Friday, June 28, 2024
2:00 PM

City Council
Special Called Meeting Agenda

Council Chambers
200 Forrest Street

Call to Order and declaration of a special called meeting

Policy Items

1. **2024-278** Acknowledge receipt of the Audited Financial Statements of the City of Hattiesburg for fiscal year ending September 30, 2023, from Topp, McWhorter, Harvey, PLLC.

Meeting Recess

Memorandum

To: Mayor Toby Barker and Members of City Council

From: Ann Jones, Chief Administrative Officer

cc:

Date: Friday, June 28, 2024

Re: Acknowledge receipt of the Audited Financial Statements of the City of Hattiesburg for fiscal year ending September 30, 2023, from Topp, McWhorter, Harvey, PLLC.
File Number: 2024-278
Minute Book #

Summary

Acknowledge receipt of the Audited Financial Statements of the City of Hattiesburg for fiscal year ending September 30, 2020, from Topp, McWhorter, Harvey, PLLC.

Recommendation Statement

Please place this on the June 28, 2024 City Council meeting for consideration.

CITY OF HATTIESBURG, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2023

CITY OF HATTIESBURG, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

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CITY OF HATTIESBURG, MISSISSIPPI

AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
YEAR ENDED SEPTEMBER 30, 2023

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AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
YEAR ENDED SEPTEMBER 30, 2023

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CITY OF HATTIESBURG, MISSISSIPPI

AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION (UNAUDITED)

MAYOR
Toby Barker

COUNCIL - WARD ONE
Jeffrey George

COUNCIL - WARD TWO
Deborah Denard Delgado

COUNCIL - WARD THREE
Carter Carroll

COUNCIL - WARD FOUR
Dave Ware

COUNCIL - WARD FIVE
Nicholas Brown

June 25, 2024

To the Honorable Mayor, Members of the City Council, and
Citizens of the City of Hattiesburg

The Department of Administration is pleased to submit the Audited Financial Statements and Special Reports of the City of Hattiesburg, Mississippi, prepared in accordance with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2023. These accompanying financial statements are prepared and presented in conformity with GASB Statement No 34 **-** *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* The format, which includes Government-wide and Major Fund presentations, provides citizens, investors and creditors, grantor agencies, and other interested parties with reliable financial information about the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, and we believe the report is accurate in all material respects.

The Audited Financial Statements and Special Reports includes the following: this transmittal letter, the financial section consisting of the basic financial statements (government-wide and fund statements), Management's Discussion and Analysis, notes to the financial statements, combining and individual fund financial statements and schedules and the independent auditors' report on the financial statement schedules, and a statistical section consisting of several tables of unaudited data describing the financial history of the City, as well as other miscellaneous statistics, presented on a multi-year basis.

Profile of Government

The City of Hattiesburg has a land area of 55.4 square miles and is located strategically in the southeast section of Mississippi. It has historically been designated as the "Hub City," since its location is within a 100-mile radius of Jackson, Mississippi, New Orleans, Louisiana, Mobile, Alabama, and the Mississippi Gulf Coast. Because of its location, it is a regional center of trade, medical services, educational and industrial activity. The City operates under the Mayor/Council form of government. The policy-making and legislative authority, as well as budgetary responsibilities, are vested with the five-member City Council, each of whom is elected from one of the five wards into which the City is divided. The Mayor is responsible for the day-to-day operations of City government, and much of his work is accomplished through the delegation of duties to his department directors and chiefs, who are appointed by the Mayor and approved by the City Council. All elected officials serve four-year terms.

Services provided include police and fire protection, water and sewer services, construction and maintenance of streets and infrastructure, sanitation, parks and recreation, planning and zoning, and general administrative functions.

Current Economic Conditions

Hattiesburg ended the fiscal year with revenue increases in both sales tax and property taxes. Property tax revenue increased 2.19% over the prior year. Combined sales tax revenue consisting of general sales taxes, special sales taxes and internet sales taxes saw an increase of 3.43% from FY 2022. Revenue from the internet sales tax is used for infrastructure improvements, and the amount is expected to increase as the tax is more widely enforced with online vendors. For FY 2023, revenue from internet sales taxes was up 35.53% from FY 2022.

The General Fund's ending fund balance increased 2.37% from FY 2022. The increase was due to increases in revenues, such as the aforementioned increase in sales taxes, and decreases in expenditures.

2023 was another year of uniqueness, with the continuing yet waning impact of the COVID-19 Pandemic, inflationary constraints and supply chain issues. Local businesses were challenged to continue to alter their methods of providing goods and services in order to deal with rising costs and issues with obtaining goods. Elected officials struggled with these issues as well, with rising prices and delays in obtaining inventory led to difficulties in being able to provide services to their constituents.

The resourcefulness of local businesses, along with support from the community, enabled Hattiesburg to weather the impacts of these issues. Hattiesburg has, for many years, pointed out the many benefits of its diverse economy, and once again, that diversity provided the perfect mix to keep the City functioning well. The real estate market continued to experience the benefits of a strong local economy, and that, in turn, led to increasing prices on home sales due to demand amid a declining supply of homes on the market.

Future Economic Outlook

Many projects were begun in Fiscal Year 2023 including the Hall Avenue West Overpass, the Midtown Green Park, and Jaycee Park. Infrastructure improvements in the Midtown District and the Hall Avenue East Overpass continued as well as the project for re-routing traffic around the Forrest General Hospital campus moved forward. Other major transportation improvements, such as the Hardy Street Roundabout and Lamar Blvd, that began in the prior fiscal year, have been completed. There were several projects completed in 2023 which include Lincoln Road and the N 28th Bridge. The second phase of the $45 Million bond issuance was completed in August 2020, and this provided the funds necessary for the Hall Avenue East Overpass construction near the Public Safety Complex in this fiscal year, as well as the Hall Avenue West Overpass near Broadway Drive which began in FY 2023. This Hall Avenue corridor connecting with Broadway Drive and Gulfport street utilizing the New overpasses will create a new main thoroughfare through the city. These infrastructures projects will greatly improve traffic flow and connectivity with the eastern and western sections of the City, improving commuting and emergency response times.

Financial and Budgetary Information

The City maintains budgetary controls to ensure compliance with legal provisions specified by state statute. Activities of the City are included in budget appropriations approved by the City Council. The legal level of budgetary control is established by major expenditure classification and approved by the Council. Adjustments within a classification may be approved by the Department Director.

The Mayor and Council established the goal and desire to reduce and eventually eliminate the structural spending deficit in the General Fund. For several years, the City's expenditure budget has exceeded the revenue budget. This can be detrimental to building a strong fund balance. Based upon today's economy, it is recommended that the City seek to have a $7 Million to $8 Million ending cash balance. Mayor Barker was able to present a budget for FY 2023 to the council with projected new revenue equaling new expenditures, thereby accomplishing the objective of eliminating the structural spending deficit.

Water and sewer projects continue to be a priority. Evaluation of the water and sewer infrastructure has been ongoing and is revealing the areas of the City needing repair or replacement. Many areas in older sections of the City have already been repaired, but it will take several years to complete the task.

Enterprise Funds

Hattiesburg's enterprise operation is the Combined Water and Sewer Fund. All revenues and costs associated with delivering potable water to the City's residential and commercial customers and treatment of residential and industrial waste are reported in this group of funds. Financial statements for this operation are contained in this report.

Debt Administration

The City maintains the Municipal Bond and Interest Fund to retire debt associated with general obligation bonds. The funding source comes from levy and collection of ad valorem property taxes. Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed value. As of September 30, 2023, the City's remaining margin for further debt issuance stands at $23,003,144. The City was able to correct many findings in previous audits and, as a result was able to secure the Aa3 bond rating with the issuance of $29,850,000 in general obligation bonds in December 2018. That rating was maintained with issuance of $15,150,000 general obligation bonds in August 2020. These two bond issues complete the $45 Million bond issuance planned for the Public Safety Complex and overpass construction in the eastern section of the City.

Risk Management

The City is self-insured for group health insurance, and is a member of the Municipal Workers Compensation Group and the Municipal Liability Plan, a self-insured plan for member municipalities across the State of Mississippi. The City has a Risk Manager who monitors safety procedures with departments and reviews and reports all accidents and claims to the self-insured group administrators.

Independent Auditors

The City's financial statements have been audited by TMH, Certified Public Accountants, a firm of licensed certified public accountants. The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. The independent auditor's report is located at the front of the financial section of this report, and the single audit reports are presented in the single audit section of this report.

Acknowledgments

The preparation of this report was made possible with the assistance of the dedicated staff of the Accounting Division of the Department of Administration. Appreciation is also extended to other City departments for their cooperation in providing information for preparation of this report.

Sincerely,

Malcolm Berch

Malcolm G. Berch
Chief Financial Officer

Financial Statement Transmittal Letter

Final Audit Report June 27, 2024

Created:	**June 27, 2024**
By:	TMH(jclary@tmhcpas.com)
Status:	ESigned
Transaction ID:	CMDT4XZP58UMTFMAFYCJ1HXFTR
Documents:	Transmittall Letter for Malcom to Sign.pdf

"Financial Statement Transmittal Letter " History

Document emailed to (mberch@hattiesburgms.com) for signature
6/27/2024 17:16:01 PM Central Daylight Time

Document viewed by (mberch@hattiesburgms.com)
6/27/2024 17:48:03 PM Central Daylight Time - IP address: 173.235.36.138

Document e-signed by (mberch@hattiesburgms.com)
Signature Date: 6/27/2024 17:48:31 PM Central Daylight Time - IP address: 173.235.36.138

Document Signed
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PUBLIC OFFICIALS

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TOBY BARKER
MAYOR

COUNCIL MEMBERS

JEFFREY GEORGE – WARD 1
DEBORAH DENARD DELGADO – WARD 2
CARTER CARROLL – WARD 3
DAVE WARE – WARD 4
NICHOLAS BROWN – WARD 5

* * * * * * * * * * * * * * * * *

FINANCIAL SECTION

WWW.TMHCPAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Hattiesburg, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hattiesburg, Mississippi, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hattiesburg, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hattiesburg, Mississippi, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Deficit Fund Balances

As described in Note 15 to the financial statements, deficit fund balances were reported in certain governmental funds as a result of modified accrual recognition of expenditures for which reimbursements were not available resources. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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

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FAX: 228.864.3850

To the Honorable Mayor and
Members of the City Council
City of Hattiesburg, Mississippi

City of Hattiesburg, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Hattiesburg, Mississippi's internal control. Accordingly, no such opinion is expressed.

To the Honorable Mayor and
Members of the City Council
City of Hattiesburg, Mississippi

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hattiesburg, Mississippi's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and Schedules 1 through 8, including related notes, 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 City of Hattiesburg, Mississippi's basic financial statements. Schedules 9 through 25 and Schedule 26, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and
Members of the City Council
City of Hattiesburg, Mississippi

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the Letter of Transmittal, List of Public Officials and Tables 1 through 14 (other information) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 on our consideration of the City of Hattiesburg, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hattiesburg, Mississippi's internal control over financial reporting and compliance.

TMH

Hattiesburg, Mississippi
June 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Year Ended September 30, 2023

The Discussion and Analysis of the City of Hattiesburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the City's financial statements in conjunction with the transmittal letter in order to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2023 were as follows:

- Total net position for 2023 increased $26,256,537, or 15.81% from 2022 including a prior period adjustment of ($430,993).
- Total assets of governmental activities increased $32,904,909 or 11.50% from 2022.
- Total liabilities of governmental activities increased $16,416,315 or 9.30% from 2022.
- In total, equity in cash and cash equivalents of governmental activities decreased $1,830,659, or 3.06% from 2022.
- Total book value of capital assets for governmental activities increased $29,923,126, or 15.96% from fiscal year 2022.

Using this Annual Financial Report:

This annual report consists of a series of financial statements and notes to those statements that are organized so that the reader can understand the City of Hattiesburg as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Hattiesburg as a Whole:

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net position and the change in net position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, all of the City's departmental activities are reported as Governmental Activities, which include all of the City's services such as police, fire, administration, public services, and all other departments. The Business-Type Activities of the City of Hattiesburg consist of the City's Combined Water & Sewer System.

The government-wide financial statements include not only the City of Hattiesburg itself (the *primary government*), but also a legally separate component unit, the Hattiesburg Convention Commission. Financial information presented for the component unit is reported separately from the financial information presented for the primary government itself.

Changes to Net Revenue

Net Revenues exceeded expenses by $26,687,530 in 2023. For 2022, Net Revenues exceeded expenses by $19,340,504. This amounts to an increase in Net Revenue in 2023 of $7,347,026 from 2022. There are a number of factors affecting this decrease in Net Revenues:

- Overall expenses increased $7,589,165 from FY 2022 for governmental activities attributed to increase in inflation for supplies and increase of salaries of employees.
- General revenues and transfers increased $4,399,383 primarily due to an upturn of sales and property tax collections.
- Program revenues for government activities increased by $9,392,829 from 2022 primarily due to grant funding.

Revenues

The major components of primary government revenues are property tax and sales tax. The City's Combined Water & Sewer System comprises revenue for business-type activities.

Property Tax - One of the major sources of revenue for the City, at 19.75% of total revenues, property tax revenue, increased $564,564 from FY 2022. Adjustments to property values based on home sales and new construction contributed to the increase in total property valuations.

Sales Tax - An equally significant component of City revenue is sales tax, at 25.86% of total revenue. Sales tax revenue increased $131,784 from FY 2022. This represents a 3.43% increase, which is slightly higher than the average due to increase local sales and inflationary factors.

The Mississippi Legislature passed a bill in 2019 that authorized the City to levy an additional tax on hotels, motels, and restaurants to be used to promote tourism and parks and recreation, and additionally to distribute a portion to the University of Southern Mississippi to be used for improvements to their athletic facilities. This tax was effective only if 60.00% of the qualified electors voted in favor of the tax. The referendum passed and collection of the additional 1.00% tax began on July 1, 2021, effective for a three-year period, after which it must be renewed by new legislation and referendum. The amount of $3,474,217 was received in FY 2023, half of which was remitted to the University for their projects, as per the legislation. The portion retained by the City was used for projects such as tennis court upgrades, the conversion of a donated property to the new BlackBox Theater, major upgrades to Jaycee park, Tatum Park Fields and Kamper park. Along with improvements to other ballfield and various parks throughout the City. The City also began to construct a new park in midtown appropriately named Midtown Green.

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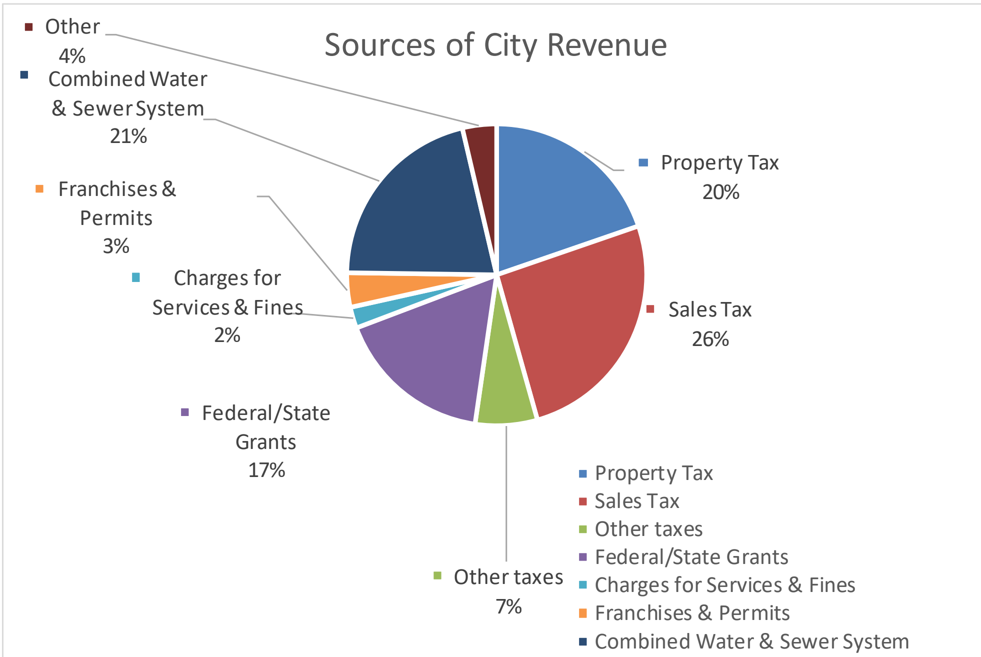
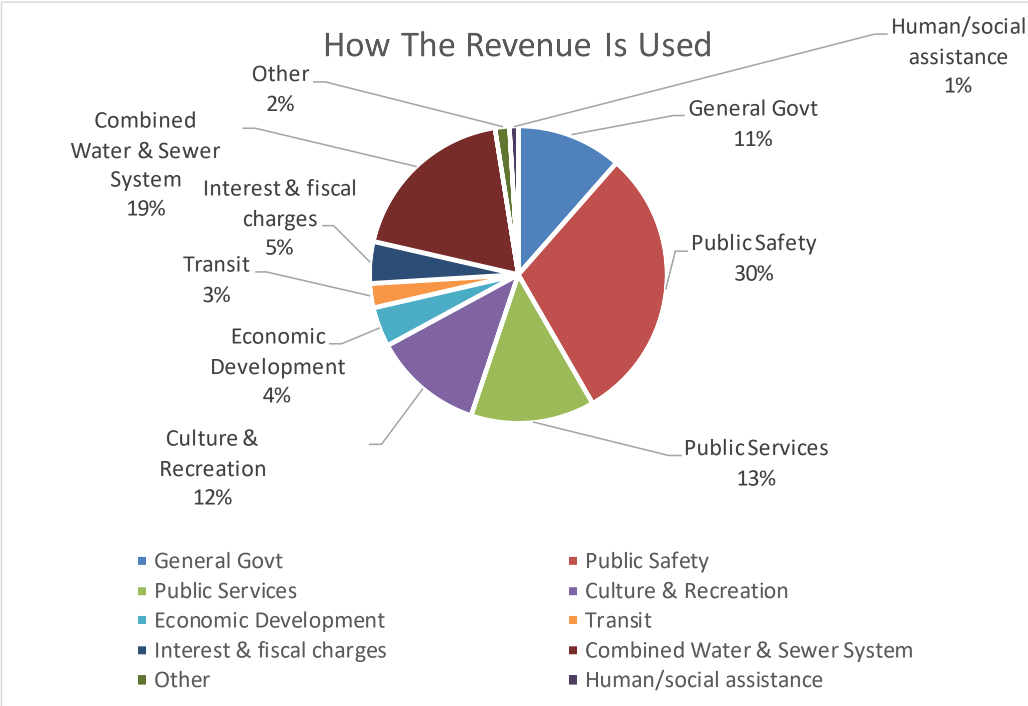
Water & Sewer - The City's Combined Water & Sewer System comprises a significant portion of the total revenues, and its revenues are used almost exclusively for water & sewer system maintenance and improvements.



Expenses

The following chart depicts the breakdown of how Hattiesburg's revenue is used. Public Safety and the Combined Water & Sewer System are the most significant portions of expenditures, and Public Services comprises the third largest portion of total expenditures.

(See Chart on Next Page)



Reporting on the City of Hattiesburg's Most Significant Funds:

Governmental Funds:

Information about the City's major governmental funds begins with items presented on the Governmental Funds Balance Sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $101,259,828 and expenditures of $110,691,794, exclusive of other financing sources and uses.

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

Detailed information is presented for other funds comprising the Governmental Funds grouping, and a reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position is provided.

The General Fund is the primary governmental operating fund, containing expenditures for general government, public safety, public services, other services, mass transit, culture and recreation, human/social assistance and economic development. The general fund accounts 64.81% of total revenues and 56.94% of total expenses.

Total expenditures for the General Fund decreased by $1,194,515, or 1.86% from FY 2022. The General Fund's ending fund balance increased by $521,750, or 2.4% from FY 2022.

Proprietary Funds:

The City of Hattiesburg maintains one type of proprietary fund, an enterprise fund that is used to report business-type activities in the government-wide financial statements. The City uses enterprise fund accounting in order to account for the Combined Water & Sewer System.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Operating revenues of the system are utilized to fund operation and maintenance expenses and debt service, with any residual net revenues being transferred into the Water & Sewer Construction Fund, a component of the consolidated enterprise fund.

Operating expenses for the system increased by $1,691,765 or 9.12% in FY 2023. This increase is reflected in the increase in personnel services and the result of differences in materials costs required for the various water and sewer line repairs.

Operating revenues increased by $2,822,522 or 11.17% in FY 2023. Revenue increases were due to the final year of rate increases that were implemented over the last 3 years and a severe drought that occurred during the summer of 2023.

The City of Hattiesburg as a Whole:

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for FY 2023.

Table 2 shows the changes in net position for the year ended September 30, 2023.

The most significant changes in the information included in Table 1 are reflected in the *Assets*, *Liabilities and Deferred Inflows of Resources* sections. The increase in Capital Assets from FY 2022 of $27,275,226 is due to the continuing work on the construction of the Hall Avenue East Overpass, Hall Avenue and the beginning of the construction on the Hall Avenue West Overpass. The increase in net pension liability from FY 2022 of $16,825,152 is Hattiesburg's share of liability of the Public Employees Retirement System, from information provided by the Retirement System in their annual financial report. The increase in long-term liabilities, outstanding payable after one year is due to the inclusion of the 2021 Refunding bond that has money in escrow to pay off the outstanding bonds from the 2012 and 2013 Water and sewer issuances.

