of Shaw and
Office of the State Auditor
Shaw, Mississippi

6. We selected a sample of collection of fines and forfeitures to determine that the municipal court clerk had settled daily with the municipal clerk Section 21-15-21, and a sample of state-imposed court assessments collected to determine that the municipal clerk had settled monthly with the Department of Finance and Administration Sections 99-19-73 and 83-39-31.

We noted that all daily collections were settled in accordance with Section 21-15-21, additionally all state-imposed court assessments collected were settled on a monthly basis with the Department of Finance and Administration Sections 99-19-73 and 83-93-31.

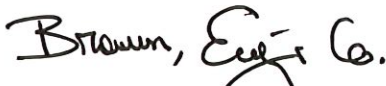
We noted that all officials of the City was properly bonded in accordance with the state requirements.

We also noted the following:

- ◆ All cash accounts were reconciled to the general ledger at year-end.
- ◆ For the current fiscal year, the City's chart of accounts is in compliance with that which is outlined in the State of Mississippi Municipal Audit and Accounting Guide.
- ◆ An aging report of utility customers accounts receivable are not being prepared on a monthly basis and reconciled to the general ledger. This report should be prepared so that the Board can regularly review the aging report and be diligent in collection efforts.
- ◆ Utility revenues charges were not recorded the general ledger. It is imperative that all transactions be recorded in the general ledger monthly so that the Board can make informed decisions.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Shaw and Office of the State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Ridgeland, Mississippi
May 22, 2025

STATE LEGAL COMPLIANCE SECTION

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

The Honorable Mayor Everett Stanton and
Board of Alderpersons
City of Shaw, Mississippi


We have audited the cash basis financial statements of the City of Shaw, Mississippi, (the City) as of and for the year ended September 30, 2024, and have issued our report thereon dated May 22, 2025.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States America, *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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 procedures performed to test compliance with certain other laws and regulations and our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the Mayor, Board of Alderpersons, management, and federal awarding agencies and pass-through entities 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.


Ridgeland, Mississippi
May 22, 2025

CITY OF SHAW, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2024

Name	Position	Company	Amount of Bond
Evereth Stanton	Mayor	Travelers Casualty	\$ 50,000
Willie Dorsey	Alderman	Travelers Casualty	50,000
Tony Roach	Alderman	Travelers Casualty	50,000
Dameon Shaw	Alderman	Travelers Casualty	50,000
Trevina McGee	Alderman	Travelers Casualty	50,000
Robert Dale Sanders	Alderman	Travelers Casualty	50,000
Ann Marie Blakes	City Clerk	Travelers Casualty	50,000
Jurdine Cooks	Deputy Clerk	Travelers Casualty	50,000
Shelonda Frazier	Court Clerk	Travelers Casualty	50,000
James Fileds	Chief of Police	Travelers Casualty	50,000

SCHEDULE 2

CITY OF SHAW, MISSISSIPPI
Schedule of Bonds and Notes Payable
September 30, 2024

	Interest Rates	Issue Date	Final Maturity Date	Authorized	Issued	Bond & Notes Retired	Outstanding
<u>General Government:</u>							
Revenue Bonds							
Urban renewal revenue bonds	4.375%	12/19/2006	12/19/203	\$ 168,550	\$ 100,797	\$ (6,105)	\$ 94,692
Total General Government Debt				168,550	100,797	(6,105)	94,692
<u>Business Type - Activities</u>							
Revenue Bonds							
Water and Sewer Rehabilitation Bond	4.25%	11/07/2007	11/07/204	718,000	515,371	(18,115)	497,256
Total Revenue Bonds				718,000	515,371	(18,115)	497,256
Total Proprietary Debt				718,000	515,371	(18,115)	497,256
Grand Total				\$ 886,550	\$ 616,168	\$ (24,220)	\$ 591,948

SCHEDULE 3

CITY OF SHAW, MISSISSIPPI
Schedule of Capital Assets
September 30, 2024

A. All Governmental Funds

	Beginning Balance	Additions	Disposals	Ending Balance
Non Depreciable Capital Assets				
Land	\$ 16,273	-	-	\$ 16,273
Total Non Depreciable Capital Assets	<u>16,273</u>	<u>-</u>	<u>-</u>	<u>16,273</u>
Depreciable Capital Assets				
Building and improvements	317,283	-	-	317,283
Improvement other than buildings	3,581,768	-	-	3,581,768
Machinery and equipment	1,117,768	-	-	1,117,768
Motor vehicles	49,097	-	-	49,097
Total Depreciable Capital Assets	<u>5,065,916</u>	<u>-</u>	<u>-</u>	<u>5,065,916</u>
Total Governmental Activities Capital Assets	<u>\$ 5,082,189</u>	<u>-</u>	<u>-</u>	<u>\$ 5,082,189</u>

B. All Enterprise Funds

	Beginning Balance	Additions	Disposals	Ending Balance
Non Depreciable Capital Assets				
Land and right of ways	\$ 15,332	-	-	\$ 15,332
Total Non Depreciable Capital Assets	<u>15,332</u>	<u>-</u>	<u>-</u>	<u>15,332</u>
Depreciable Capital Assets				
Building	468,604	77,649	-	546,253
Water/sewer system	1,373,131	-	-	1,373,131
Sewer System Improvements	918,653	-	-	918,653
Automotive and equipment	14,061	-	-	14,061
Machinery and equipment	127,769	-	-	127,769
Total Business-Type Activities Capital Assets	<u>2,902,218</u>	<u>77,649</u>	<u>-</u>	<u>2,979,867</u>
Accumulated Depreciation				
Water/sewer system	687,083	-	-	687,083
Automotive and equipment	14,061	-	-	14,061
Total Accumulated Depreciation	<u>701,144</u>	<u>-</u>	<u>-</u>	<u>701,144</u>
Capital Assets Net Book Value	<u>\$ 2,216,406</u>	<u>77,649</u>	<u>-</u>	<u>\$ 2,294,055</u>

SCHEDULE 4

CITY OF SHAW, MISSISSIPPI
Statement of Legal Debt Limit
September 30, 2024

Authorized Debt Limit Percent Rule

	15%	20%
Authorized Debt Limit Percent		
2024 Tax Roll Estimation	\$ 4,945,004	\$ 4,945,004
Less: Homestead Exemption	<u>(37,541)</u>	<u>(37,541)</u>
Net 2024 Estimation Tax Roll	<u>\$ 4,907,463</u>	<u>\$ 4,907,463</u>
Assessed Valuation under respective debt limit	\$ <u>736,119</u>	\$ <u>981,493</u>
Less: All Bonded Indebtedness	591,948	591,948
Deduct: Authorized Exemptions		
General Fund Urban Renewal Revenue Bonds	<u>94,692</u>	<u>94,692</u>
Water Sewer Revenue Bonds	<u>497,256</u>	<u>497,256</u>
Present debt subject to limitation	<u>-</u>	<u>-</u>
Margin for further debt under respective debt limits	<u>\$ 736,119</u>	<u>\$ 981,493</u>

Section 21-31-301 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidence of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.