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TABLE 1
CITY OF HATTIESBURG'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	$ 101,645,913	$ 98,664,130	$ 37,129,140	$ 17,918,051	$ 138,775,053	$ 116,582,181
Capital assets, net	217,443,207	187,520,081	123,136,472	121,855,194	340,579,679	309,375,275
Total assets	**319,089,120**	**286,184,211**	**160,265,612**	**139,773,245**	**479,354,732**	**425,957,456**
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	19,670,820	9,590,602	1,653,700	768,250	21,324,520	10,358,852
Related to OPEB	1,699,067	2,013,636	147,745	170,423	1,846,812	2,184,059
Prepaid bond insurance	289,806	290,804	363,791	380,047	653,597	670,851
Total deferred outflows of resources	**21,659,693**	**11,895,042**	**2,165,236**	**1,318,720**	**23,824,929**	**13,213,762**
LIABILITIES						
Long-term liabilities, outstanding:						
Due within one year	5,320,137	3,308,652	25,493,328	5,824,517	30,813,465	9,133,169
Payable after one year	73,675,163	73,054,727	41,136,141	46,092,200	114,811,304	119,146,927
Other liabilities	6,622,511	5,552,986	4,442,756	4,243,764	11,065,267	9,796,750
Net pension liability	99,473,975	83,959,537	7,063,453	5,752,739	106,537,428	89,712,276
Total OPEB liability	7,848,331	10,647,900	614,048	857,489	8,462,379	11,505,389
Total liabilities	**192,940,117**	**176,523,802**	**78,749,726**	**62,770,709**	**271,689,843**	**239,294,511**
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	1,732,647	644,696	-	-	1,732,647	644,696
Related to OPEB	5,958,731	2,695,951	518,151	228,171	6,476,882	2,924,122
Related to contracts	-	-	286,949	341,989	286,949	341,989
Related to grants	5,140,331	6,437,898	-	-	5,140,331	6,437,898
Related to lease revenue	213,879	225,409	-	-	213,879	225,409
Unearned revenues - property taxes	25,300,000	23,220,000	-	-	25,300,000	23,220,000
Total deferred inflows of resources	**38,345,588**	**33,223,954**	**805,100**	**570,160**	**39,150,688**	**33,794,114**
NET POSITION						
Net investment in capital assets	140,919,248	113,644,022	75,653,861	70,132,697	216,573,109	183,776,719
Restricted	9,107,348	18,415,828	9,827,235	11,495,267	18,934,583	29,911,095
Unrestricted	(40,563,488)	(43,728,353)	(2,605,074)	(3,876,868)	(43,168,562)	(47,605,221)
Total net position	**$ 109,463,108**	**$ 88,331,497**	**$ 82,876,022**	**$ 77,751,096**	**$ 192,339,130**	**$ 166,082,593**

TABLE 2
CITY OF HATTIESBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	$ 3,022,377	$ 2,912,260	$ 28,109,349	$ 25,286,827	$ 31,131,726	$ 28,199,087
Operating grants and contributions	7,394,730	4,738,050	-	-	7,394,730	4,738,050
Capital grants and contributions	15,106,733	8,480,701	70,824	322,567	15,177,557	8,803,268
Total program revenues	**25,523,840**	**16,131,011**	**28,180,173**	**25,609,394**	**53,704,013**	**41,740,405**
General revenues:						
Property taxes	26,320,264	25,755,700	-	-	26,320,264	25,755,700
Other taxes	48,288,196	46,205,049	-	-	48,288,196	46,205,049
Grants and contributions not restricted to specific programs	30,600	223,005	-	-	30,600	223,005
Other general revenues	5,033,377	2,954,621	339,743	464,188	5,373,120	3,418,809
Total general revenues	**79,672,437**	**75,138,375**	**339,743**	**464,188**	**80,012,180**	**75,602,563**
Total revenues	**105,196,277**	**91,269,386**	**28,519,916**	**26,073,582**	**133,716,193**	**117,342,968**
PROGRAM EXPENSES						
General government	12,282,057	11,296,096	-	-	12,282,057	11,296,096
Public safety	32,315,379	26,353,567	-	-	32,315,379	26,353,567
Public services	14,425,099	16,242,403	-	-	14,425,099	16,242,403
Other services	1,673,393	1,921,637	-	-	1,673,393	1,921,637
Mass transit	2,825,922	1,969,988	-	-	2,825,922	1,969,988
Culture and recreation	12,775,390	13,918,797	-	-	12,775,390	13,918,797
Human/social assistance	1,018,994	584,345	-	-	1,018,994	584,345
Water & Sewer	-	-	20,224,846	18,532,482	20,224,846	18,532,482
Economic development	4,623,506	2,181,782	-	-	4,623,506	2,181,782
Interest and fiscal charges	2,948,926	2,830,886	1,915,151	2,261,973	4,864,077	5,092,859
Total program expenses	**84,888,666**	**77,299,501**	**22,139,997**	**20,794,455**	**107,028,663**	**98,093,956**

TABLE 2
PAGE TWO
CITY OF HATTIESBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Increase (decrease) in net position before inclusion of transfers	$ 20,307,611	$ 13,969,885	$ 6,379,919	$ 5,279,127	$ 26,687,530	$ 19,249,012
Transfers In (Out)	824,000	958,679	(824,000)	(867,187)	-	91,492
Increase (decrease) in net position after inclusion of transfers	**21,131,611**	**14,928,564**	**5,555,919**	**4,411,940**	**26,687,530**	**19,340,504**
Net position - Beginning	**88,331,497**	**73,236,117**	**77,751,096**	**73,339,156**	**166,082,593**	**146,575,273**
Prior period adjustment	-	166,816	(430,993)	-	(430,993)	166,816
Net position - Beginning, as restated	88,331,497	73,402,933	77,320,103	73,339,156	165,651,600	146,742,089
Net position - Ending	**$ 109,463,108**	**$ 88,331,497**	**$ 82,876,022**	**$ 77,751,096**	**$ 192,339,130**	**$ 166,082,593**

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General Fund Budgetary Highlights

The City's budget is prepared according to Mississippi Law and is based on accounting for certain transactions of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The 2023 budget of the General Fund realized an increase in ending fund balance of $872,257.

In May 2024, the City was given a Aa3 bond rating that will allow the City to continue to refinance old debt and issue new debt as need arises.

Other significant expenditures for FY 2023 included paving throughout the City, new sidewalks in various sections of the City (especially near schools), upgrading of major traffic corridors such as the Lincoln Road paving project, Hardy Street roundabout which was completed in 2023, infrastructure improvements on Lamar Boulevard (to accommodate increased traffic flow due to construction of a major banking facility). Other Notable projects were the N. 28th Bridge, Country Club Road, Midtown Streetscapes, both Overpasses and the upgrades to Midtown sewer, as well as continuation of infrastructure improvements considered more routine in nature.

From a budgetary point of view, the City's original General Fund revenue budget for FY 2023 totaled $56,913,162 (exclusive of projected beginning cash at October 1, 2022 of $19 million). The final revenue budget totaled $58,197,424, with actual revenue collections of $58,782,516 (100.33 collected). Amendments to the General Fund budget were attributable mostly to state grant awards.

The original FY 2023 budget for General Fund expenditures was $56,912,918, and the final amended total was $70,992,128. Actual expenditures totaled $57,910,259 (81.57% of budget expended). The unexpended budget total of $13,081,869 is mostly attributable to unexpended personnel costs for unfilled positions, unexpended grant funds, and unexpended funds for capital purchases which were not completed prior to the end of the fiscal year.

Capital Assets and General Long-Term Obligations

Capital Assets

Table 3 provides an overview of the City's Capital Assets, net of accumulated depreciation:

Table 3
Capital Assets (Net of Depreciation)

	2023	2022
Land and construction in progress	$ 73,333,044	$ 48,571,835
Buildings and improvements	64,723,185	67,487,637
Machinery and equipment	8,930,069	5,023,634
Infrastructure	187,812,408	182,111,311
Intangible right-to-use assets	5,780,973	6,180,858
Total	**$ 340,579,679**	**$ 309,375,275**

The increase in the Land and construction in progress category is the result of continued work on the Hall Avenue East Overpass and the beginning of construction on the Hall Avenue West Overpass as well as other major street improvements throughout the city. The increase to Machinery and equipment is the result of the purchases of many vehicles and equipment. These include but are not limited to, Fire/Ladder Truck for Station #1, five new garbage trucks, new buses (Mass transit), multiple vehicles and large equipment for several departments. The decrease in Buildings and improvements, Infrastructure and Intangible right-to-use assets can be attributed to the depreciation on existing assets.

General Long-Term Debt Obligations

At September 30, 2023, the City of Hattiesburg had $61,680,568 in outstanding General Obligation Bonds and Notes subject to the City's overall general obligation debt limitations. The City's overall legal debt margin at September 30, 2023 was calculated to be $51,998,777. This number is based on the City's most current property tax rolls in conjunction with existing general obligation debt. In addition to traditional general obligation debt, certain debt issues are secured by tax interceptor agreements with the State of Mississippi. Tax Increment Financing Bonds are secured by the incremental increase in property taxes at various taxing districts. The City has opted to maintain a margin of at least $10 million as a matter of policy. Table 4 summarizes the total outstanding long-term debt obligations of the City.

Table 4
Outstanding Bonds, Notes and Long-Term Obligations at Year End

	2023	2022
Governmental Funds		
General obligation bonds	$ 50,500,000	$ 45,000,000
Limited obligation tax increment financing bonds	9,061,077	10,093,039
Certificates of participation	4,125,000	4,345,000
Economic development limited obligation bonds	91,645	113,208
Notes from direct borrowings and direct placements	2,027,846	3,006,231
Leases payable	5,703,973	6,180,858
SBITA payable	77,000	-
Unamortized premium	4,937,418	5,137,723
Claims and judgments	385,072	449,250
Subtotal governmental funds	76,909,031	74,325,309
Proprietary Fund		
General obligation bonds	2,010,000	2,860,000
Revenue bonds	63,647,000	48,697,000
Unamortized bond premium	120,117	165,497
State Revolving Loan Funds	455,494	-
Subtotal proprietary fund	66,232,611	51,722,497
Compensated Absences	**2,483,127**	**2,232,290**
Total Long-Term Obligations	**$ 145,624,769**	**$ 128,280,096**

The compensated absences liability identified above refers to the current balance of what has been earned as a termination benefit that will be paid over time as people leave or retire.

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Current Financial Related Activities:

Combined sales tax collections, a major source of revenue for the General Fund, have been a strong indicator of the local economy, showing an approximate 3.43% increase in FY 2023. This is also slightly above the average rate of increase when looking at the history of collections over the period of several years. Hattiesburg has a diverse economy, driven by regional medical facilities, two universities, and a major military training installation south of the city limits. Efforts to bring sporting events and tournaments to the city have been successful, contributing to this revenue.

Property tax values did, in fact, increase from 2022 valuations, and this resulted in a 2.19% increase in property tax revenues for FY 2023. There was a strong real estate market in Hattiesburg during 2023, reflecting the federal and local economies. A decreasing supply of homes available for sale contributed to the increase in home values.

Contacting the City of Hattiesburg:

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. Copies of this report will be on file at City Hall as well as on the City's website, www.hattiesburgms.com. If you should have questions about this report or need additional financial information, contact the City Clerk's Office at 601-545-4552.

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BASIC FINANCIAL STATEMENTS

EXHIBIT A
PAGE 1 OF 3

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Net Position
September 30, 2023

	PRIMARY GOVERNMENT			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Unit**
ASSETS				
Cash and cash equivalents - unrestricted	$ 20,495,756	$ 10,844,659	$ 31,340,415	$ 2,185,191
Cash and cash equivalents - restricted	37,537,079	1,684,134	39,221,213	8,987,559
Cash with fiscal agent - restricted	324,098	22,275,848	22,599,946	-
Sales tax receivable	5,790,070	-	5,790,070	1,136,862
Property taxes receivable	25,750,343	-	25,750,343	-
Accounts receivable - Water and Sewer (net of allowance for doubtful accounts of $4,436,199)	-	2,317,163	2,317,163	-
Accounts receivable - Solid Waste Services	213,724	-	213,724	-
Intergovernmental receivable	6,813,383	-	6,813,383	47,915
Fines receivable (net of allowance for doubtful accounts of $25,265,182)	3,133,405	-	3,133,405	-
Lease receivable	213,879	-	213,879	116,643
Other receivables	1,350,523	7,667	1,358,190	-
Internal balances	331	(331)	-	-
Due from other agencies	262	-	262	-
Inventory - food and beverage	-	-	-	145,055
Inventory - gas and oil	23,060	-	23,060	-
Capital assets not being depreciated:				
Land and construction in progress	70,014,901	3,318,143	73,333,044	7,487,599
Capital assets, net of accumulated depreciation:				
Buildings and improvements	64,597,988	125,197	64,723,185	12,895,218
Machinery and equipment	8,089,285	840,784	8,930,069	1,620,514
Infrastructure	68,960,060	118,852,348	187,812,408	-
Leases and SBITA assets	5,780,973	-	5,780,973	5,523,862
Total assets	319,089,120	160,265,612	479,354,732	40,146,418
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	19,670,820	1,653,700	21,324,520	-
Related to OPEB	1,699,067	147,745	1,846,812	-
Prepaid bond insurance	289,806	363,791	653,597	-
Total deferred outflows of resources	21,659,693	2,165,236	23,824,929	-

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Net Position
September 30, 2023

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Accounts payable	$ 2,710,513	$ 1,769,612	$ 4,480,125	$ 476,574
Accrued wages and benefits	2,317,293	232,450	2,549,743	215,292
Other liabilities	152,972	17,211	170,183	-
Due to other agencies	188,029	-	188,029	-
Accrued expenses	562,715	-	562,715	-
Accrued interest	690,989	586,353	1,277,342	-
Other liabilities	-	152,996	152,996	-
Non-current liabilities:				
Portion due or payable within one year:				
General obligation bonds	1,919,000	585,000	2,504,000	-
General obligation note payable	-	40,321	40,321	-
Revenue bonds	-	24,792,000	24,792,000	139,829
Unamortized bond premium	187,148	16,478	203,626	-
Limited obligation tax increment financing bonds	1,023,049	-	1,023,049	-
Certificates of participation	230,000	-	230,000	-
Unamortized certificate of participation premium	13,158	-	13,158	-
Economic development limited obligation bonds	21,563	-	21,563	-
Notes from direct borrowings and direct placements	1,012,712	-	1,012,712	-
Leases payable	494,888	-	494,888	535,517
SBITA payable	34,455	-	34,455	-
Compensated absences	319,986	59,529	379,515	219,393
Claims and judgments	64,178	-	64,178	-
Portion due or payable after one year:				
General obligation bonds	48,581,000	1,425,000	50,006,000	-
General obligation note payable	-	415,173	415,173	-
Revenue bonds	-	38,855,000	38,855,000	5,022,739
Unamortized bond premium	4,579,227	103,639	4,682,866	-
Limited obligation tax increment financing bonds	8,038,028	-	8,038,028	-
Certificates of participation	3,895,000	-	3,895,000	-
Unamortized certificate of participation premium	157,885	-	157,885	-
Economic development limited obligation bonds	70,082	-	70,082	-
Notes from direct borrowings and direct placements	1,015,134	-	1,015,134	-
Leases payable	5,209,085	-	5,209,085	4,988,345
SBITA payable	42,545	-	42,545	-
Compensated absences	1,766,283	337,329	2,103,612	-
Claims and judgments	320,894	-	320,894	-
Net pension liability	99,473,975	7,063,453	106,537,428	-
Total OPEB liability	7,848,331	614,048	8,462,379	-
Customer meter deposits	-	1,684,134	1,684,134	-
Total liabilities	192,940,117	78,749,726	271,689,843	11,597,689

EXHIBIT A
PAGE 3 OF 3

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Net Position
September 30, 2023

	PRIMARY	GOVERNMENT		
	Governmental Activities	**Business-type Activities**	**Total**	**Component Unit**
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	$ 1,732,647	$ -	$ 1,732,647	$ -
Related to OPEB	5,958,731	518,151	6,476,882	-
Related to contracts	-	286,949	286,949	-
Related to grants	5,140,331	-	5,140,331	90,000
Related to lease proceeds	-	-	-	116,643
Related to lease revenue	213,879	-	213,879	-
Special event revenue	-	-	-	158,882
Unearned revenue - property taxes	25,300,000	-	25,300,000	-
Total deferred inflows of resources	38,345,588	805,100	39,150,688	365,525
NET POSITION				
Net investment in capital assets	140,919,248	75,653,861	216,573,109	16,840,763
Restricted for:				
Debt service	7,517,124	9,642,063	17,159,187	-
Flag display	-	-	-	90,000
Capital projects	1,590,224	185,172	1,775,396	509,342
Unrestricted	(40,563,488)	(2,605,074)	(43,168,562)	10,743,099
Total net position	$ 109,463,108	$ 82,876,022	$ 192,339,130	$ 28,183,204

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

EXHIBIT B

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 12,282,057	$ -	$ 1,874,785	$ 9,687
Public safety	32,315,379	530,178	1,174,611	-
Public services	14,425,099	2,243,270	2,448,520	13,293,057
Other services	1,673,393	-	-	(28,318)
Mass transit	2,825,922	149,598	1,581,712	1,617,032
Culture and recreation	12,775,390	99,331	-	215,275
Human/social assistance	1,018,994	-	315,102	-
Economic development	4,623,506	-	-	-
Interest and fiscal charges	2,948,926	-	-	-
Total governmental activities	84,888,666	3,022,377	7,394,730	15,106,733
Business-Type Activities:				
Water and sewer system	20,224,846	28,109,349	-	70,824
Interest and fiscal charges	1,915,151	-	-	-
Total business-type activities	22,139,997	28,109,349	-	70,824
Total primary government	$ 107,028,663	$ 31,131,726	$ 7,394,730	$ 15,177,557
COMPONENT UNIT:				
Hattiesburg Convention Commission	$ 12,122,653	$ 6,308,672	$ -	$ -
Total component unit	$ 12,122,653	$ 6,308,672	$ -	$ -

GENERAL REVENUES:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales tax

Franchise taxes and other licenses and permits

Special sales tax

Internet sales tax

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Other local sources

Miscellaneous

Gain on sale of assets

TRANSFERS:

Transfers, component unit

Transfers, net

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED

Prior period adjustment

NET POSITION - BEGINNING, AS ADJUSTED

NET POSITION - ENDING

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

Net (Expense) Revenue and Changes in Net Position

Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
$ (10,397,585)		$ (10,397,585)	
(30,610,590)		(30,610,590)	
3,559,748		3,559,748	
(1,701,711)		(1,701,711)	
522,420		522,420	
(12,460,784)		(12,460,784)	
(703,892)		(703,892)	
(4,623,506)		(4,623,506)	
(2,948,926)		(2,948,926)	
(59,364,826)		(59,364,826)	
-	$ 7,955,327	7,955,327	
-	(1,915,151)	(1,915,151)	
-	6,040,176	6,040,176	
(59,364,826)	6,040,176	(53,324,650)	
			$ (5,813,981)
			(5,813,981)
22,878,716	-	22,878,716	-
3,441,548	-	3,441,548	-
34,455,573	-	34,455,573	-
4,902,849	-	4,902,849	-
3,862,604	-	3,862,604	6,940,353
5,067,170	-	5,067,170	-
30,600	-	30,600	-
286,988	339,743	626,731	41,740
2,780,639	-	2,780,639	-
1,491,837	-	1,491,837	14,980
8,512	-	8,512	-
465,401	-	465,401	(465,401)
824,000	(824,000)	-	-
80,496,437	(484,257)	80,012,180	6,531,672
21,131,611	5,555,919	26,687,530	717,691
88,331,497	77,751,096	166,082,593	27,465,513
-	(430,993)	(430,993)	-
88,331,497	77,320,103	165,651,600	27,465,513
$ 109,463,108	$ 82,876,022	$ 192,339,130	$ 28,183,204

EXHIBIT C
PAGE 1 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Municipal Road and Bridge Fund	COVID Fiscal Recovery Fund
ASSETS			
Cash and cash equivalents - unrestricted	$ 17,780,189	$ -	$ -
Cash and cash equivalents - restricted	-	8,648,095	11,578,241
Cash with fiscal agent - restricted	-	-	-
Due from other funds	2,753,500	-	-
Sales tax receivable	2,940,394	-	-
Intergovernmental receivables	38,740	-	-
Fines receivable (net of allowance for doubtful accounts of $25,265,182)	3,133,405	-	-
Other receivables	1,267,146	12,166	-
Lease receivable	-	-	-
Property taxes receivable	21,632,711	-	-
Due from other agencies	262	-	-
Inventory - gas and oil	23,060	-	-
Advances to other funds	500,000	-	-
Prepaid insurance	289,806	-	-
Total assets	$ 50,359,213	$ 8,660,261	$ 11,578,241
LIABILITIES			
Accounts payable	$ 909,329	$ 84,529	$ -
Due to other funds	579	2,170,000	-
Due to other governments	45,185	-	-
Accrued wages and benefits	2,169,118	-	-
Other liabilities	109,789	-	-
Advances from other funds	-	-	-
Total liabilities	3,234,000	2,254,529	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	21,400,000	-	-
Unavailable revenue - lease revenue	-	-	-
Unavailable revenue - grants	-	-	5,140,330
Unavailable revenue - fines	3,133,405	-	-
Total deferred inflows of resources	24,533,405	-	5,140,330
FUND BALANCES			
Nonspendable:			
Inventories	23,060	-	-
Prepaid expenses	289,806	-	-
Long-term interfund advance	500,000	-	-

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 2,715,488	$ 20,495,677
2,421,701	14,889,042	37,537,079
169,739	154,438	324,177
-	910	2,754,410
-	296,670	3,237,064
-	424,771	463,511
-	-	3,133,405
-	-	1,279,312
-	213,879	213,879
-	3,924,777	25,557,488
-	-	262
-	-	23,060
-	-	500,000
-	-	289,806
$ 2,591,440	$ 22,619,975	$ 95,809,130
$ 1,001,216	$ 715,439	$ 2,710,513
-	583,500	2,754,079
-	129,400	174,585
-	148,175	2,317,293
-	605,898	715,687
-	500,000	500,000
1,001,216	2,682,412	9,172,157
-	3,900,000	25,300,000
-	213,879	213,879
-	-	5,140,330
-	-	3,133,405
-	4,113,879	33,787,614
-	-	23,060
-	-	289,806
-	-	500,000

CITY OF HATTIESBURG, MISSISSIPPI

Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Municipal Road and Bridge Fund	COVID Fiscal Recovery Fund
FUND BALANCES (Cont.)			
Restricted:			
Public safety:			
Fire protection	$ -	$ -	$ -
Law enforcement	-	-	-
Public services	-	-	-
Mass transit	-	-	-
Debt service	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	6,437,911
Committed:			
Culture and recreation	-	-	-
Assigned:			
General government	109,964	-	-
Public safety	214,507	-	-
Public services	270,044	6,405,732	-
Economic development	310,500	-	-
Other services	45	-	-
Unassigned	20,873,882	-	-
Total fund balances	22,591,808	6,405,732	6,437,911
Total liabilities, deferred inflows of resources, and fund balances	$ 50,359,213	$ 8,660,261	$ 11,578,241

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 1,093,004	$ 1,093,004
-	1,140,638	1,140,638
-	2,605,209	2,605,209
-	910,501	910,501
-	7,517,124	7,517,124
300,000	2,056,524	2,356,524
1,290,224	364,794	8,092,929
-	754,170	754,170
-	-	109,964
-	-	214,507
-	-	6,675,776
-	-	310,500
-	-	45
-	(618,280)	20,255,602
1,590,224	15,823,684	52,849,359
$ 2,591,440	$ 22,619,975	$ 95,809,130

EXHIBIT C.1
PAGE 1 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position September 30, 2023

Total *fund balances* for governmental funds (Exhibit C)		$ 52,849,359
Total *net position* reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 30,578,599	
Construction in progress	39,436,302	
Buildings and improvements, net of $41,072,688 accumulated depreciation	64,597,988	
Machinery and equipment, net of $35,778,204 accumulated depreciation	8,089,285	
Infrastructure, net of $115,440,642 accumulated depreciation	68,960,060	
Intangible right-to-use assets, net of $979,057 accumulated depreciation	5,780,973	
Total capital assets		217,443,207
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred revenue in the funds.		3,133,405
Receivables not received within thirty days of year end are not reported in the funds.		9,380,668
Deferred outflows related to pensions and OPEB are not reported in the funds:		
Related to pensions	19,670,820	
Related to OPEB	1,699,067	
Total deferred outflows		21,369,887

CITY OF HATTIESBURG, MISSISSIPPI

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position September 30, 2023

Deferred inflows related to pensions and OPEB are not reported in the funds:		
Related to pensions	$ (1,732,647)	
Related to OPEB	(5,958,731)	
Total deferred inflows		$ (7,691,378)
Payables not paid within thirty days of year end are not reported in the funds.		(13,445)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position. Balances for these liabilities at September 30, 2023 are:		
Accrued interest on bonds and notes	(690,989)	
General obligation bonds	(50,500,000)	
Limited obligation tax increment financing bonds	(9,061,077)	
Economic development limited obligation bonds	(91,645)	
Unamortized premiums on bonds	(4,766,375)	
Certificates of participation	(4,125,000)	
Unamortized premiums on certificates of participation	(171,043)	
Notes from direct borrowings and direct placements	(2,027,846)	
Leases payable	(5,703,973)	
Subscription based intangible asset payable	(77,000)	
Compensated absences	(2,086,269)	
Claims and judgments	(385,072)	
Net pension liability	(99,473,975)	
Total OPEB liability	(7,848,331)	
Total long-term liabilities		(187,008,595)
Total net position of governmental activities (Exhibit A)		$ 109,463,108

EXHIBIT D
PAGE 1 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2023

	General Fund	Municipal Road and Bridge Fund	COVID Fiscal Recovery Fund
REVENUES			
General property taxes	$ 21,323,185	$ -	$ -
Sales tax collections	34,820,897	-	-
Special sales tax collections	-	-	-
Internet sales tax	-	-	-
Other taxes	10,741	-	-
Licenses and permits	4,699,112	-	-
Fines, forfeitures and penalties	667,813	-	-
Interest, rents and concessions	150,445	45,683	-
Intergovernmental revenues	1,143,330	7,325,872	1,297,566
Charges for services	2,365,392	-	-
Other revenues	446,265	-	-
Total revenues	65,627,180	7,371,555	1,297,566
EXPENDITURES			
Current:			
General government	11,177,328	-	-
Public safety	25,455,330	-	1,297,566
Public services	12,890,419	1,543,474	-
Other services	1,463,397	-	-
Mass transit	-	-	-
Culture and recreation	6,899,042	-	-
Human/social assistance	-	-	-
Economic development	4,023,506	-	-
Debt service:			
Principal payments	781,247	-	-
Interest and fiscal charges	340,973	-	-
Total expenditures	63,031,242	1,543,474	1,297,566
Excess (deficiency) of revenues over expenditures	2,595,938	5,828,081	-

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 4,705,793	$ 26,028,978
-	-	34,820,897
-	3,889,493	3,889,493
-	5,067,170	5,067,170
-	-	10,741
-	-	4,699,112
-	163,827	831,640
24,115	168,920	389,163
6,306,443	4,538,031	20,611,242
-	1,124,731	3,490,123
-	975,004	1,421,269
6,330,558	20,632,969	101,259,828
-	-	11,177,328
647,671	2,004,008	29,404,575
14,834,155	2,610,044	31,878,092
-	259,321	1,722,718
-	4,202,875	4,202,875
-	14,302,415	21,201,457
-	959,907	959,907
-	600,000	4,623,506
-	1,911,347	2,692,594
-	2,487,769	2,828,742
15,481,826	29,337,686	110,691,794
(9,151,268)	(8,704,717)	(9,431,966)

EXHIBIT D
PAGE 2 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2023

	General Fund	Municipal Road and Bridge Fund	COVID Fiscal Recovery Fund
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	$ -	$ -	$ -
Proceeds from subscription based intangible assets	115,500	-	-
Proceeds from sale of capital asset	713,826	-	-
Other sources	188,981	-	-
Transfers in	-	-	-
Transfers out	(3,092,495)	-	-
Total other financing sources (uses)	(2,074,188)	-	-
NET CHANGE IN FUND BALANCES	521,750	5,828,081	-
Fund balances – beginning	22,070,058	577,651	6,437,911
Fund balances – ending	$ 22,591,808	$ 6,405,732	$ 6,437,911

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 5,500,000	$ 5,500,000
-	-	115,500
-	-	713,826
-	663	189,644
-	3,916,495	3,916,495
-	-	(3,092,495)
-	9,417,158	7,342,970
(9,151,268)	712,441	(2,088,996)
10,741,492	15,111,243	54,938,355
$ 1,590,224	$ 15,823,684	$ 52,849,359

CITY OF HATTIESBURG, MISSISSIPPI

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2023

Net change in *fund balances* - governmental funds (Exhibit D)	$ (2,088,996)
The change in *net position* reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($39,981,364) exceeded depreciation expense ($10,058,256) in the current period.	29,923,126
Intergovernmental revenues are recognized on the full-accrual basis in the statement of activities for revenues received thirty days after year end. This is the amount of effect of the change in revenue.	3,318,561
Fine revenue deferred in the funds for the modified accrual basis during the current year decreased because prior year recognition would have been required in the statement of activities using the full-accrual basis of accounting.	(55,984)
Proceeds from issuance of long-term debt are reported in the governmental funds. However, in the statement of net position a long-term liability is recorded. Repayments of long-term debt are reported as expenses in the governmental funds but are recorded against the liability in the statement of net position. Thus, the change in net position differs from the change in fund balances by the net amount of the debt proceeds and repayments.	(2,784,027)

CITY OF HATTIESBURG, MISSISSIPPI

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2023

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following adjustments combine the net changes of the balances:		
Compensated absences	$ (48,199)	
Amortization of certificates of participation premium	13,157	
Amortization of bond premium	187,148	
Special sales tax payable	127,667	
Accrued interest on bonds and notes	(160,891)	
Combined adjustment		$ 118,882
Change related to pension deferred outflows and inflows and liabilities		(6,522,171)
Change related to other post employment benefit deferred outflows and liabilities		(777,780)
Change in *net position* of governmental activities (Exhibit B)		$ 21,131,611

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

EXHIBIT E
PAGE 1 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Net Position - Proprietary Fund
September 30, 2023

		Combined Water and Sewer System
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$	10,844,659
Cash with fiscal agent - restricted		22,275,848
Accounts receivable - trade (net of allowance for doubtful accounts of $4,436,199)		2,317,163
Other receivables		7,667
Total current assets		35,445,337
NONCURRENT ASSETS		
Cash and cash equivalents - restricted		1,684,134
Capital assets		
Land		358,164
Construction in progress		2,959,979
Buildings and improvements, net		125,197
Machinery and equipment, net		840,784
Infrastructure, net		118,852,348
Total noncurrent assets		124,820,606
Total assets		160,265,943
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions		1,653,700
Related to OPEB		147,745
Prepaid bond insurance		363,791
Total deferred outflows		2,165,236
CURRENT LIABILITIES		
Accounts payable		1,769,612
Accrued wages and benefits payable		232,450
Sales tax payable		17,211
Due to governmental funds		331
Accrued interest payable		586,353
Other liabilities		152,996
General obligation bonds - current		585,000
General obligation note payable - current		40,321
Revenue bonds - current		24,792,000
Unamortized bond premium - current		16,478
Compensated absences - current		59,529
Total current liabilities		28,252,281

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

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Net Position - Proprietary Fund
September 30, 2023

	Combined Water and Sewer System
NON-CURRENT LIABILITIES	
General obligation bonds	$ 1,425,000
General obligation note payable	415,173
Revenue bonds	38,855,000
Unamortized bond premium	103,639
Compensated absences	337,329
Net pension liability	7,063,453
OPEB liability	614,048
Customer meter deposits	1,684,134
Total non-current liabilities	50,497,776
Total liabilities	78,750,057
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	518,151
Related to contracts	286,949
Total deferred inflows	805,100
NET POSITION	
Net investment in capital assets	75,653,861
Restricted for debt service	9,642,063
Restricted for capital projects	185,172
Unrestricted	(2,605,074)
Total net position	$ 82,876,022

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

EXHIBIT F

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Revenues, Expenses, and Changes In Net Position - Proprietary Fund
Year Ended September 30, 2023

	Combined Water and Sewer System
OPERATING REVENUES	
Water charges	$ 13,176,551
Sewer charges	14,484,730
Sewer connections	45,694
Turn-on fees	62,393
Taps	339,981
Total operating revenues	28,109,349
OPERATING EXPENSES	
Personnel services	3,919,856
Other services and charges	9,025,443
Supplies and expenses	2,351,320
Depreciation	4,577,662
Other operating expenses	349,966
Total operating expenses	20,224,247
OPERATING INCOME	7,885,102
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	339,743
Interest expense	(1,915,151)
Intergovernmental revenue	70,824
Other expenses	(599)
Total non-operating revenues (expenses)	(1,505,183)
INCOME BEFORE TRANSFERS	6,379,919
Transfers out	(824,000)
Total transfers	(824,000)
CHANGE IN NET POSITION	5,555,919
NET POSITION - beginning	77,751,096
Prior period adjustment	(430,993)
NET POSITION - beginning, as adjusted	77,320,103
NET POSITION - ending	$ 82,876,022

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

EXHIBIT G
PAGE 1 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Cash Flows - Proprietary Fund
Year Ended September 30, 2023

	Combined Water and Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 27,759,514
Payments to suppliers and service providers	(11,643,616)
Payments to employees for salaries and benefits	(3,103,053)
Net cash provided by operating activities	13,012,845
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(824,000)
Net cash used by noncapital financing activities	(824,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from long-term debt issued	455,494
Principal payments - bonds and notes	(5,750,000)
Proceeds placed with fiscal agent	19,419,007
Intergovernmental cash receipts	70,824
Acquisition and construction of capital assets	(5,858,940)
Other payments	(599)
Interest paid on capital debt	(1,987,247)
Net cash provided by capital and related financing activities	6,348,539
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	339,743
Net cash provided by investing activities	339,743
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,877,127
CASH AND CASH EQUIVALENTS - Beginning	15,927,514
CASH AND CASH EQUIVALENTS - Ending	$ 34,804,641
Displayed on Exhibit E as:	
Current Assets:	
Cash and cash equivalents - unrestricted	$ 10,844,659
Cash with fiscal agent - restricted	22,275,848
Non-Current Assets:	
Cash and cash equivalents - restricted	1,684,134
	$ 34,804,641

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

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Cash Flows - Proprietary Fund
Year Ended September 30, 2023

		Combined Water and Sewer System
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	7,885,102
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		4,577,662
Decrease (increase) in assets:		
Accounts receivable - trade		(332,555)
Deferred outflows related to pension		(885,450)
Deferred outflows related to OPEB		22,678
Prepaid insurance - bonds		16,256
Increase (decrease) in liabilities:		
Due from/to other governmental funds		(1,407)
Accounts payable		113,997
Other liabilities		(45,733)
Accrued wages and benefits payable		119,684
Sales tax payable		(38,394)
Compensated absences		202,638
Net pension liability		1,310,714
Total OPEB liability		(243,441)
Customer meter deposits		76,154
Deferred inflows related to OPEB		289,980
Deferred inflows related to contracts		(55,040)
Total adjustments		5,127,743
Net cash provided by operating activities	$	13,012,845

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

EXHIBIT H

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Fiduciary Net Position
September 30, 2023

		Custodial Funds
ASSETS		
Cash and cash equivalents	$	89,571
Other receivables		1,026,359
Sales tax receivable		72,243
Total assets	$	1,188,173
LIABILITIES		
Due to other funds	$	247,177
Other liabilities		1,320
Total liabilities		248,497
NET POSITION		
Restricted for:		
Individuals, organizations and other governments		939,676
Total net position		939,676
Total liabilities and net position	$	1,188,173

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

EXHIBIT I

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2023

	Custodial Funds
ADDITIONS	
Property tax revenues	$ 50,781,948
Sales tax revenues	954,021
Intergovernmental revenues	445,000
Other revenues	26,717
Interest	12,224
Total additions	52,219,910
DEDUCTIONS	
Payments of taxes to other funds	50,252,468
Administrative expense	61,554
Other expense	1,519,326
Total deductions	51,833,348
CHANGE IN FIDUCIARY NET POSITION	386,562
NET POSITION - BEGINNING	553,114
NET POSITION - ENDING	$ 939,676

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Information

The City of Hattiesburg, Mississippi (the City) was incorporated in 1884 under the laws of the State of Mississippi and presently operates under a Mayor/Council form of government. It is the fifth largest municipality in the state with approximately 47,000 residents. The policy-making and legislative authority, as well as budgetary responsibilities, are vested with the City Council. The following services are provided by the City: Public Safety (Police, Fire, and Code Enforcement), Public Services, Engineering, Solid Waste Collection, Water and Sewer, Culture and Recreation, Mass Transit, Federal Programs, Urban Development, and General Administrative Services.

The accounting and reporting framework and the more significant accounting policies and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities.

B. Reporting Entity

The City is a charter city in which citizens elect the mayor at large and five council members by wards. The accompanying financial statements present the City's primary government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely presented component unit - The Hattiesburg Convention Commission (the Commission) is composed of a seven member board whose members are appointed by the Hattiesburg City Council. The purpose of the Commission is to promote conventions and tourism. The Commission has authority over all matters relating to the establishment, development, construction, furnishing, and equipping of convention and tourism related facilities. The Commission is primarily funded by a 2.00% sales tax on local food, beverage, and alcoholic beverage package retailer permits. The Commission is presented as a governmental fund type. Pursuant to component unit criteria guidelines, the Commission is presented as a discretely presented component unit based upon the budgetary oversight provided by the City in conjunction with other related criteria including, but not limited to, the City's ability to make board appointments and the Commission's status as a legally separate entity.

A separate financial statement of the Commission can be obtained by contacting the Hattiesburg Convention Commission, 1 Convention Center Plaza, Hattiesburg, Mississippi 39401.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. Internal activities, including interfund transfers and due to/due from balances attributable to governmental activities have been eliminated for government-wide financial statement presentation purposes.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied based on historical trends of collections in relation to assessments. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE THREE
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Activities accounted for in the general fund include police and fire protection, public services, general government, sanitation, city courts, urban development, and other services.

Municipal Road and Bridge Fund - The Municipal Road and Bridge Fund is a special revenue fund that accounts for resources restricted for the purpose of construction, repair and maintenance of roads and bridges.

COVID Fiscal Recovery Fund - The COVID Fiscal Recovery Fund is a special revenue fund that accounts for water and sewer infrastructure projects funded by Coronavirus State Fiscal Recovery Fund Grant monies awarded through the U.S. Department of Treasury.

Series 2019 and 2020 Bond Projects Fund - The Series 2019 and 2020 Bond Projects Fund represents the City's major capital project fund. It accounts for all infrastructure projects associated with the Series 2019 and 2020 Bond Issuances.

The City reports the following major proprietary fund:

Combined Water and Sewer System Fund - The Combined Water and Sewer System Fund accounts for the activities of the water and sewer system. The City operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE FOUR
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt.

***Capital Project Funds* -** These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

***Custodial Funds* -** Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meet specific criteria.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE FIVE
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The proprietary fund distinguishes 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 of the water and sewer system enterprise fund are charges to customers for sales and services. The water and sewer system also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on 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, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

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

State statutes authorize the City to invest in (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit when insured or secured by acceptable collateral, and (3) obligations of the State of Mississippi, or any county, municipality or school district of the State of Mississippi which have been approved by a reputable bond attorney and have been validated by decree of the chancery court. Investments for the City and its component unit are reported at fair value.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds”. Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds”. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Receivables

All receivables for sales taxes and property taxes are considered collectible; therefore no reduction has been made for an allowance for these receivables. Fees paid in lieu of ad valorem taxes pursuant to separate agreements are recognized when collected or when probability of receipt is reasonably certain. Fines receivable is reported net of allowance for uncollectible accounts at September 30, 2023. Credits against fines are applied for any jail time served, community service, or electronic monitoring. Since any such credits are not known until actual events occur, the amounts of those credits cannot be reasonably estimated before they are earned. Therefore, future credits to be applied against existing fines receivable are not estimated or reflected in the City’s financial statements.

Customer accounts receivable in the enterprise fund are attributable to unpaid balances at year-end for charges for services and are netted with an allowance for doubtful accounts. The City estimates the allowance for doubtful water and sewer account balances based upon a review of outstanding balances and status of customer accounts and upon consideration of historical collection trends and other factors.

Property taxes are levied annually for the upcoming fiscal year beginning October 1st on property values assessed as of the previous January 1st. Such levy, which establishes a lien against the underlying property, is made by the City Council in September before the beginning of the fiscal year. Property taxes are recognized in the year for which they are levied. Property tax statements on real property are typically mailed in December each year, with the taxes due annually on February 1st. All taxes are collected and remitted to the City on a monthly basis by Forrest and Lamar County governments. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received. Property with delinquent taxes as of August is subject to sale for collection of such taxes. Property taxes on vehicles are assessed annually and become due throughout the year based upon the month of acquisition.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE SEVEN
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Inventories and Prepaid Items

All inventories are valued at cost, which approximates market, using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, street lights, sewer and water lines, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 – 50 years
Infrastructure	10 – 50 years
Machinery and equipment	3 – 15 years
Intangible right-to-use assets	**

** Intangible assets for the City represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives are not amortized.

The term “depreciation” includes the amortization of intangible assets.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE EIGHT
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Pensions

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a separate financial statement element that represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports prepaid insurance on the Water and Sewer Revenue Bonds in the government-wide and the proprietary statements of net position as a deferred outflow of resources. Bond insurance paid from debt proceeds as a credit enhancement feature with the bonds is deferred and amortized over the life of the bonds. In addition, deferred outflows include amounts related to pensions and other postemployment benefits, including contributions subsequent to the measurement date of the actuarial valuations for the plans.

Deferred inflows of resources are a separate financial statement element that represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from grants, leases and special assessments which are deferred and recognized as an inflow of resources in the period that the amounts become available. Both the government-wide statements and governmental funds report property taxes levied for the subsequent year, which are deferred and recognized as an inflow of resources in the period for which they are levied. The government-wide statements report unavailable revenues from other postemployment benefits, contracts, leases and grants, in addition to special event revenue from its' component unit, which are deferred and recognized as inflows of resources in the period that the amounts become available. The government-wide statements also reflect pension related items resulting from the difference between estimated and actual return on pension plan investments, which are being amortized over a four-year period using the straight-line method.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay, overtime, and holiday pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation, overtime, and holiday pay is accrued when incurred in the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be paid from current resources, for example, as a result of employee resignations and retirements, based on management's estimates.

Leases

The City's incremental borrowing rate is determined using the daily treasury rate that is in effect at the start of the lease adjusted by 1.00% based on the quality of the City's credit. This rate is used to calculate the present value of lease payments when the rate implicit in the lease is not known.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond discounts and premiums are amortized over the life of the related bonds. Bond issuance costs, other than prepaid insurance costs, are recognized as expenses in the period incurred. Prepaid insurance costs are reported as an asset and are recognized as expenses over the duration of the related debt.

Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Net Position

The government-wide statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling creditors, grantors, or laws or regulations of other governments.

Fund Balance Policies

The City provides fund balance categories to report the nature and extent of the constraints placed on the government's fund balances. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* - amounts that are not in spendable form, such as inventories and prepaid items, or are legally or contractually required to remain intact.
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the government's highest level of decision-making authority.
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned fund balance* - residual amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council, the City's highest level of decision-making authority, establishes, modifies, or rescinds fund balance commitments by passage of resolutions that also establish the City's spending policy, which prescribes that restricted fund balance amounts are to be spent first, followed by committed, assigned, and lastly, unassigned fund balances.

The City does not have a formal minimum fund balance policy but transfers resources among funds as necessary to address any deficiencies at the fund level.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE ELEVEN
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

F. Budgets and Budgetary Accounting

The City's procedures for establishing its budget and for reporting budgetary data reflected in the financial statements are as follows:

1. In August, the City's Chief Financial Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Prior to September 15, the budget is legally enacted through the passage of an ordinance by the City Council. The budget may be subsequently amended by action of the City Council.

3. The City's Chief Financial Officer is authorized to transfer budgeted amounts within departments within the published expenditure categories; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

4. All funds, with the exception of Fiduciary Funds, are budgeted, including the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Proprietary Funds. These budgets are prepared on a cash basis, modified for encumbrances for goods and services which have not been received.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Pursuant to the Mississippi State Department of Audit's prescribed format, expenditures are budgeted by department and class as follows: personal services, supplies, other services and charges, capital outlays, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final approval of the City Council. Cumulative increases to departmental expenditures in excess of 10.00% must also be published in the local newspaper.

Encumbrances arise from the issuance of purchase orders, which must be within the adopted budgetary limits. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred upon receipt of goods or services. Encumbrances do not lapse at the close of the fiscal year but are carried forward. If necessary, subsequent year budgets are amended to cover prior year encumbrances.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates. Significant estimates which could change in the near-term include collectible portions of receivables from property taxes levied but not yet due, the allowance for doubtful Water and Sewer customer accounts receivable, the net collectible amounts of Municipal Court fines receivable, claims liabilities for the employee health insurance plan, useful lives of capital assets, and liabilities for pension and other post-employment benefits. In addition, long-term and current portions of compensated absences are based on estimates and assumptions relating to when earned compensated absences will be paid. Actual results may differ from these estimates.

H. Change in Accounting Standard

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), was implemented during fiscal year 2023. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purpose of this statement 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.

NOTE 2 - PRIOR PERIOD ADJUSTMENT

A summary of the prior period adjustment reflected on the City's financial statements is presented below:

Exhibit B (Business-Type Activities) and Exhibit F	**Amount**
Correction of Error:	
To correct posting of prior year activity in the current year	$ (430,993)

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 - DEPOSITS

Deposits - 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, *Mississippi Code of 1972 Annotated.* 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 Depository Insurance Corporation (FDIC).

The carrying amount of the City's deposits with financial institutions and petty cash reported in the government-wide statements was $70,561,628 (exclusive of cash with fiscal agents disclosed below). The bank balance was $80,444,848. The City's long standing, although not formally adopted, investment policy is based upon all bank accounts being fully collateralized (using the procedures described above) and interest-bearing with rates updated on a quarterly basis and benchmarked using verifiable appropriate federal funds rates. Interest is calculated using average balances and recorded monthly.

Custodial Credit Risk - Deposits - Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2023, the City's bank balance was not exposed to custodial credit risk because deposits are covered by the State Treasurer collateral pool.

Cash with Fiscal Agents - The carrying amount of the City's cash with fiscal agents held by financial institutions was $22,599,946.

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.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE FOURTEEN
YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - CAPITAL ASSETS

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

	Primary Government			
	Beginning Balance	**Additions**	**Retirements**	**Ending Balance**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 31,006,098	$ 267,501	$ (695,000)	$ 30,578,599
Construction in progress	16,598,299	34,324,873	(11,486,870)	39,436,302
Total capital assets not being depreciated	47,604,397	34,592,374	(12,181,870)	70,014,901
Capital assets being depreciated:				
Buildings and improvements	104,784,736	885,939	-	105,670,675
Machinery and equipment	39,938,174	5,180,748	(546,811)	44,572,111
Infrastructure	173,012,012	11,388,691	-	184,400,703
Total capital assets being depreciated	317,734,922	17,455,378	(546,811)	334,643,489
Less accumulated depreciation for:				
Buildings and improvements	37,430,895	3,641,792	-	41,072,687
Machinery and equipment	35,778,204	1,251,433	(546,811)	36,482,826
Infrastructure	110,790,997	4,649,646	-	115,440,643
Total accumulated depreciation	184,000,096	9,542,871	(546,811)	192,996,156
Total capital assets being depreciated, net	133,734,826	7,912,507	-	141,647,333
Governmental activities capital assets, net	$ 181,339,223	$ 42,504,881	$ (12,181,870)	211,662,234
Lease and SBITA assets, net				5,780,973
Total capital assets, net as reported in the statement of net position				$ 217,443,207

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE FIFTEEN
YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - CAPITAL ASSETS (Cont.)

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 358,164	$ -	$ -	$ 358,164
Construction in progress	609,274	5,673,103	(3,322,398)	2,959,979
Total capital assets not being depreciated	967,438	5,673,103	(3,322,398)	3,318,143
Capital assets being depreciated:				
Buildings and improvements	478,071	-	-	478,071
Machinery and equipment	10,228,774	185,837	-	10,414,611
Infrastructure	169,722,612	3,322,398	-	173,045,010
Total capital assets being depreciated	180,429,457	3,508,235	-	183,937,692
Less accumulated depreciation for:				
Buildings and improvements	344,275	8,599	-	352,874
Machinery and equipment	9,365,110	208,717	-	9,573,827
Infrastructure	49,832,316	4,360,346	-	54,192,662
Total accumulated depreciation	59,541,701	4,577,662	-	64,119,363
Total capital assets being depreciated, net	120,887,756	(1,069,427)	-	119,818,329
Business-type activities capital assets, net	$ 121,855,194	$ 4,603,676	$ (3,322,398)	$ 123,136,472

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE SIXTEEN
YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - CAPITAL ASSETS (Cont.)

Depreciation expense was charged to the functions/programs of the governmental activities of the City as follows:

Governmental Activities:		
General government	$	211,879
Public safety		1,866,344
Public services – which includes the depreciation of infrastructure assets		4,970,403
Other services		616,275
Mass transit		734,356
Culture and recreation		1,143,614
Total depreciation expense - governmental activities	$	9,542,871

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to/from various City funds at September 30, 2023, consist of the following:

Receivable Fund	Payable Fund		Amount
General fund	Municipal road and bridge fund	$	2,170,000
General fund	Nonmajor governmental funds		583,500
Nonmajor governmental funds	General fund		579
Nonmajor governmental funds	Combined Water and Sewer System		331
Total		$	2,754,410

The outstanding balances between funds result mainly from the time lag between the dates that goods and services are provided or reimbursable expenditures occur and satisfaction of those amounts. These balances are expected to be collected within one year.

Advances to/from other funds at September 30, 2023, consist of the following:

Receivable Fund	Payable Fund		Amount
General fund	Nonmajor governmental fund	$	500,000

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Cont.)

The amount payable to the General Fund is attributable to working capital loans made to the Community Development Block Grant Fund. None of the balance shown is scheduled to be collected in the subsequent year.

The composition of interfund transfers for the year ended September 30, 2023, is as follows:

Transfers out:	Transfers In: Other Governmental Funds
General fund	$ 3,092,495
Combined water and sewer system	824,000
Total	$ 3,916,495

Interfund transfers are authorized components of the budget and are typically used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - AD VALOREM TAXES LEVIED FOR OTHER GOVERNMENTAL ENTITIES

Section 35-57-1 et seq., *Mississippi Code of 1972 Annotated*, requires that the City levy and collect all taxes for and on behalf of the municipal separate school district. Section 39-3-7, *Mississippi Code of 1972 Annotated*, authorizes the City to levy and collect a tax not in excess of three mills for the support of any public library system located within the municipality.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 - AD VALOREM TAXES LEVIED FOR OTHER GOVERNMENTAL ENTITIES (Cont.)

For the fiscal year 2023, the following ad valorem tax levies were made in accordance with the applicable statutory requirements and authorizations:

Entity/Purpose of Levy	Applicable State Law	Mills Levied
School District:		
Operational Support	37-57-105	58.33
School Bonded Indebtedness	37-59-23	7.75
Library (support, upkeep and maintenance of Hattiesburg Public Library System)	39-3-7	1.95

NOTE 7 - CLAIMS AND JUDGMENTS

Self-Funded Health Insurance Program - The City provides employee health and accident coverage through a self-insurance program that utilizes a plan administrator as its claims-servicing organization, with the City retaining the risk of loss on all claims to which the City is exposed. Premium payments into the plan are established as a part of the City's budgetary process and upon consideration of actuarial recommendations provided by the plan administrator. The City has opted to set premium rates for individual and family coverage at somewhat lower levels than those recommended. Therefore, additional costs not expected to be covered by premiums are separately budgeted in individual funds in which related payroll costs are incurred. When necessary, based upon the claims paid during the fiscal year, the City makes supplemental transfers from payroll budgets of various funds into separate self-insurance fund accounts, which are included in the general fund for financial reporting purposes.

To limit its exposure to risk under this self-insured program, the City maintains reinsurance which provides two separate stop loss coverages: specific and aggregate. These coverages are provided by an outside commercial carrier. For fiscal year 2023, the specific coverage begins when an individual participant's claim exceeds $125,000, with unlimited maximum benefit per covered person. The aggregate policy covers all submitted claims in excess of the minimum aggregate deductible, which is the greater of $5,573,666 or 95% of the annualized first monthly aggregate deductible. Maximum covered expenses of $125,000 per covered person accumulate toward the unlimited maximum aggregate benefit.

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NOTE 7 - CLAIMS AND JUDGMENTS (Cont.)

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal year 2023:

Unpaid claims, beginning of fiscal year	$ 372,316
Plus: Incurred claims (including IBNRs)	4,126,518
Less: Claims payments	(4,247,074)
Unpaid claims, end of fiscal year	$ 251,760

Cash on deposit in the Group Insurance Fund at September 30, 2023 was $562,714. Based on the above project of net unpaid claims in excess of cash on deposit, interfund receivables were established from the respective operating funds at September 30, 2023.

Kohler Tax Exemption Judgment - Pursuant to the settlement and mutual release, effective January 31, 2019, the City agreed to pay Kohler Company $599,250 in tax refunds over a period of 10 years. Installments of $50,000 are due December 31 of each year. These payments may be processed as either cash settlements or ad valorem tax credits each year at the option of the City. See Note 9 for additional information related to the payment schedule.

NOTE 8 - INTANGIBLE RIGHT-TO-USE LEASES AND SUBSCRIPTION BASED IT ASSETS

A summary of lease and SBITA assets activity during the year ended September 30, 2023 is as follows:

	Balance October 1, 2022	Additions	Balance September 30, 2023
Lease assets:			
Equipment	$ 6,243,456	$ -	$ 6,243,456
Land	215,725	-	215,725
Property	185,349	-	185,349
Total lease assets	6,644,530	-	6,644,530

(Table Continued on Next Page)

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 - INTANGIBLE RIGHT-TO-USE LEASES AND SUBSCRIPTION BASED IT ASSETS (Cont.)

	Balance October 1, 2022	Additions	Balance September 30, 2023
Less accumulated amortization for:			
Lease assets:			
Equipment	$ 458,699	$ 469,382	$ 928,081
Land	3,935	3,174	7,109
Property	1,038	4,329	5,367
Total accumulated amortization	463,672	476,885	940,557
Total lease assets, net	6,180,858	(476,885)	5,703,973
SBITA assets	-	115,500	115,500
Less accumulated amortization	-	38,500	38,500
SBITA assets, net	-	77,000	77,000
Total lease and SBITA assets, net	$ 6,180,858	$ (553,885)	$ 5,780,973

A summary of lease and subscription IT liabilities during the year ended September 30, 2023 is as follows:

	Balance October 1, 2022	Additions	Deductions	Balance September 30, 2023
Lease payable	$ 6,180,858	$ -	$ 476,885	$ 5,703,973
SBITA payable	-	115,500	38,500	77,000
Total	$ 6,180,858	$ 115,500	$ 515,385	$ 5,780,973

Leases

The City is a lessee for various non-cancellable leases of equipment, land and property. For leases that have a maximum possible term of 12 months or less at commencement, the City recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the City recognized a lease liability and an intangible right-to-use lease asset.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-ONE
YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 - INTANGIBLE RIGHT-TO-USE LEASES AND SUBSCRIPTION BASED IT ASSETS (Cont.)

At lease commencement, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in amortization expense on an effective interest rate method over the shorter of the lease term or the useful life of the underlying asset.

The City generally uses its incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The City's incremental borrowing rate is determined using the daily treasury rate that is in effect at the start of the lease adjusted by 1.00% based on the quality of the City's credit.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either the City or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the City and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

As lessee:

The City had outstanding lease liabilities at September 30, 2023 with the following terms:

	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment		Amount Outstanding
Equipment	1.71% - 2.58%	48-192 months	Various	Various	$ 295,429	A	$ 5,315,375
Land	3.04%	40 years	10/1/2021	8/13/2059	9,613	B	208,616
Property	4.20%	25 years	6/1/2022	6/01/2047	1,000	C	179,982
Total							$ 5,703,973

The lease agreements can only be cancelled if both parties agree. There are no options to extend the leases.

A. One of these leases includes a payment escalation that occurs every February 4th throughout the lease term. The other leases contain fixed payment amounts.
B. This lease contains a variable payment adjustment based on the Consumer Price Index.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-TWO
YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 - INTANGIBLE RIGHT-TO-USE LEASES AND SUBSCRIPTION BASED IT ASSETS (Cont.)

C. This lease contains a variable payment adjustment that will be made upon completion of the project based on an appraisal of the property and this amount will remain in effect for the remaining first five-year term. A new appraisal will be completed at the beginning of each new five-year term to determine the lease payment for that period.

The following is a schedule by year of the total payments due:

Year Ending September 30,	Principal	Interest
2024	$ 494,888	$ 147,355
2025	517,168	134,508
2026	543,190	121,004
2027	574,655	106,727
2028	608,499	91,644
2029-2033	2,669,408	207,466
2034-2038	60,849	47,214
2039-2043	73,380	34,683
2044-2048	73,192	19,871
2049-2053	36,740	11,322
2054-2058	42,675	5,388
2059	9,329	284
Total	$ 5,703,973	$ 927,466

As lessor:

On April 3, 2018, the City entered into a lease agreement with an aviation company for the use of the facility owned by the City for the purpose of having access to the facility as a general fixed base operator. The lease stipulated that the lessee would pay approximately $1,510 per month in lease payments expiring April 3, 2033, with an option to extend the lease for an additional five-year term, for a term of 20 years. Variable payments above the base amount are not included in the measurement of the lease receivable. The City is to receive $18,120 in rent annually with an implicit interest rate of 2.99%.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 - INTANGIBLE RIGHT-TO-USE LEASES AND SUBSCRIPTION BASED IT ASSETS (Cont.)

Remaining amounts to be received associated with this lease are as follows:

Year Ending September 30,	Principal	Interest
2024	$ 11,863	$ 6,257
2025	12,240	5,880
2026	12,612	5,508
2027	12,994	5,126
2028	13,375	4,744
2029-2033	73,281	17,319
2034-2038	77,514	5,536
Total	$ 213,879	$ 50,370

SBITA Payable

On February 8, 2022, the City entered into a software subscription agreement with Environmental Systems Research Institute (ESRI), a software company for the use of ESRI term license software. The software terms stipulated that the City would pay approximately $38,500 annually in software subscription payments expiring February 8, 2025.

Year Ending September 30,	Principal	Interest
2024	$ 34,455	$ 4,045
2025	42,545	2,241
Total	$ 77,000	$ 6,286

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-FOUR
YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City and have been issued for both governmental and business-type activities. The City has no special assessment bonds at September 30, 2023. Bonds are generally issued as serial bonds with essentially level principal and interest payments maturing each year with maturities that range from 5 to 30 years. Upon default, the Trustee shall notify the owners of all bonds then outstanding of such event of default by registered or certified mail, may pursue any available remedy at law or in equity or by stature to enforce the payment of principal of and interest on the bonds outstanding, and may declare the principal of and accrued interest on all bonds to be due and payable immediately.

General obligation bonds outstanding at September 30, 2023 are as follows:

General Obligation Bonds

Governmental Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
Public Improvements	2019	$ 29,850,000	3.00 - 5.25%	2049	$ 29,850,000
Public Improvements	2020	15,150,000	3.00 - 4.00%	2050	15,150,000
Public Improvements	2022	5,500,000	3.75%	2027	5,500,000
Total					$ 50,500,000
Business-type Activities:					
Public Improvements	2011	$ 3,600,000	2.60 - 3.70%	2031	$ 1,630,000
Public Improvements	2016	4,605,000	2.00 - 3.00%	2024	380,000
Total					$ 2,010,000

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Limited Obligation Tax Increment Financing Bonds

Tax increment financing (TIF) bonds are issued by the City to provide funds for the acquisition and construction of infrastructure and related improvements in conjunction with commercial development projects. Bonds are generally issued as serial bonds with essentially level principal and interest payments with maturities that range from 10 to 20 years. These bonds are secured by the payment of the incremental increase in City property taxes from each project's TIF taxing district as authorized under the TIF plan document approved by the governing authorities. These bonds may also be secured by county participation as authorized by executed interlocal agreements pledging incremental increase in county property taxes in the TIF taxing district. The City's obligation is limited to the increase in taxes provided by improvements in the taxing district.

Limited obligation TIF bonds outstanding at September 30, 2023 are as follows:

Limited Obligation TIF Bonds **Governmental Activities:**	**Sale Date**	**Original Borrowing**	**Interest Rates to Maturity**	**Final Maturity**	**Outstanding 9/30/23**
Chauvet Square	2007	$ 1,400,000	4.50%	2027	$ 690,000
Turtle Creek Crossing	2011	400,000	5.68%	2025	50,000
Southern Pointe	2014	2,600,000	4.85%	2029	1,260,000
Hattiesburg Clinic - Midtown Project	2015	845,000	3.90 - 4.00%	2031	514,000
Ridge at Turtle Creek	2016	1,225,000	5.50%	2031	770,000
Midtown Market	2016	210,000	5.50%	2031	133,000
Whispering Pines	2016	3,021,000	4.00 - 4.75%	2031	1,834,000
Turtle Creek Phase III	2019	750,000	5.50%	2028	455,000
Elam Arms	2020	3,215,000	4.15%	2035	2,718,000
Planet Fitness	2020	768,000	3.00%	2036	637,077
Total					$ 9,061,077

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Certificates of Participation

In accordance with Section 31-8-1, et seq. *Mississippi Code of 1972 Annotated*, the City issued Certificates of Participation and transferred the proceeds to the Southern Mississippi Investment Company, Inc. (Corporation). The funds were used to construct a City Public Safety Complex, including renovations of an existing building to be used as a multi-purpose building and a Parks and Recreation administration building.

At completion, the Corporation entered into a 20 year agreement with the City, with the City being obligated to make payments to the Corporation equal to the principal and interest payments on the debt. When the debt is paid, the City will assume ownership of the facilities. The obligation is not a general obligation and does not constitute a pledge of full faith and credit of the City. Upon default, the City will be liable for, any deficiency resulting from said reletting of the Project or sale of the Improvements, or from the continuation of this Lease by the Lessor, beyond the amount of the specific appropriation, if any, by the City for the Project for the Fiscal Year in which the default occurred reduced by the amount of said current and specific appropriation disbursed by the City in accordance with the terms of this Lease and the Trust Agreement.

There is an unamortized premium of $171,043 which is not included in the principal in the following schedule:

Certificates of Participation

Governmental Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
Certificates of Participation	2016	$ 5,300,000	3.00 - 5.00%	2036	$ 4,125,000

Economic Development Limited Obligation Bonds

The City also has issued limited obligation debt for economic development purposes that is repaid from revenues pledged under the terms of the respective contractual agreements made pursuant to the authorization for these projects by the governing authorities. Thus, future revenues are pledged in the amount of future debt service requirements. These limited obligation bonds and notes are generally issued with essentially level annual principal and interest payments with a maturity of 10 years.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Limited obligation bonds and notes outstanding at September 30, 2023 are as follows:

Economic Development Limited Obligation Bonds

Governmental Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
MDB Limited Obligation Bonds	2009	$ 2,937,000	2.90 - 6.00%*	2030	$ 91,645

**Variable rate for MDB debt is adjusted weekly using the SIFMA Muni-Index plus 1.20%.*

Notes from Direct Borrowings and Direct Placements

The City issues notes to provide funds for the acquisition and construction of major capital facilities. These notes from direct borrowings and direct placements are direct obligations and pledge the full faith and credit of the City and have been issued for governmental activities. Notes from direct borrowings and direct placements are generally issued with a five-year maturity. The City has no anticipation notes at September 30, 2023. Upon default, the notes from direct borrowings and direct placements become immediately due in full.

Notes from direct borrowings and direct placements outstanding at September 30, 2023 are as follows:

Notes from Direct Borrowings/Direct Placements

Governmental Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
Fire truck	2018	$ 439,502	2.83%	2025	$ 108,930
Public Improvements	2019	494,000	1.52%	2025	205,875
Public Improvements	2019	4,100,000	1.82%	2025	1,713,041
Total					$ 2,027,846

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Business-type Activities (Water and Sewer) Revenue Bonds

In addition to water and sewer general obligation bonds, the City also issues water and sewer revenue bonds to provide funds for the acquisition and construction of water and sewer system infrastructure and related improvements and system rehabilitation. These bonds are secured by water and sewer operating revenues and are subject to the requirements of the respective revenue bond documents. These bond documents include important parity debt requirements with the issuance of each new series of revenue bonds and require annual net revenue tests to be performed in accordance with the prescribed calculations. Water and sewer rates are required to be adjusted if debt requirements are not met. Upon default, the Trustee shall notify the owners of all bonds then outstanding of such event of default by registered or certified mail, may pursue any available remedy at law or in equity or by stature to enforce the payment of principal of and interest on the bonds outstanding, and may declare the principal of and accrued interest on all bonds to be due and payable immediately.

Bonds are generally issued as serial bonds with essentially level principal and interest payments maturing each year with maturities that range from 10 to 25 years. Revenue bonds outstanding at September 30, 2023 are as follows:

Revenue Bonds

Business-type Activities:	**Sale Date**	**Original Borrowing**	**Interest Rates to Maturity**	**Final Maturity**	**Outstanding 9/30/23**
W&S Revenue Project, Series 2012	2012	$ 12,500,000	2.50 - 5.00%	2024	$ 640,000
W&S Refunding Bonds, Series 2013	2014	28,000,000	2.75 - 4.78%	2027	24,650,000
W&S Refunding Bonds, Series 2021	2021	38,402,000	0.95% - 2.50%	2038	37,257,000
Total					$ 62,547,000

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NOTE 9 - LONG-TERM LIABILITIES (Cont.)

State Revolving Loan Fund Notes

In addition to water and sewer revenue bonds, the City has utilized financing available under the State of Mississippi Revolving Loan Fund (SRF) program to provide funds for qualified sewer projects. Monthly principal and interest payments for the repayment of this note is deducted from the City's monthly sales tax diversion payments from the Mississippi Department of Revenue, with monthly reimbursements to the City's general fund being made from monthly operating sewer system revenues as authorized by the City's budget document. The SRF note outstanding at September 30, 2023 is as follows:

State Revolving Loan Funds

Business-type Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 09/30/23
SRF	2022	$ 455,494	1.95%	7/1/2042	$ 455,494

Compensated Absences

Vested or accumulated vacation leave, holiday leave, and accrued overtime that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave, holiday leave, and accrued overtime that are not expected to be liquidated with expendable available financial resources are reported as noncurrent liabilities. In accordance with the provisions of ASC 710-10-20, *Compensation*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Compensated absences at September 30, 2023 are as follows:

	Governmental Activities	Business-Type Activities	Primary Government
Accrued vacation pay	$ 1,986,826	$ 396,198	$ 2,383,024
Accrued overtime pay	11,141	660	11,801
Accrued holiday pay	88,302	-	88,302
Total	$ 2,086,269	$ 396,858	$ 2,483,127

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2023 are as follows:

Governmental Activities:		**Balance September 30, 2022**
Bonds and notes payable		
General obligation bonds	$	45,000,000
Unamortized premium on bonds		4,953,523
Limited obligation TIF bonds		10,093,039
Certificates of participation		4,345,000
Unamortized premium on certificates of participation		184,200
Economic development limited obligation bonds		113,208
Notes from direct borrowings and direct placements		3,006,231
Total bonds and notes payable		67,695,201
Compensated absences		2,038,070
Claims and judgments		449,250
Governmental activities long-term liabilities	$	70,182,521
Business-type Activities:		
Bonds and notes payable		
General obligation bonds	$	2,860,000
Revenue bonds		48,697,000
Unamortized premium on bonds		165,497
State revolving loan funds		-
Total bonds and notes payable		51,722,497
Compensated absences		194,220
Business-type activities long-term liabilities	$	51,916,717

Additions	Reductions	Adjustments	Balance September 30, 2023	Due Within One Year
$ 5,500,000	$ -	$ -	$ 50,500,000	$ 1,919,000
-	(187,148)	-	4,766,375	187,148
-	(1,031,962)	-	9,061,077	1,023,049
-	(220,000)	-	4,125,000	230,000
-	(13,157)	-	171,043	13,158
-	(21,563)	-	91,645	21,563
-	(978,385)	-	2,027,846	1,012,712
5,500,000	(2,452,215)	-	70,742,986	4,406,630
48,199	-	-	2,086,269	319,986
-	(64,178)	-	385,072	64,178
$ 5,548,199	$ (2,516,393)	$ -	$ 73,214,327	$ 4,790,794
$ -	$ (850,000)	$ -	$ 2,010,000	$ 585,000
-	(4,900,000)	19,850,000	63,647,000	24,792,000
-	(45,380)	-	120,117	16,478
455,494	-	-	455,494	40,321
455,494	(5,795,380)	19,850,000	66,232,611	25,433,799
202,638	-	-	396,858	59,529
$ 658,132	$ (5,795,380)	$ 19,850,000	$ 66,629,469	$ 25,493,328

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

The debt service requirements for the City's bonds and notes are as follows:

Governmental Activities:

Year Ending	G.O. Bonds		Limited Obligation TIF Bonds	
September 30,	Principal	Interest	Principal	Interest
2024	$ 1,919,000	$ 2,248,848	$ 1,023,049	$ 397,344
2025	1,990,000	2,065,826	1,062,370	350,753
2026	2,435,000	1,976,137	1,091,731	302,403
2027	2,521,000	1,877,532	1,138,133	252,965
2028	1,135,000	1,802,956	997,577	199,732
2029-2033	6,465,000	8,225,081	3,067,111	439,995
2034-2038	8,075,000	6,617,793	681,106	40,315
2039-2043	9,915,000	4,774,803	-	-
2044-2048	12,280,000	2,409,075	-	-
2049-2051	3,765,000	124,762	-	-
Total	$ 50,500,000	$ 32,122,813	$ 9,061,077	$ 1,983,507

Year Ending	Certificates of Participation		Economic Development Limited Obligation Bonds	
September 30,	Principal	Interest	Principal	Interest
2024	$ 230,000	$ 178,700	$ 21,563	$ 1,742
2025	240,000	171,650	21,563	1,567
2026	245,000	164,375	21,563	1,411
2027	260,000	154,200	21,563	1,270
2028	270,000	140,950	5,393	635
2029-2033	1,665,000	480,312	-	-
2034-2036	1,215,000	83,363	-	-
Total	$ 4,125,000	$ 1,373,550	$ 91,645	$ 6,625

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Year Ending September 30,	Notes from Direct Borrowings and Direct Placements Principal	Notes from Direct Borrowings and Direct Placements Interest
2024	$ 1,012,712	$ 28,809
2025	1,015,134	9,889
Total	$ 2,027,846	$ 38,698

Year Ending September 30,	Claims and Judgments Principal	Claims and Judgments Interest	Total Governmental Activities Principal	Total Governmental Activities Interest
2024	$ 64,178	$ -	$ 4,270,502	$ 2,855,443
2025	64,178	-	4,393,245	2,599,685
2026	64,178	-	3,857,472	2,444,326
2027	64,178	-	4,004,874	2,285,967
2028	64,178	-	2,472,148	2,144,273
2029-2033	64,182	-	11,261,293	9,145,388
2034-2038	-	-	9,971,106	6,741,471
2039-2043	-	-	9,915,000	4,774,803
2044-2048	-	-	12,280,000	2,409,075
2049-2051	-	-	3,765,000	124,762
Total	$ 385,072	$ -	$ 66,190,640	$ 35,525,193

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Business-type Activities:

Year Ending September 30,	G.O. Bonds Principal	G.O. Bonds Interest	State Revolving Loan Funds Principal	State Revolving Loan Funds Interest
2024	$ 585,000	$ 77,089	$ 40,321	$ 8,523
2025	210,000	56,104	41,114	7,730
2026	220,000	44,459	41,923	6,921
2027	230,000	38,159	42,748	6,096
2028	245,000	24,429	43,589	5,255
2029-2033	520,000	25,384	231,151	13,068
2034-2038	-	-	14,648	51
Total	$ 2,010,000	$ 265,624	$ 455,494	$ 47,644

Year Ending September 30,	Revenue Bonds Principal	Revenue Bonds Interest	Total Business-type Activities Principal	Total Business-type Activities Interest
2024	$ 24,792,000	$ 1,290,106	$ 25,418,114	$ 1,374,925
2025	5,080,000	749,235	5,331,923	812,260
2026	5,116,000	660,454	5,378,748	711,009
2027	2,304,000	590,859	2,577,589	634,273
2028	2,315,000	529,253	2,791,151	566,750
2029-2033	12,267,000	1,993,123	12,787,000	2,018,558
2034-2038	10,010,000	857,250	10,010,000	857,250
2039	1,763,000	22,038	1,763,000	22,038
Total	$ 63,647,000	$ 6,692,318	$ 66,057,525	$ 6,997,063

During the year ended September 30, 2023, interest expense paid for governmental activities and business-type activities totaled $2,948,926 and $1,915,151, respectively.

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NOTE 10 - SCHEDULE OF STATUTORY DEBT LIMITATIONS

The City is subject to the limitations of indebtedness prescribed by Section 21-33-303, *Mississippi Code of 1972 Annotated*. No municipality may issue bonds secured by a pledge of its full faith and credit in an amount which, when added to the then outstanding bond indebtedness of such municipality, would exceed the 15.00% and 20.00% tests prescribed in Section 21-33-303. These percentages are applied to the assessed value of the taxable property within such municipality, with certain types of bond issues being excluded from the authorized debt limit tests.

Presented in the schedule below are the calculations of the applicable statutory debt limitations as of September 30, 2023:

		15.00% Test	20.00% Test
Assessed value as of September 30, 2023 ($534,960,585) times applicable percentage	[a]	$ 80,244,088	$ 106,992,117
Present debt subject to debt limits as of September 30, 2023:			
Total bonds and notes other than water and sewer		61,680,568	61,680,568
Less: Bonds exempt from debt limitation calculations		(9,152,722)	(9,152,722)
Add: Water & Sewer debt other than revenue bonds		N/A	2,465,494
General obligation debt subject to applicable tests	[b]	52,527,846	54,993,340
Margin for additional debt [a] minus [b]		$ 27,716,242	$ 51,998,777

NOTE 11 - TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures,* defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they would otherwise be entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or citizens of those governments.

The City negotiates property tax abatements on an individual basis. All abatements are for 5 and/or 10 years and are for economic development purposes. The City has one type of abatement, as follows:

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 11 - TAX ABATEMENTS (Cont.)

Section 27-31-101 and 27-31-105, *Mississippi Code of 1972 Annotated* - All allowable tax levies There are twenty-one companies that have tax abatements under this statute.

Category	Amount of Taxes Abated During the Fiscal Year	Direct Employment Impact	Indirect Employment Impact
Industrial expansion exemptions	$ 1,698,232	4,766 jobs	4,866 jobs

The projected public investment for jobs impacted by industrial expansions is $561 per direct job and $274 per indirect job.

The economic impact information presented above was compiled by consultants contracted by the City and was prepared in conjunction with fiscal year 2023 tax abatement totals obtained from the Forrest County Tax Assessor's office. There were no tax abatement agreements for Lamar County properties in fiscal year 2023.

The companies were required to comply with certain special provisions, and did so in order to receive the abatements. The City made no commitments as part of the agreements other than to reduce taxes.

NOTE 12 - RELATED ORGANIZATION

The following related organization is excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the organization.

Hattiesburg Tourism Commission - The Commission consists of seven members appointed by the Mayor and ratified by the City Council. Funding is from a special tax levied upon the gross proceeds from hotel and motel overnight room rentals. The City collects that tax and distributes it to the Tourism Commission. Amounts disbursed for the fiscal year ended September 30, 2023 totaled $961,846.

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CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 13 - JOINT VENTURES

The City of Hattiesburg is a participant with Forrest County in a joint venture authorized by Section 57-31-1, *Mississippi Code of 1972 Annotated*, to operate the Forrest County Industrial Park Commission (FCIPC). The joint venture was created to develop and operate an industrial park complex for citizens of Forrest County and the City of Hattiesburg. During fiscal year 2023, the City contributed $245,000 to the Forrest County Industrial Park Commission. The Commission is governed by a ten member board. The governing authorities of the City of Hattiesburg and the Forrest County Board of Supervisors each appoint five members. Each entity is obligated to provide equal funding for the ongoing financial support of the Commission. A separate financial statement of the Forrest County Industrial Park Commission can be obtained by contacting the Commission at Post Office Box 1898, Hattiesburg, Mississippi 39403.

The City of Hattiesburg is a participant with Forrest County, Jones County, and the State of Mississippi to operate the Hattiesburg/Laurel Regional Airport Authority authorized by Section 61-3-5, *Mississippi Code of 1972 Annotated*. The joint venture, governed by a five member board of commissioners, was created to maintain and develop the Authority for the City and aforementioned entities. Each governmental entity appoints one board member. A separate financial statement of the Hattiesburg/Laurel Regional Airport Authority can be obtained by contacting the Authority at 1002 Terminal Drive, Moselle, Mississippi 39459.

The City of Hattiesburg is a participant with Forrest County and the City of Petal in a joint venture authorized by Section 39-3-38, *Mississippi Code of 1972 Annotated* to operate the Library of Hattiesburg, Petal, and Forrest County. The joint venture was created to provide free public library service to the citizens of Forrest County and the Cities of Hattiesburg and Petal. The library is governed by a fifteen member board appointed by the governments involved as follows: City of Hattiesburg - six members; Forrest County - six members; and City of Petal - three members. Each entity is obligated by contract to levy not less than 1.25 mills as authorized by Sections 39-3-35 and 39-3-37, *Mississippi Code of 1972 Annotated*, for the ongoing financial support of the library. A separate financial statement of the library can be obtained by contacting the Library at 329 Hardy Street, Hattiesburg, Mississippi 39401.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

The Emergency Management District provides emergency services to the City of Hattiesburg and Forrest County. The entity is controlled by an eight member council. The Council is chosen as follows by the following authorities: Mayor of Hattiesburg - one; Forrest County Board of Supervisors - one; Sheriff of Forrest County - one; AAA Ambulance - one; Hattiesburg Police Chief - one; Hattiesburg Fire Chief - one; the University of Southern Mississippi - one; and Forrest General Hospital - one. Operating funds are provided by state grants, E-911 charges and direct contributions.

CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 15 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

At September 30, 2023, the City's 2012 TIF Bond and Interest Kohl's Fund, Airport Improvement Fund and Community Development Block Grant Fund reported deficit fund balances of $1,495, $337,686 and $280,594, respectively, which are primarily attributable to the cumulative effect of program expenditures in excess of grant reimbursements.

NOTE 16 - COMMITMENTS

Commitments for construction projects in progress are as follows:

September 30, 2023	Amount
Infrastructure projects	$ 999,076
Economic development	10,098,467
Culture and recreation	2,300,052
Water and sewer projects	1,134,777
Commitments for construction projects in progress, end of fiscal year	$ 14,532,372

NOTE 17 - CONTINGENCIES

Litigation - The City is party to various legal proceedings which normally occur in governmental operations. While the City cannot predict the results of any litigation, legal counsel for the City of Hattiesburg believes that it has meritorious defenses for those actions, proceedings and claims, or they are without merit or are of such kind, or involve such amounts, that unfavorable dispositions not covered by insurance resulting from such litigation would not materially affect the financial statements of the City of Hattiesburg, Mississippi. The City includes anticipated attorney fees for ongoing matters in its annual budget for the year in which such fees are incurred.

In 2015, the City began the process to annex properties located West and North of the current city limits. The discovery process was completed in the fall of 2019. The trial was delayed due to the Covid-19 Pandemic. It began in October 2022 and is still in process to this date.

Federal Grants - In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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NOTE 17 - CONTINGENCIES (Cont.)

Group Insurance Programs - The City obtains its workers' compensation, general and automobile liability insurance through certain group insurance programs of the Mississippi Municipal Service Company. Under these programs and pursuant to State of Mississippi regulations, participants are jointly and severally liable for claims incurred; however, the City has experienced no loss under such provisions and cannot reasonably estimate the amount or possibility of losses under these programs.

Self-Funded Health Insurance Program - The City provides health insurance to its employees under a self-insured program, as previously described. The City obtains reinsurance to protect against significant loss; however, under the terms of such reinsurance policies, the City is ultimately responsible for covered claims. While the City estimates and recognizes expected claims liabilities related to this program, the amount or possibility of any additional loss cannot be reasonably estimated.

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The City provides health insurance coverage to participating retirees and their spouses through its single employer defined benefit healthcare plan, which is a self-funded plan administered by United Healthcare, who meet the plan's eligibility requirements. Retirees who elect coverage are automatically provided a $20,000 life insurance benefit at no cost to retiree. Employees are eligible for these benefits upon attaining age 60 with 8 years of service or any age with 25 years of service. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, such postemployment healthcare benefits are reportable by the City under GASB Statement 75 as a single employer defined benefit health care plan. The portion of the plan attributable to retirees represents other postemployment benefits for financial reporting purposes. Although the City expects to continue the plan indefinitely, it has the right to discontinue, alter, or modify the plan in whole or in part at any time and for any reason, at its sole determination. The plan does not issue a stand-alone financial report. Instead, accounts of the plan are included in the financial statements of the City. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 75. The City Council must approve any changes to the plan provisions.

Funding Policy - Benefits of the plan are self-insured by the City. The City maintains an account for the purpose of paying claims and administrative costs of its self-funded health insurance plan. The account requires that a minimum balance be maintained, and the City deposits additional funds for claims incurred and anticipated payments on a pay-as-you-go basis. Balances in the account belong to the City. Amounts contributed to this account are earmarked for plan expenses but may be revoked at the City's discretion. Therefore, balances are reported in assets of the general fund, and employer contributions are not recognized until payment of claims by the administrator to retirees or their beneficiaries. No assets have been segregated and restricted to provide for postretirement benefits.

CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (Cont.)

Participating retirees make monthly contributions through premium payments based on coverage type. Monthly retiree contributions for single and family coverage for the fiscal year ended September 30, 2023 totaled $488 and $388, respectively. For the years ended September 30, 2023, 2022, and 2021, the City contributed $200,391, $276,053, and $259,815, respectively, to the plan for expected payouts for retiree benefits, which represented 10.43%, 15.54%, and 14,45%, respectively, of the actuarially determined annual required contribution of $1,920,748, $1,776,553, and $1,797,653, respectively. No amounts have been contributed to finance future medical benefits under the plan for either current or future retirees.

Employees Covered by Benefit Terms - At September 30, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving	59
Active members	564
Total participants	623

Total OPEB Liability - The City's Total OPEB liability of $8,462,379 was measured as of September 30, 2023, and was determined by an actuarial valuation as of October 1, 2023.

Actuarial assumptions and other inputs - The Total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increase	2.50% per annum
Discount rate	4.87%
Healthcare costs trends rate	6.25% graded uniformly to 5.60% over 3 years and following the 2021 Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075
Administrative costs	$128 per member
Retirees' share of health benefit related cost	100% of health premiums

The discount rate was based on the S&P 500 High Grade 20 Year Rate Index as of September 30, 2023.

Mortality rates were based on the PUB.G Headcount-Weighted Mortality tables adjusted with Improvement Scale MP-2021.

CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (Cont.)

100% of future eligible retirees are assumed to elect the medical coverage upon retirement.

Claims cost have been calculated for a male at attained age of 65 and decrease according to the Dale Yamamoto aging table.

Schedule of Changes in Total OPEB Liability - The change in Total OPEB liability for the year ended September 30, 2023 is as follows:

	Total OPEB Liability
Service cost	$ 995,289
Interest	298,897
Difference between expected and actual experience	(1,242,595)
Changes of assumptions	(2,894,210)
Benefit payments	(200,391)
Net change	(3,043,010)
Beginning Total OPEB Liability	11,505,389
Ending Total OPEB Liability	$ 8,462,379

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Total OPEB liability, calculated using the discount rate, as well as what the City's Total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

1.00% Decrease 3.87%	**Current Discount Rate 4.87%**	**1.00% Increase 5.87%**
$ 9,527,644	$ 8,462,379	$ 7,545,128

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower and 1-percentage-point higher than the assumed trend rate:

(See Table on Next Page)

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (Cont.)

1.00% Decrease	Current Rate	1.00% Increase
5.25% to 6.00% grading to 4.60% over 3 years and following the Getzen model thereafter	6.25% to 7.00% grading to 5.60% over 3 years and following the Getzen model thereafter	7.25% to 8.00% grading to 6.60% over 3 years and following the Getzen model thereafter
$ 7,565,597	$ 8,462,379	$ 9,548,092

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended September 30, 2023, the City recognized OPEB expense of $846,997. The City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,448,161	$ 3,805,304
Experience losses (gains)	398,651	2,671,578
Total	$ 1,846,812	$ 6,476,882

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the total OPEB liability at September 30, 2023, will be recognized as an addition to or reduction of, respectively, OPEB expense as follows:

Year Ending September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 337,247	$ 265,829
2025	337,247	265,829
2026	337,247	265,829
2027	337,247	265,829
2028	337,247	265,829
Thereafter	160,577	5,147,737
Total	$ 1,846,812	$ 6,476,882

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement Plans

Plan Descriptions - The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan (the Cost-Sharing Plan), which covers all eligible employees, except certain sworn and uniformed policemen and firemen who participate in the City of Hattiesburg Police and Fire Disability and Relief Fund (PFDR), also administered by PERS. Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PFDR Plan members consist of all full-time sworn and uniformed policemen and firemen who were employed by July 1, 1987. All full-time sworn and uniformed policemen and firemen employed after July 1, 1987, participate in the Cost-Sharing Plan. The PFDR Plan is affiliated with the Mississippi Municipal Retirement System (MRS), an agent multiple-employer defined benefit pension plan, and as of June 30, 2021, included no active members and 135 retirees and beneficiaries currently receiving benefits. Benefit provisions for both plans are established by State law and may be amended only by the State of Mississippi Legislature. The Plans' provisions and the Board of Trustees' authority to determine contribution rates are established by Mississippi Code of 1972 Annotated 25-11-1 et seq, and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Cost-Sharing Plan 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 2.50 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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.00 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 3.00 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

PFDR Plan Benefits Provided - MRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Membership eligibility and benefit provisions are governed by the general laws of the State of Mississippi, as well as local and private legislation enacted by the Mississippi State Legislature. Statutes may only be amended by the Mississippi Legislature. The PFDR retirement allowance is payable under this plan to any member who retires and has completed at least 20 years of creditable service, regardless of age. The retirement benefits are calculated in an amount equal to 50.00% of the employee's average compensation, plus 1.70% of average compensation for each year of credited service over 20 with an aggregate amount not to exceed 66-2/3%. Annual cost-of-living (COLA) adjustments are made to allowances of all retirees and beneficiaries, as further described below. Disability and death benefits are also provided under the plan. Upon a member's termination for any reason before retirement, that member's accumulated contributions are refunded.

Cost-Sharing Plan Contributions - At September 30, 2023, 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. The employer’s rate at September 30, 2023 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City’s contributions (employer share only) to PERS for the years ended September 30, 2023, 2022 and 2021 were $4,593,213, $4,405,518, and $4,317,268, respectively, equal to the required contributions each year.

PFDR Funding Policy - The PERS System Board of Trustees establishes the funding policy for MRS plans. The funding policy for PFDR provides for periodic employer contributions at actuarially determined rates, expressed as millage rate tax applied to assessed property tax values, and active employee contributions at stated rates. The employee contribution rate as of September 30, 2022, was 10.00% of covered payroll. Contributions under this funding policy, established beginning in the 2011-2012 fiscal year, will generate an ultimate asset reserve level equal to a reasonable percentage (initially 100.00% - 150.00%) of the next year's projected benefit payment. At that point, actuarially determined employer contributions will be set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level; however, ultimately the City has the option of determining the contribution rate to set as its certified millage rate. The millage rate set by the City must be at a level that will ensure actuarial soundness of the System.

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

In developing the annual required contribution shown in the following paragraphs, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on a closed basis as a level dollar amount over a remaining amortization period of twenty years. The asset valuation method used is a 5-year smoothed market method. The City has the option to set property tax rates to allow for extended contributions beyond 2023 under the funding policy adopted by the PERS Board of Trustees in February 2011. The millage rates certified as of June 30, 2023 for the fiscal years ending September 30, 2024 and September 30, 2025 are 2.53 mills and 2.63 mills, respectively. The actual tax levy set in 2022 for the pension fund for policemen and firemen for the year ended September 30, 2023 was 2.03 mills.

For the plan year ended June 30, 2023, contributions totaling $2,256,406 (employer only, no active members) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2023. The employer's annual required contribution (ARC) as of June 30, 2023, was actuarially determined to be $1,079,102.

Pension Liabilities and Pension Expense - At September 30, 2023, the City reported a liability of approximately $106,537,428 for its proportionate share of the collective net pension liability (NPL). The NPL for both plans was measured as of June 30, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date for both the Cost-Sharing Plan and PFDR Plan.

The NPL recorded and the pension expense recognized by the City for the year ended September 30, 2023, were as follows:

	Cost - Sharing Plan	PFDR	Total
Net pension liability	$ 91,575,957	$ 14,961,471	$ 106,537,428
Net pension expense	$ 9,919,955	$ 3,934,094	$ 13,854,049

The NPL is the difference between the TPL and the pension plans' fiduciary net position (FNP). The TPL is the present value of the pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments. The FNP is determined on the same basis as that used by the pension plans. The City's proportion of the collective Cost-Sharing Plan NPL was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating PERS employers. At June 30, 2023, the City's proportionate share was 0.3641% as compared to its proportion measured at June 30, 2022 of 0.3653%, or a decrease of 0.0012%.

CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

Sensitivity to the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The discount rate used to measure the TPL was 7.00% for both pension plans. The projection of cash flows used to determine the discount rate for the Cost-Sharing Plan assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 22.40% over three years (17.40% for FYE 2024, 19.40% for FYE 2025, 21.40% for FYE 2026, and 22.40% for FYE 2027). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

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

	1.00% Decrease (6.00%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
Cost-sharing plan net pension liability	$ 118,089,518	$ 91,575,957	$ 69,818,633
PFDR plan net pension liability	$ 17,683,883	$ 14,961,471	$ 12,599,947

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2023***,*** the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Cost - Sharing Plan	PFDR	
September 30, 2023	**Deferred Outflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,654,229	$ -	$ -
Net difference between projected and actual earnings on investments	2,866,294	568,086	-

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CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

	Cost - Sharing Plan	PFDR	
September 30, 2023	**Deferred Outflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes of assumptions	$ 7,757,545	$ -	$ -
Changes in proportion and differences between employer contributions and proportionate share of contribution	7,292,112	-	1,732,647
Employer contributions subsequent to the measurement date	1,101,077	85,177	-
Total	$ 20,671,257	$ 653,263	$ 1,732,647

Deferred outflows of resources related to the Cost-Sharing Plan and PFDR resulting from City contributions subsequent to June 30, 2023 (the measurement date) were $1,101,077 and $85,177, respectively, and will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an addition to (reduction of) pension expense as follows:

	Cost - Sharing Plan	PFDR	
Year Ending September 30,	**Deferred Outflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
2024	$ 6,381,692	$ 142,022	$ 433,162
2025	6,381,692	142,022	433,162
2026	4,891,799	142,022	433,162
2027	1,914,997	142,020	433,161
Total	$ 19,570,180	$ 568,086	$ 1,732,647

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

No deferred inflows related to the Cost-Sharing Plan were reported in the year ended September 30, 2023. Recognition of pension-related deferred inflows and deferred outflows is reflected in changes in unrestricted net position.

Actuarial Assumptions - In determining employer contribution rates for the PFDR Plan, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20.00% of a year's excess or shortfall of expected return recognized each year for five years. The TPL as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods in the measurement:

	Cost - Sharing Plan	PFDR Plan
Inflation	2.40%	2.40%
Investment rate of return (net of plan investment expense, including inflation)	7.00%	6.05%
Projected salary increases, including inflation	2.65% - 17.90%	N/A

For both plans, the mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75 and 101.00% for ages above 77. For females, 84.00% of female rates up to age 72 and 100.00% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134.00% for males and 121.00% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97.00% for males and 110.00% 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.

CITY OF HATTIESBURG, MISSISSIPPI

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NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

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:

Investment Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27.00%	4.75%
International equity	22.00	4.75
Global equity	12.00	4.95
Fixed income	20.00	1.75
Real estate	10.00	3.25
Private equity	8.00	6.00
Cash equivalents	1.00	0.25
Total	100.00%	

The actuarial value of assets for the PFDR Plan recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.00% of the difference between market value and expected market value. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

NOTE 20 - ASSET RETIREMENT OBLIGATION

The City has determined that based on the highly unlikely scenario of water and sewer services no longer being required across its service area and the numerous variables that would be involved with completely abandoning its plant facilities and waste water lagoon it is unable to feasibly determine the calculation of this liability as of September 30, 2023.

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CITY OF HATTIESBURG, MISSISSIPPI

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YEAR ENDED SEPTEMBER 30, 2023

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT

Capital asset activity for the Hattiesburg Convention Commission (Commission) for the year ended September 30, 2023 was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,445,386	$ -	$ -	$ 1,445,386
Construction in progress - Convention Center improvements	97,578	38,726	(97,578)	38,726
Construction in progress - The Lawn at Lake Terrace	35,800	-	(35,800)	-
Construction in progress - Moeller	-	79,938	-	79,938
Construction in progress - Eureka	69,526	190,080	(259,606)	-
Construction in progress - Zoo projects	39,923	86,982	-	126,905
Construction in progress - Osceola McCarty House Museum	17,845	232,141	-	249,986
Construction in progress - Water Park	3,753,696	7,492,962	(5,700,000)	5,546,658
Total capital assets not being depreciated	5,459,754	8,120,829	(6,092,984)	7,487,599

(Table Continued on Next Page)

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE FIFTY
YEAR ENDED SEPTEMBER 30, 2023

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT (Cont.)

	Beginning Balances	Additions	Retirements	Ending Balances
Governmental activities (cont.):				
Capital assets being depreciated:				
Buildings and improvements	$ 23,189,630	$ 276,448	$ -	$ 23,466,078
Furniture and fixtures	487,942	5,907	-	493,849
Equipment and vehicles	2,694,896	875,681	-	3,570,577
Intangible right-of-use assets	94,439	5,700,000	-	5,794,439
Total capital assets being depreciated	26,466,907	6,858,036	-	33,324,943
Less accumulated depreciation for:				
Buildings and improvements	10,086,089	484,771	-	10,570,860
Furniture and fixtures	443,763	2,068	-	445,831
Equipment and vehicles	1,808,415	189,666	-	1,998,081
Intangible right-of-use assets	27,415	243,162	-	270,577
Total accumulated depreciation	12,365,682	919,667	-	13,285,349
Total capital assets being depreciated, net	14,101,225	5,938,369	-	20,039,594
Governmental activities capital assets, net	$ 19,560,979	$ 14,059,198	$ (6,092,984)	$ 27,527,193

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
PAGE FIFTY-ONE
YEAR ENDED SEPTEMBER 30, 2023

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT (Cont.)

The Commission executed a contract in 2010 with the City for the management of the Hattiesburg Zoo at Kamper Park. In May of 2012, a new agreement was entered into by the City and the Commission where the Commission agreed to accept full financial responsibility for any subsidy requirement necessary for the operation of the Hattiesburg Zoo. This agreement was renewed in August 2015. In September 2020, the subsequent renewal agreement was styled to continue without a designated termination date. Pursuant to the agreement, all parties reserve the right to cancel this agreement at any time upon six months written notice to the other party. Furthermore, the City agrees to reimburse on a pro rata basis, the Commission for capital equipment, expansion expenditures or major renovation expenditures executed for benefit of the City in the 2 years prior to the date of notice of cancellation.

During the year ended September 30, 2023, the Commission contracted for certain capital projects. The Commission transferred completed construction projects totaling $465,401 to the City, which are reflected in capital assets of the City as of September 30, 2023.

NOTE 22 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated and disclosed all material subsequent events through June 25, 2024, which is the date the financial statements were available to be issued as follows:

On May 22, 2024, the City issued a 13 year Water and Sewer Bond in the amount of $7,500,000 at a 5% interest rate for the replacement of city's water meters.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1
PAGE 1 OF 4

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2023

	Original Budget	Final Budget
REVENUES		
Intergovernmental:		
Federal grants	$ 1,956,751	$ 3,241,013
State grants	428,528	428,528
State - shared revenue	26,066,063	26,066,063
General property taxes	19,600,000	19,600,000
Other taxes	23,500	23,500
Licenses and permits	4,387,020	4,387,020
Charges for services:		
Public safety	275,000	275,000
Sanitation	2,325,800	2,325,800
Fines and forfeitures	934,000	934,000
Miscellaneous	442,800	442,800
Non-revenue receipts	473,700	473,700
Total revenues	56,913,162	58,197,424
EXPENDITURES		
General government:		
Personnel	4,877,015	4,977,420
Supplies and expenses	202,525	273,169
Other services and charges	6,039,984	7,505,790
Capital outlays	50,600	170,600
Total general government	11,170,124	12,926,979
Police department:		
Personnel	12,065,080	12,249,240
Supplies and expenses	779,060	811,460
Other services and charges	1,005,259	1,334,741
Capital outlays	26,282	1,059,997
Total police department	13,875,681	15,455,438
Police and fire training:		
Personnel	53,630	53,730
Supplies and expenses	101,072	101,072
Other services and charges	85,495	85,495
Capital outlays	-	46,000
Total police and fire training	240,197	286,297

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

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 885,573	$ (2,355,440)
335,475	(93,053)
27,740,350	1,674,287
20,476,979	876,979
10,741	(12,759)
4,636,937	249,917
120,821	(154,179)
2,244,237	(81,563)
683,880	(250,120)
594,270	151,470
1,053,253	579,553
58,782,516	585,092
4,369,162	608,258
146,149	127,020
5,287,707	2,218,083
91,521	79,079
9,894,539	3,032,440
10,893,396	1,355,844
723,213	88,247
957,496	377,245
627,281	432,716
13,201,386	2,254,052
37,934	15,796
62,489	38,583
54,791	30,704
46,000	-
201,214	85,083

SCHEDULE 1
PAGE 2 OF 4

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2023

	Original Budget	Final Budget
EXPENDITURES (Cont.)		
Fire department:		
Personnel	$ 9,727,850	$ 9,727,850
Supplies and expenses	314,200	318,200
Other services and charges	338,720	355,020
Capital outlays	-	125,000
Total fire department	10,380,770	10,526,070
Land development administration:		
Personnel	720,830	722,790
Supplies and expenses	31,755	34,155
Other services and charges	210,450	285,450
Capital outlays	-	127,500
Total land development administration	963,035	1,169,895
Public safety contractual services:		
Personnel	220,340	233,840
Other services and charges	949,459	1,045,000
Total public safety contractual services	1,169,799	1,278,840
Public services:		
Personnel	6,556,710	6,589,590
Supplies and expenses	1,190,120	1,359,920
Other services and charges	4,868,712	5,472,067
Capital outlays	670,000	2,393,357
Total public services	13,285,542	15,814,934
Animal control:		
Personnel	143,520	143,520
Supplies and expenses	10,900	12,900
Other services and charges	185,550	220,550
Total animal control	339,970	376,970

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 8,879,843	$ 848,007
285,927	32,273
303,000	52,020
6,671	118,329
9,475,441	1,050,629
602,154	120,636
31,335	2,820
228,565	56,885
71,776	55,724
933,830	236,065
212,484	21,356
907,519	137,481
1,120,003	158,837
5,105,394	1,484,196
1,161,529	198,391
4,639,189	832,878
2,019,760	373,597
12,925,872	2,889,062
126,308	17,212
10,716	2,184
200,329	20,221
337,353	39,617

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2023

	Original Budget	Final Budget
EXPENDITURES (Cont.)		
Human/social assistance:		
Other services and charges	$ 365,900	$ 465,900
Total human/social assistance	365,900	465,900
Economic development:		
Other services and charges	-	3,850,400
Capital outlays	65,748	3,529,508
Total economic development	65,748	7,379,908
Airport:		
Supplies and expenses	17,650	17,650
Other services and charges	40,550	40,550
Total airport	58,200	58,200
Cemetery:		
Personnel	889,100	889,100
Supplies and expenses	82,350	82,350
Other services and charges	60,301	60,301
Capital outlays	60,500	316,500
Total cemetery	1,092,251	1,348,251
Parking garages:		
Personnel	91,160	91,160
Supplies and expenses	2,050	2,050
Other services and charges	54,350	54,350
Total parking garages	147,560	147,560

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 452,128	$ 13,772
452,128	13,772
3,539,900	310,500
483,606	3,045,902
4,023,506	3,356,402
6,659	10,991
21,863	18,687
28,522	29,678
631,225	257,875
74,635	7,715
50,917	9,384
286,042	30,458
1,042,819	305,432
33,151	58,009
222	1,828
22,551	31,799
55,924	91,636

SCHEDULE 1
PAGE 4 OF 4

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2023

	Original Budget	Final Budget
EXPENDITURES (Cont.)		
Debt service:		
Principal payments	$ 781,685	$ 781,685
Interest payments	337,708	337,708
Pay agent fees	3,000	3,000
Total debt service	1,122,393	1,122,393
Total expenditures	54,277,170	68,357,635
Excess (deficiency) of revenues over expenditures	2,635,992	(10,160,211)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,284,000	1,285,255
Transfers out	(3,919,748)	(3,919,748)
Total other financing sources (uses)	(2,635,748)	(2,634,493)
NET CHANGE IN FUND BALANCES	244	(12,794,704)
Fund balances - beginning (Non-GAAP Budgetary Basis)	19,000,000	19,130,736
Fund balances - ending (Non-GAAP Budgetary Basis)	$ 19,000,244	$ 6,336,032
ADJUSTMENTS:		
To adjust for other receivables/accruals		
Fund balances - ending (GAAP Basis)		

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

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 781,247	$ 438
337,973	(265)
3,000	-
1,122,220	173
54,814,757	13,542,878
3,967,759	14,127,970
824,246	(461,009)
(3,919,748)	-
(3,095,502)	(461,009)
872,257	$ 13,666,961
19,130,736	
20,002,993	
2,588,815	
$ 22,591,808	

SCHEDULE 2

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - COVID Fiscal Recovery Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES				
Capital outlays	$ 12,875,822	$ 12,875,808	$ 1,297,567	$ 11,578,241
Total expenditures	12,875,822	12,875,808	1,297,567	11,578,241
Excess (deficiency) of revenues over expenditures	(12,875,822)	(12,875,808)	(1,297,567)	11,578,241
NET CHANGE IN FUND BALANCES	(12,875,822)	(12,875,808)	(1,297,567)	$ 11,578,241
Fund balances - beginning (Non-GAAP Budgetary Basis)	12,875,822	12,875,808	12,875,808	
Fund balances - ending (Non-GAAP Budgetary Basis)	$ -	$ -	11,578,241	
ADJUSTMENTS:				
To adjust for other receivables/accruals			(5,140,330)	
Fund balances - ending (GAAP Basis)			$ 6,437,911	

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

SCHEDULE 3

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - Municipal Road and Bridge Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Federal grants	$ 1,700,000	$ 1,700,000	$ 1,271,110	$ (428,890)
State grants	1,203,976	5,203,976	4,461,289	(742,687)
State - shared revenue	1,820,000	1,820,000	1,915,320	95,320
Miscellaneous	1,000	1,000	45,689	44,689
Total revenues	4,724,976	8,724,976	7,693,408	(1,031,568)
EXPENDITURES				
Public services	1,540,000	1,540,000	838,404	701,596
Capital outlay	2,384,976	6,221,769	1,339,971	4,881,798
Total expenditures	3,924,976	7,761,769	2,178,375	5,583,394
Excess (deficiency) of revenues over expenditures	800,000	963,207	5,515,033	4,551,826
NET CHANGE IN FUND BALANCES	800,000	963,207	5,515,033	$ 4,551,826
Fund balances - beginning (Non-GAAP Budgetary Basis)	800,000	963,207	963,207	
Fund balances - ending (Non-GAAP Budgetary Basis)	$ 1,600,000	$ 1,926,414	6,478,240	
ADJUSTMENTS:				
To adjust for other receivables/accruals			(72,508)	
Fund balances - ending (GAAP Basis)			$ 6,405,732	

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

SCHEDULE 4

CITY OF HATTIESBURG, MISSISSIPPI

Schedule of the City's Proportionate Share of the Net Pension Liability - PERS
Last Ten Fiscal Years*
Year Ended September 30, 2023

	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	0.364059%	0.365326%	0.370199%	0.381271%
City's proportionate share of the net pension liability (asset)	$ 91,575,956	$ 75,192,033	$ 54,717,178	$ 73,815,249
Covered payroll	$ 26,986,787	$ 25,150,190	$ 24,614,500	$ 25,387,885
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	339.34%	298.97%	222.30%	290.75%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%

* 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. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

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

2019	2018	2017	2016	2015
0.378836%	0.366040%	0.365585%	0.356159%	0.354714%
$ 66,638,394	$ 60,876,674	$ 60,775,128	$ 63,626,214	$ 54,831,789
$ 24,672,648	$ 23,616,660	$ 23,537,422	$ 23,739,349	$ 22,228,762
270.09%	257.77%	258.21%	268.02%	246.67%
61.59%	62.54%	61.49%	57.47%	61.70%

SCHEDULE 5

CITY OF HATTIESBURG, MISSISSIPPI

Schedule of City Contributions
Public Employees' Retirement System - PERS
Last Ten Fiscal Years*
Year Ended September 30, 2023

	2023	2022	2021	2020
Contractually required contribution	$ 4,593,213	$ 4,405,518	$ 4,317,268	$ 4,334,297
Contributions in relation to the contractually required contribution	(4,593,213)	(4,405,518)	(4,317,268)	(4,334,297)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 26,397,779	$ 25,319,074	$ 24,811,882	$ 24,909,750
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

	2019	2018	2017	2016	2015
	$ 4,024,837	$ 3,719,626	$ 3,707,145	$ 3,738,948	$ 3,501,030
	(4,024,837)	(3,719,626)	(3,707,145)	(3,738,948)	(3,501,030)
	$ -	$ -	$ -	$ -	$ -
	$ 24,698,252	$ 23,616,673	$ 23,537,429	$ 23,739,352	$ 22,228,762
	16.30%	15.75%	15.75%	15.75%	15.75%

SCHEDULE 6

CITY OF HATTIESBURG, MISSISSIPPI

Schedule of the City's Proportionate Share of the Net Pension Liability - PFDR
Last Ten Fiscal Years*
Year Ended September 30, 2023

	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	12.47%	12.16%	12.06%	11.77%
City's proportionate share of the net pension liability (asset)	$14,961,471	$14,520,242	$10,443,751	$14,617,877
Covered payroll**	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll**	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	54.61%	55.01%	68.43%	56.64%

* 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. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

** Payroll-related information not provided because plan is closed to new entrants and there are no active members.

2019	2018	2017	2016	2015
11.75%	11.49%	11.26%	11.04%	10.86%
$14,266,753	$14,249,426	$14,848,105	$15,838,774	$14,490,323
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
58.99%	59.68%	59.01%	56.63%	60.94%

SCHEDULE 7

CITY OF HATTIESBURG, MISSISSIPPI

Schedule of City Contributions
Mississippi Municipal Retirement Systems - PFDR
Last Ten Fiscal Years*
Year Ended September 30, 2023

	2023	2022	2021
Contractually required contribution	$ 1,053,717	$ 1,344,603	$ 1,377,105
Contributions in relation to the contractually required contribution	(1,053,717)	(1,344,603)	(1,377,105)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll**	N/A	N/A	N/A
Contributions as a percentage of covered payroll**	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

** Payroll-related information not provided because plan is closed to new entrants and there are no active members.

2020	2019	2018	2017	2016	2015
$ 1,378,508	$ 1,392,033	$ 1,512,066	$ 1,334,243	$ 1,346,542	$ 1,626,692
(1,378,508)	(1,392,033)	(1,512,066)	(1,334,243)	(1,346,542)	(1,626,692)
$ -	$ -	$ -	$ -	$ -	$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

SCHEDULE 8

CITY OF HATTIESBURG, MISSISSIPPI

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*
Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 995,289	$ 971,677	$ 854,541	$ 825,006	$ 785,720	$ 601,832
Interest	298,897	272,948	446,341	410,359	304,750	236,232
Differences between expected and actual experience	(1,242,595)	-	(3,455,780)	-	896,966	-
Change in assumptions	(2,894,210)	-	1,078,625	-	1,391,514	-
Benefit payments	(200,391)	(276,053)	(259,815)	(468,268)	(436,614)	(211,305)
Net change in total OPEB liability	(3,043,010)	968,572	(1,336,088)	767,097	2,942,336	626,759
Total OPEB liability - beginning	11,505,389	10,536,817	11,872,905	11,105,808	8,163,472	7,536,713
Total OPEB liability - ending	$ 8,462,379	$ 11,505,389	$ 10,536,817	$ 11,872,905	$ 11,105,808	$ 8,163,472
City's covered-employee payroll	$ 26,397,779	$ 25,319,074	$ 24,811,882	$ 24,909,750	$ 24,698,252	$ 23,616,673
Total OPEB liability as a percentage of its covered-employee payroll	32.06%	45.44%	42.47%	47.66%	44.97%	34.57%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of September 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - BUDGETARY COMPARISON SCHEDULES

A. Basis of Presentation:

The Budgetary Comparison Schedules (the Schedules) present the original legally adopted budget, the final legally adopted budget, the actual amounts on the budgetary cash basis, and variances between the final budget and the actual amounts. The Schedules are a part of required supplementary information. As disclosed in Note 1, Section F to the financial statements, the Schedules are presented in the Mississippi State Department of Audit's prescribed format.

B. Budget/GAAP Reconciliation:

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

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

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

The budget to GAAP reconciliation is shown at the bottom of Schedules 1 through 3.

NOTE 2 - PENSION SCHEDULES

A. Changes of Assumptions:

<u>2015</u>

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE TWO
YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

2016

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

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 assumptions was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

- For males, 112.00% of male rates from ages 18 to 75 scaled down to 105.00% for ages 80 to 119.
- For females, 85.00% of the female rates from ages 18 to 65 scaled up to 102.00% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

- For males, 137.00% of male rates at all ages.
- For females, 115.00% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE THREE
YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

2021

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

- For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75, and 101.00% for ages above 77.
- For females, 84.00% of female rates up to age 72, 100.00% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

- For males, 134.00% of male rates at all ages.
- For females, 121.00% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

- For males, 97.00% of male rates at all ages.
- For females, 110.00% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE FOUR
YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 - PENSION SCHEDULES (Cont.)

A. *Changes of Assumptions (Cont.):*

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 9.00% to 12.00%.

The percentage of active member deaths assumed to be in in the line of duty was decreased from 6.00% to 4.00%.

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 also 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 60.00% to 65.00%.

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. *Changes in Benefit Provisions:*

2016

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE FIVE
YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 - PENSION SCHEDULES (Cont.)

C. ***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, 2021 valuation for the June 30, 2023 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	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40%
Salary increase	2.65% to 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

NOTE 3 - OPEB SCHEDULES

A. Changes of Assumptions:

2017

The discount rate is 2.98% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 29, 2017, compared to the prior year Statement No. 45 discount rate of 4.00%.

The mortality improvement was changed from scale MP-2014 to scale MP-2017.

The medical trend was changed from 8.00% grading to 5.00% over 6 years beginning in 2014 to 8.00% grading to 5.00% over 10 years beginning in 2017.

2019

The discount rate is 3.58% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2019 under Statement No. 75, compared to the prior discount rate of 2.98%.

The medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

The assumed trend rate for the medical claims was changed to 7.25% grading uniformly to 6.50% over 3 years, and following the 2020 Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE SIX
YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 - OPEB SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

<u>2019 (Cont.)</u>

Mortality was updated to mortality table MP-2014 Adjusted to 2006 with Scale MP-2019.

<u>2021</u>

The discount rate is 2.43% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 20, 2021 under Statement No. 75, compared to the prior discount rate of 3.58%.

The assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.50% over 3 years and following the 2021 Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

Mortality was updated to PUB.G Headcount-weighted mortality tables with scale MP-2021.

<u>2023</u>

The discount rate is 4.87% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 20, 2023 under Statement No. 75, compared to the prior discount rate of 2.43%.

The medical trend was updated to 6.25% in 2023 grading uniformly over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in 2075.

B. Funding Policy:

Benefits of the plan are self-insured by the City. The City maintains an account for the purpose of paying claims and administrative costs of its self-funded health insurance plan. The account requires that a minimum balance be maintained, and the City deposits additional funds for claims incurred and anticipated payments on a pay-as-you-go basis. No assets have been segregated and restricted to provide for postretirement benefits.

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SUPPLEMENTARY INFORMATION

SCHEDULE 9

CITY OF HATTIESBURG, MISSISSIPPI

Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds (Schedule 11)	Debt Service Funds (Schedule 13)
ASSETS		
Cash and cash equivalents - unrestricted	$ 2,715,488	$ -
Cash and cash equivalents - restricted	6,558,444	7,379,670
Cash with fiscal agent - restricted	-	154,438
Due from other funds	910	-
Sales tax receivable	296,670	-
Intergovernmental receivables	424,771	-
Lease receivable	213,879	-
Property taxes receivable	1,308,261	2,616,516
Total assets	$ 11,518,423	$ 10,150,624
LIABILITIES		
Accounts payable	$ 715,439	$ -
Due to other funds	550,000	33,500
Due to other governments	129,400	-
Accrued wages and benefits	148,175	-
Other liabilities	605,898	-
Advances from other funds	500,000	-
Total liabilities	2,648,912	33,500
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,300,000	2,600,000
Unavailable revenue - lease revenue	213,879	-
Total deferred inflows of resources	1,513,879	2,600,000
FUND BALANCES		
Restricted:		
Public safety:		
Fire protection	1,093,004	-
Law enforcement	192,929	-
Public services	2,605,209	-
Mass transit	910,501	-
Debt service	-	7,517,124
Culture and recreation	2,054,130	-
Economic development	363,969	-
Committed:		
Culture and recreation	754,170	-
Unassigned	(618,280)	-
Total fund balances	7,355,632	7,517,124
Total liabilities, deferred inflows of resources, and fund balances	$ 11,518,423	$ 10,150,624

See independent auditor’s report.

Capital Project Funds (Schedule 15)	Total Nonmajor Governmental Funds (Exhibit C)
$ -	$ 2,715,488
950,928	14,889,042
-	154,438
-	910
-	296,670
-	424,771
-	213,879
-	3,924,777
$ 950,928	$ 22,619,975
$ -	$ 715,439
-	583,500
-	129,400
-	148,175
-	605,898
-	500,000
-	2,682,412
-	3,900,000
-	213,879
-	4,113,879
-	1,093,004
947,709	1,140,638
-	2,605,209
-	910,501
-	7,517,124
2,394	2,056,524
825	364,794
-	754,170
-	(618,280)
950,928	15,823,684
$ 950,928	$ 22,619,975

SCHEDULE 10

CITY OF HATTIESBURG, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended September 30, 2023

	Special Revenue Funds (Schedule 12)	Debt Service Funds (Schedule 14)
REVENUES		
General property taxes	$ 1,264,245	$ 3,441,548
Special sales tax collections	3,889,493	-
Internet sales tax	5,067,170	-
Fines, forfeitures and penalties	163,827	-
Interest, rents and concessions	142,509	25,106
Intergovernmental revenues	3,867,379	670,652
Charges for services	1,124,731	-
Other revenues	975,004	-
Total revenues	16,494,358	4,137,306
EXPENDITURES		
Current:		
Public safety	2,004,008	-
Public services	2,610,044	-
Other services	233,557	25,764
Mass transit	4,202,875	-
Culture and recreation	14,302,415	-
Human/social assistance	959,907	-
Economic development	600,000	-
Debt service:		
Principal payments	60,100	1,851,247
Interest and fiscal charges	4,102	2,483,667
Total expenditures	24,977,008	4,360,678
Excess (deficiency) of revenues over expenditures	(8,482,650)	(223,372)
OTHER FINANCING SOURCES		
Proceeds from long-term debt	5,500,000	-
Other sources	663	-
Transfers in	3,850,335	66,160
Total other financing sources	9,350,998	66,160
NET CHANGE IN FUND BALANCES	868,348	(157,212)
Fund balances - beginning	6,487,284	7,674,336
Fund balances - ending	$ 7,355,632	$ 7,517,124

See independent auditor’s report.

Capital Project Funds (Schedule 16)	Total Nonmajor Governmental Funds (Exhibit D)
$ -	$ 4,705,793
-	3,889,493
-	5,067,170
-	163,827
1,305	168,920
-	4,538,031
-	1,124,731
-	975,004
1,305	20,632,969
-	2,004,008
-	2,610,044
-	259,321
-	4,202,875
-	14,302,415
-	959,907
-	600,000
-	1,911,347
-	2,487,769
-	29,337,686
1,305	(8,704,717)
-	5,500,000
-	663
-	3,916,495
-	9,417,158
1,305	712,441
949,623	15,111,243
$ 950,928	$ 15,823,684

SCHEDULE 11

CITY OF HATTIESBURG, MISSISSIPPI

Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2023

	PARKS & RECREATION	MUNICIPAL FIRE PROTECTION	SPECIAL STREET	POLICE FORFEITURES	AIRPORT IMPROVEMENT
ASSETS					
Cash and cash equivalents - unrestricted	$ 654,893	$ -	$ -	$ 27,300	$ 226,661
Cash and cash equivalents - restricted	-	1,093,731	363,969	192,929	-
Due from other funds	-	46	-	864	-
Sales tax receivable	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-
Lease receivable	-	-	-	-	213,879
Property taxes receivable	1,046,595	-	-	-	-
Total assets	$ 1,701,488	$ 1,093,777	$ 363,969	$ 221,093	$ 440,540
LIABILITIES					
Accounts payable	$ 77,172	$ 773	$ -	$ -	$ 14,347
Due to other funds	-	-	-	-	550,000
Due to other governments	-	-	-	-	-
Accrued wages and benefits	69,059	-	-	-	-
Other liabilities	1,350	-	-	28,164	-
Advances from other funds	-	-	-	-	-
Total liabilities	147,581	773	-	28,164	564,347
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,040,000	-	-	-	-
Unavailable revenue - lease revenue	-	-	-	-	213,879
Total deferred inflows of resources	1,040,000	-	-	-	213,879
FUND BALANCES					
Restricted:					
Public safety:					
Fire protection	-	1,093,004	-	-	-
Law enforcement	-	-	-	192,929	-
Public services	-	-	-	-	-
Mass transit	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	363,969	-	-
Committed:					
Culture and recreation	513,907	-	-	-	-
Unassigned	-	-	-	-	(337,686)
Total fund balances	513,907	1,093,004	363,969	192,929	(337,686)
Total liabilities, deferred inflows of resources, and fund balances	$ 1,701,488	$ 1,093,777	$ 363,969	$ 221,093	$ 440,540

See independent auditor's report.

	MASS TRANSIT OPERATING	COMMUNITY CENTERS	CDBG FUND	SPECIAL 1% SALES TAX	INTERNET SALES TAX	GROUP INSURANCE	TOTAL
	$ -	$ 284,727	$ 229,454	$ 729,739	$ -	$ 562,714	$ 2,715,488
	545,146	-	-	1,757,460	2,605,209	-	6,558,444
	-	-	-	-	-	-	910
	-	-	-	296,670	-	-	296,670
	424,771	-	-	-	-	-	424,771
	-	-	-	-	-	-	213,879
	261,666	-	-	-	-	-	1,308,261
	$ 1,231,583	$ 284,727	$ 229,454	$ 2,783,869	$ 2,605,209	$ 562,714	$ 11,518,423
	$ 15,497	$ 9,049	$ 186	$ 598,415	$ -	$ -	$ 715,439
	-	-	-	-	-	-	550,000
	-	-	-	129,400	-	-	129,400
	45,585	21,745	9,862	1,924	-	-	148,175
	-	13,670	-	-	-	562,714	605,898
	-	-	500,000	-	-	-	500,000
	61,082	44,464	510,048	729,739	-	562,714	2,648,912
	260,000	-	-	-	-	-	1,300,000
	-	-	-	-	-	-	213,879
	260,000	-	-	-	-	-	1,513,879
	-	-	-	-	-	-	1,093,004
	-	-	-	-	-	-	192,929
	-	-	-		2,605,209	-	2,605,209
	910,501	-	-	-	-	-	910,501
	-	-	-	2,054,130	-	-	2,054,130
	-	-	-	-	-	-	363,969
	-	240,263	-	-	-	-	754,170
	-	-	(280,594)	-	-	-	(618,280)
	910,501	240,263	(280,594)	2,054,130	2,605,209	-	7,355,632
	$ 1,231,583	$ 284,727	$ 229,454	$ 2,783,869	$ 2,605,209	$ 562,714	$ 11,518,423

SCHEDULE 12

CITY OF HATTIESBURG, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds
Year Ended September 30, 2023

	PARKS & RECREATION	MUNICIPAL FIRE PROTECTION	SPECIAL STREET	POLICE FORFEITURES	AIRPORT IMPROVEMENT
REVENUES					
General property taxes	$ 1,009,295	$ -	$ -	$ -	$ -
Special sales tax collections	-	-	-	-	-
Internet sales tax	-	-	-	-	-
Fines, forfeitures and penalties	-	45	-	163,782	-
Interest, rents and concessions	20,587	6,048	2,231	38	8,748
Intergovernmental revenues	-	314,831	95,041	-	-
Charges for services	79,427	95,652	-	-	-
Other revenues	-	-	-	-	18,817
Total revenues	1,109,309	416,576	97,272	163,820	27,565
EXPENDITURES					
Current:					
Public safety	-	152,055	-	19,720	-
Public services	-	-	19	-	-
Other services	-	-	-	-	233,557
Mass transit	-	-	-	-	-
Culture and recreation	3,762,634	-	-	-	-
Human/social assistance	-	-	-	-	-
Economic development	-	-	-	-	-
Debt service:					
Principal payments	-	60,100	-	-	-
Interest and fiscal charges	-	4,102	-	-	-
Total expenditures	3,762,634	216,257	19	19,720	233,557
Excess (deficiency) of revenues over expenditures	(2,653,325)	200,319	97,253	144,100	(205,992)
OTHER FINANCING SOURCES					
Proceeds from long-term debt	-	-	-	-	-
Other sources	663	-	-	-	-
Transfers in	2,314,335	-	-	-	250,000
Total other financing sources	2,314,998	-	-	-	250,000
NET CHANGE IN FUND BALANCES	(338,327)	200,319	97,253	144,100	44,008
Fund balances - beginning	852,234	892,685	266,716	48,829	(381,694)
Fund balances - ending	$ 513,907	$ 1,093,004	$ 363,969	$ 192,929	$ (337,686)

See independent auditor’s report.

MASS TRANSIT OPERATING	COMMUNITY CENTERS	CDBG FUND	SPECIAL 1% SALES TAX	INTERNET SALES TAX	GROUP INSURANCE	TOTAL
$ 254,950	$ -	$ -	$ -	$ -	$ -	$ 1,264,245
-	-	-	3,889,493	-	-	3,889,493
-	-	-	-	5,067,170	-	5,067,170
-	-	-	-	-	-	163,827
1,949	7,331	4,234	45,220	46,123	-	142,509
2,308,706	164,430	659,371	325,000	-	-	3,867,379
929,748	19,904	-	-	-	-	1,124,731
6,187	-	-	950,000	-	-	975,004
3,501,540	191,665	663,605	5,209,713	5,113,293	-	16,494,358
-	-	-	-	1,832,233	-	2,004,008
-	-	-	-	2,610,025	-	2,610,044
-	-	-	-	-	-	233,557
4,202,875	-	-	-	-	-	4,202,875
-	919,291	-	9,620,490	-	-	14,302,415
-	-	959,907	-	-	-	959,907
-	-	-	600,000	-	-	600,000
-	-	-	-	-	-	60,100
-	-	-	-	-	-	4,102
4,202,875	919,291	959,907	10,220,490	4,442,258	-	24,977,008
(701,335)	(727,626)	(296,302)	(5,010,777)	671,035	-	(8,482,650)
-	-	-	5,500,000		-	5,500,000
-	-	-	-	-	-	663
400,000	850,000	36,000	-	-	-	3,850,335
400,000	850,000	36,000	5,500,000	-	-	9,350,998
(301,335)	122,374	(260,302)	489,223	671,035	-	868,348
1,211,836	117,889	(20,292)	1,564,907	1,934,174	-	6,487,284
$ 910,501	$ 240,263	$ (280,594)	$ 2,054,130	$ 2,605,209	$ -	$ 7,355,632

SCHEDULE 13

CITY OF HATTIESBURG, MISSISSIPPI

Combining Balance Sheet - Nonmajor Debt Service Funds
September 30, 2023

	2019 TIF BOND AND INTEREST PLANET FITNESS	CITY BOND AND INTEREST	2014 TIF BOND AND INTEREST SOUTHERN POINTE	2003 TIF BOND AND INTEREST CHAUVET SQUARE	2007 TIF BOND AND INTEREST TURTLE CROSSING
ASSETS					
Cash and cash equivalents - restricted	$ 137,777	$ 4,611,148	$ 376,520	$ 221,503	$ 281,136
Cash with fiscal agent - restricted	-	-	-	-	-
Property taxes receivable	-	2,616,516	-	-	-
Total assets	$ 137,777	$ 7,227,664	$ 376,520	$ 221,503	$ 281,136
LIABILITIES					
Due to other funds	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	2,600,000	-	-	-
Total deferred inflows of resources	-	2,600,000	-	-	-
FUND BALANCES					
Restricted:					
Debt service	137,777	4,627,664	376,520	221,503	281,136
Total fund balances	137,777	4,627,664	376,520	221,503	281,136
Total liabilities, deferred inflows of resources, and fund balances	$ 137,777	$ 7,227,664	$ 376,520	$ 221,503	$ 281,136

See independent auditor’s report.

	2008 TIF BOND AND INTEREST LINCOLN CENTER	2012 TIF BOND AND INTEREST KOHL'S	2016 TIF BOND AND INTEREST WHISPERING PINES	2016 TIF BOND AND INTEREST HATTIESBURG CLINIC	2015-A TIF BOND AND INTEREST RIDGE AT TURTLE CREEK	2015-B TIF BOND AND INTEREST MIDTOWN MARKET	2019 TIF BOND AND INTEREST ELAM ARMS	TOTAL
	$ 65,929	$ 5	$ 700,904	$ 109,018	$ 120,366	$ 19,867	$ 735,497	$ 7,379,670
	-	-	-	-	-	-	154,438	154,438
	-	-	-	-	-	-	-	2,616,516
	$ 65,929	$ 5	$ 700,904	$ 109,018	$ 120,366	$ 19,867	$ 889,935	$ 10,150,624
	$ -	$ 1,500	$ -	$ 25,000	$ -	$ 7,000	$ -	$ 33,500
	-	1,500	-	25,000	-	7,000	-	33,500
	-	-	-	-	-	-	-	2,600,000
	-	-	-	-	-	-	-	2,600,000
	65,929	(1,495)	700,904	84,018	120,366	12,867	889,935	7,517,124
	65,929	(1,495)	700,904	84,018	120,366	12,867	889,935	7,517,124
	$ 65,929	$ 5	$ 700,904	$ 109,018	$ 120,366	$ 19,867	$ 889,935	$ 10,150,624

SCHEDULE 14

CITY OF HATTIESBURG, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended September 30, 2023

	2019 TIF BOND AND INTEREST PLANET FITNESS	CITY BOND AND INTEREST	2014 TIF BOND AND INTEREST SOUTHERN POINTE	2003 TIF BOND AND INTEREST CHAUVET SQUARE	2007 TIF BOND AND INTEREST TURTLE CROSSING
REVENUES					
General property taxes	$ 26,485	$ 2,525,932	$ 138,876	$ 200,000	$ 115,000
Interest, rents and concessions	390	12,300	818	633	527
Intergovernmental revenues	32,128	-	119,033	-	62,028
Total revenues	59,003	2,538,232	258,727	200,633	177,555
EXPENDITURES					
Current:					
Other services	-	25,764	-	-	-
Debt service:					
Principal payments	38,962	819,285	180,000	155,000	105,000
Interest and fiscal charges	18,335	2,026,793	66,725	40,790	35,935
Total expenditures	57,297	2,871,842	246,725	195,790	140,935
Excess (deficiency) of revenues over expenditures	1,706	(333,610)	12,002	4,843	36,620
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Transfer out	-	-	-	-	-
Total other financing sources	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,706	(333,610)	12,002	4,843	36,620
Fund balances - beginning	136,071	4,961,274	364,518	216,660	244,516
Fund balances - ending	$ 137,777	$ 4,627,664	$ 376,520	$ 221,503	$ 281,136

See independent auditor’s report.

2008 TIF BOND AND INTEREST LINCOLN CENTER	2012 TIF BOND AND INTEREST KOHL'S	2016 TIF BOND AND INTEREST WHISPERING PINES	2016 TIF BOND AND INTEREST HATTIESBURG CLINIC	2015-A TIF BOND AND INTEREST RIDGE AT TURTLE CREEK	2015-B TIF BOND AND INTEREST MIDTOWN MARKET	2019 TIF BOND AND INTEREST ELAM ARMS	TOTAL
$ -	$ -	$ 167,295	$ 34,040	$ 89,571	$ 10,707	$ 133,642	$ 3,441,548
92	1	1,590	270	219	28	8,238	25,106
-	-	210,285	41,583	29,853	10,762	164,980	670,652
92	1	379,170	75,893	119,643	21,497	306,860	4,137,306
-	-	-	-	-	-	-	25,764
50,000	-	190,000	53,000	75,000	13,000	172,000	1,851,247
2,500	-	92,043	22,645	46,353	9,613	121,935	2,483,667
52,500	-	282,043	75,645	121,353	22,613	293,935	4,360,678
(52,408)	1	97,127	248	(1,710)	(1,116)	12,925	(223,372)
-	-	-	-	-	-	66,407	66,407
-	(247)	-	-	-	-	-	(247)
-	(247)	-	-	-	-	66,407	66,160
(52,408)	(246)	97,127	248	(1,710)	(1,116)	79,332	(157,212)
118,337	(1,249)	603,777	83,770	122,076	13,983	810,603	7,674,336
$ 65,929	$ (1,495)	$ 700,904	$ 84,018	$ 120,366	$ 12,867	$ 889,935	$ 7,517,124

SCHEDULE 15

CITY OF HATTIESBURG, MISSISSIPPI

Combining Balance Sheet - Nonmajor Capital Project Funds
September 30, 2023

	TIF CONSTRUCTION	BOND CONSTRUCTION	KAMPER PARK/ZOO IMPROVEMENTS	TOTAL
ASSETS				
Cash and cash equivalents - restricted	$ 825	$ 947,709	$ 2,394	$ 950,928
Total assets	$ 825	$ 947,709	$ 2,394	$ 950,928
FUND BALANCES				
Restricted:				
Public safety - law enforcement	$ -	$ 947,709	$ -	$ 947,709
Culture and recreation	-	-	2,394	2,394
Economic development	825	-	-	825
Total fund balances	825	947,709	2,394	950,928
Total fund balances	$ 825	$ 947,709	$ 2,394	$ 950,928

See independent auditor's report.

SCHEDULE 16

CITY OF HATTIESBURG, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds Year Ended September 30, 2023

	TIF CONSTRUCTION	BOND CONSTRUCTION	KAMPER PARK/ZOO IMPROVEMENTS	TOTAL
REVENUES				
Interest, rents and concessions	$ 2	$ 1,268	$ 35	$ 1,305
Total revenues	2	1,268	35	1,305
NET CHANGE IN FUND BALANCES	2	1,268	35	1,305
Fund balances - beginning	823	946,441	2,359	949,623
Fund balances - ending	$ 825	$ 947,709	$ 2,394	$ 950,928

See independent auditor’s report.

SCHEDULE 17
PAGE 1 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Departmental Expenditures - Budgetary Basis - General Fund
Year Ended September 30, 2023

	PERSONNEL SERVICES	SUPPLIES & EXPENSES
GENERAL GOVERNMENT		
City Council	$ 375,056	$ 2,324
Mayor/Administration	820,093	15,647
Municipal Clerk	184,451	505
Accounting Division	267,073	3,147
Purchasing Division	133,375	2,445
City Attorney	87,745	-
Human Resources Division	252,157	1,677
Loss Control Division	75,763	1,295
Urban Development	498,745	14,561
Information Systems	280,705	33,863
Metro Planning	169,523	569
General Government Building	-	14,560
General Government - Other	-	164
Intermodal Facility	-	6,027
Federal Grant Administration	75,899	293
City Court	1,148,577	49,072
Total General Government	4,369,162	146,149
PUBLIC SAFETY		
Police Department	10,893,396	723,213
Police and Fire Training	37,934	62,489
Fire Department	8,879,843	285,927
Land Development Administration	602,154	31,334
Contractual Services	212,484	-
Total Public Safety	20,625,811	1,102,963
PUBLIC SERVICE		
Traffic Maintenance	295,536	109,413
Street Division	854,653	260,295
Street Lights	-	-
Engineering	534,703	11,860
Shop Division	392,101	22,362
Garage and Office	-	970
Drainage Division	-	7,371
Construction Division	513,219	82,997
Sanitation Division	1,478,108	522,973
Health Division	1,037,074	143,287
Total Public Service	5,105,394	1,161,528

See independent auditor’s report.

OTHER SERVICES/ CHARGES	CAPITAL OUTLAYS	DEBT SERVICE	TOTAL
$ 221,410	$ 4,161	$ -	$ 602,951
178,358	-	-	1,014,098
31,439	-	-	216,395
1,930	-	-	272,150
3,237	-	-	139,057
-	-	-	87,745
4,984	-	-	258,818
938	-	-	77,996
82,816	-	-	596,122
823,277	35,437	-	1,173,282
8,848	-	-	178,940
159,602	-	-	174,162
3,301,529	-	-	3,301,693
67,020	51,923	-	124,970
7,757	-	-	83,949
394,562	-	-	1,592,211
5,287,707	91,521	-	9,894,539
957,496	627,281	-	13,201,386
54,791	46,000	-	201,214
303,000	6,671	-	9,475,441
228,566	71,776	-	933,830
907,519	-	-	1,120,003
2,451,372	751,728	-	24,931,874
34,764	28,935	-	468,648
1,308,803	68,101	-	2,491,852
1,299,421	-	-	1,299,421
343,327	-	-	889,890
46,635	-	-	461,098
18,119	-	-	19,089
45,153	520,060	-	572,584
92,057	-	-	688,273
1,449,263	1,345,000	-	4,795,344
1,648	57,664	-	1,239,673
4,639,190	2,019,760	-	12,925,872

SCHEDULE 17
PAGE 2 OF 2

CITY OF HATTIESBURG, MISSISSIPPI

Statement of Departmental Expenditures - Budgetary Basis - General Fund
Year Ended September 30, 2023

	PERSONNEL SERVICES	SUPPLIES & EXPENSES
HUMAN/SOCIAL ASSISTANCE		
Human/Social Assistance	$ -	$ -
Total Human/Social Assistance	-	-
ECONOMIC DEVELOPMENT		
Economic Development	-	-
Total Economic Development	-	-
OTHER SERVICES		
Animal Control	126,307	10,716
Airport	-	6,659
Cemetery	631,225	74,635
Parking Operations	33,150	222
Total Other Services	790,682	92,232
DEBT SERVICE	-	-
TOTAL DEPARTMENTAL EXPENDITURES	$ 30,891,049	$ 2,502,872

See independent auditor’s report.

OTHER SERVICES/ CHARGES	CAPITAL OUTLAYS	DEBT SERVICE	TOTAL
$ 452,128	$ -	$ -	$ 452,128
452,128	-	-	452,128
3,539,900	483,606	-	4,023,506
3,539,900	483,606	-	4,023,506
200,330	-	-	337,353
21,863	-	-	28,522
50,917	286,042	-	1,042,819
22,552	-	-	55,924
295,662	286,042	-	1,464,618
-	-	1,122,220	1,122,220
$ 16,665,959	$ 3,632,657	$ 1,122,220	$ 54,814,757

SCHEDULE 18

CITY OF HATTIESBURG, MISSISSIPPI

Combining Statement of Fiduciary Net Position - Custodial Funds
September 30, 2023

	Tax Collectors Fund	Industrial Park Fund	Hattiesburg Special Sales Tax	Total
ASSETS				
Cash and cash equivalents	$ 73,195	$ 16,416	$ -	$ 89,611
Other receivables	1,026,359	-	-	1,026,359
Sales tax receivable	-	-	72,243	72,243
Total assets	$ 1,099,554	$ 16,416	$ 72,243	$ 1,188,213
LIABILITIES				
Due to other funds	$ 247,177	$ -	$ -	$ 247,177
Other liabilities	-	1,320	40	1,360
Total liabilities	247,177	1,320	40	248,537
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	852,377	15,096	72,203	939,676
Total net position	852,377	15,096	72,203	939,676
Total liabilities and net position	$ 1,099,554	$ 16,416	$ 72,243	$ 1,188,213

See independent auditor’s report.

SCHEDULE 19

CITY OF HATTIESBURG, MISSISSIPPI

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds
Year Ended September 30, 2023

	Tax Collectors Fund	Industrial Park Fund	Hattiesburg Special Sales Tax	Total
ADDITIONS				
Property tax revenues	$ 50,781,948	$ -	$ -	$ 50,781,948
Sales tax revenues	-	-	954,021	954,021
Intergovernmental revenues	-	445,000	-	445,000
Other revenues	-	26,717	-	26,717
Interest	11,071	1,153	-	12,224
Total additions	50,793,019	472,870	954,021	52,219,910
DEDUCTIONS				
Payments of taxes to other funds	50,252,468	-	-	50,252,468
Administrative expense	-	61,554	-	61,554
Other expense	-	557,480	961,846	1,519,326
Total deductions	50,252,468	619,034	961,846	51,833,348
CHANGE IN FIDUCIARY NET POSITION	540,551	(146,164)	(7,825)	386,562
NET POSITION - BEGINNING	311,826	161,260	80,028	553,114
NET POSITION - ENDING	$ 852,377	$ 15,096	$ 72,203	$ 939,676

See independent auditor’s report.

SCHEDULE 20

CITY OF HATTIESBURG, MISSISSIPPI

Schedule of Surety Bonds for Municipal Officials
September 30, 2023

Name	Position	Insurance Company	Amount
Thomas "Toby" Barker	Mayor	Travelers	$ 100,000
Deborah Denard Delgado	Council Member	FCCI Insurance Co.	100,000
Edmond Carter Carroll	Council Member	Western Surety Co.	100,000
Dave Ware	Council Member	FCCI Insurance Co.	100,000
Nicholas R. Brown	Council Member	FCCI Insurance Co.	100,000
Jeffrey Randolph George	Council Member	Travelers	100,000
Kermas Eaton	City Clerk	Travelers	50,000
Peggy Sealy	Police Chief	FCCI Insurance Co.	50,000

See independent auditor’s report.

SCHEDULE 21

CITY OF HATTIESBURG, MISSISSIPPI

Full Cost Accounting - Solid Waste Management Services
Year Ended September 30, 2023

EXPENSES - Sanitation Cost Center (General Fund):		
Personnel costs	$	1,478,108
Supplies		522,973
Other services and charges		1,449,263
Total expenses (other than capital outlay) sanitation cost center		3,450,344
Depreciation expense		159,645
Allocation of certain expenses in Other Cost Centers:		
50% of shop cost center - repair and maintenance		230,549
Indirect cost allocation - 10% of administration cost centers		222,544
Total calculated expenses - full cost basis	$	4,063,082
Number of tons of solid waste collected and disposed of by City:		
Sanitation trucks:		
Garbage (tons)		15,381
Trash (tons)		53,434
Total tons solid waste		68,815
Distribution of residential and non-residential costs:		
Residential (84%)	$	3,412,989
Non-residential (16%)		650,093
Total distribution	$	4,063,082

NOTES:

Pursuant to Section 17-17-347 of the Mississippi Code, this schedule is presented to provide a full cost accounting of sanitation services. “Residential” solid waste service includes routine household garbage and yard waste collections and disposal. Additionally, duplexes and smaller apartments with individual water meters are also considered to be “residential” customers. “Non-residential” would include garbage and trash service to City-owned facilities, overgrown lot and demolition debris, waste generated by tree crews or other city departments. The distribution of “Residential” and “Non-residential” at 84/16 is based upon regularly scheduled direct labor hours. Unusual occurrences, such as severe storm damage or demolition of large structures will cause significant fluctuations both in labor hours and debris removal costs.

See independent auditor’s report.

SCHEDULE 22

CITY OF HATTIESBURG, MISSISSIPPI

Report on Revenues and Expenditures
Additional 1% Sales Tax for City Parks & Recreation Projects and Improvements to USM Athletic Facilities - Modified Accrual Basis
Year Ended September 30, 2023

Revenues (Special Sales Tax Fund):		
Additional 1% Sales Taxes		
Restaurants	$	3,383,075
Hotels and motels		506,418
Total additional 1% sales taxes		3,889,493
Other revenues		
Contributions - forrest		325,000
Contributions - other		950,000
Interest		45,220
Total other revenues		1,320,220
Total revenues		5,209,713
Expenditures		
Culture and recreation		7,548,329
Economic development		600,000
Payments to USM of 1/2 of special taxes collected		2,071,750
Miscellaneous		411
Total expenditures		10,220,490
Other Financing Sources		
Proceeds from bonds		5,500,000
Total other financing sources		5,500,000
NET CHANGE IN FUND BALANCE		489,223
Fund balance - beginning		1,564,907
Fund balance - ending	$	2,054,130

NOTES:

Pursuant to Senate Bill 3069 enacted during the 2018 regular session of the Mississippi Legislature, the above schedule is presented as a recapitulation of the additional 1% sales taxes levied by the City of Hattiesburg as authorized by that legislation. This additional 1% sales tax is collected from the specified restaurants, alcoholic beverage retail stores, hotels, and motels in the City of Hattiesburg. The proceeds of this tax are settled to the City each month and deposited into a separate fund. One-half of these taxes are then remitted to the University of Southern Mississippi for improvements to athletic facilities and one-half is used for improvements to City parks and recreation facilities. If the City's share exceeds the projected $1.2 million per year to be used for city parks and recreation, the City will use those additional taxes for sidewalks and multi-use paths located in seven designated areas within the City.

See independent auditor’s report.

SCHEDULE 23

CITY OF HATTIESBURG, MISSISSIPPI

Water and Sewer Budget Basis Balance Sheets
September 30, 2023

	OPERATIONS AND MAINTENANCE FUND	BOND AND INTEREST FUND	REVENUE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 791,895	$ -	$ 4,078,075
Cash and cash equivalents - restricted	-	6,294,049	-
Cash with fiscal agent - restricted	-	23,021,229	-
Prepaid insurance - bonds	-	430,807	-
Due from other funds	1,176,824	297,500	-
Total current assets	1,968,719	30,043,585	4,078,075
Total assets	$ 1,968,719	$ 30,043,585	$ 4,078,075
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	$ -	$ -	$ 44,593
Sales tax payable	-	-	179,904
Customer deposits	-	-	1,789,068
Due to other funds	-	-	2,360,406
Total current liabilities	-	-	4,373,971
Total liabilities	-	-	4,373,971
NET POSITION	1,968,719	30,043,585	(295,896)
Total liabilities and net position	$ 1,968,719	$ 30,043,585	$ 4,078,075

ENVIRONMENTAL ESCROW FUND	CONSTRUCTION FUND	2016 CONSTRUCTION FUND	2012 CONSTRUCTION FUND	2010 CONSTRUCTION FUND
$ -	$ -	$ -	$ -	$ -
-	1,779,371	-	-	-
175,023	-	-	66	594
-	-	-	-	-
-	479,575	-	-	-
175,023	2,258,946	-	66	594
$ 175,023	$ 2,258,946	$ -	$ 66	$ 594
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
	15,424	-	-	-
-	-	-	-	-
-	15,424	-	-	-
-	15,424	-	-	-
175,023	2,243,522	-	66	594
$ 175,023	$ 2,258,946	$ -	$ 66	$ 594

SCHEDULE 24

CITY OF HATTIESBURG, MISSISSIPPI

Water and Sewer Budget Basis Statements of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2023

	OPERATIONS AND MAINTENANCE FUND	BOND AND INTEREST FUND	REVENUE FUND
OPERATING REVENUES	$ 75,020	$ -	$ 28,012,115
OPERATING EXPENSES			
Personnel services	3,104,792	-	-
Supplies and expenses	1,518,308	-	-
Other services and charges	9,540,440	-	-
Other operating expenses	129,542	-	3,671
Total operating expenses	14,293,082	-	3,671
OPERATING INCOME (LOSS)	(14,218,062)	-	28,008,444
NON-OPERATING REVENUES (EXPENSES)			
Proceeds from long-term debt	-	-	-
Principal payments on notes	-	(12,190,444)	-
Interest expense	-	(2,194,103)	(11,450)
Interest revenue	5,676	173,851	53,607
Intergovernmental revenues	-	-	-
Other revenue	1,586	-	126,600
Other expense	-	(359,998)	-
Total non-operating revenues (expenses)	7,262	(14,570,694)	168,757
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(14,210,800)	(14,570,694)	28,177,201
OPERATING TRANSFERS			
Operating transfers in	13,990,309	8,560,981	-
Operating transfers out	-	-	(28,095,986)
Total operating transfers	13,990,309	8,560,981	(28,095,986)
CHANGES IN NET POSITION	$ (220,491)	$ (6,009,713)	$ 81,215

ENVIRONMENTAL ESCROW FUND	CONSTRUCTION FUND	2016 CONSTRUCTION FUND	2012 CONSTRUCTION FUND	2010 CONSTRUCTION FUND
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	985,627	-	-	-
-	5,510,151	143,635	-	-
-	6,495,778	143,635	-	-
-	(6,495,778)	(143,635)	-	-
-	455,494	-	-	-
-	-	-	-	-
-	-	-	-	-
4,006	4,370	64,340	2	22
-	70,824	-	-	-
-	56,656	-	-	-
-	-	-	-	-
4,006	587,344	64,340	2	22
4,006	(5,908,434)	(79,295)	2	22
70,800	6,246,739	-	-	-
-	-	(1,596,843)	-	-
70,800	6,246,739	(1,596,843)	-	-
$ 74,806	$ 338,305	$ (1,676,138)	$ 2	$ 22

SCHEDULE 25

CITY OF HATTIESBURG, MISSISSIPPI

Water and Sewer Budget Basis Operation and Maintenance Cost Centers
Year Ended September 30, 2023

	Personnel Services	Supplies and Expenses	Other Services and Charges	Capital Outlays	Total
Office	$ 731,961	$ 62,685	$ 436,910	$ 34,255	$ 1,265,811
Transmission	1,043,817	552,188	2,692,810	-	4,288,815
Plant	615,193	465,994	1,373,580	87,156	2,541,923
Sewer	373,177	205,258	3,045,458	8,131	3,632,024
Sewer lagoon	340,644	232,183	1,991,682	-	2,564,509
Total expenses	$ 3,104,792	$ 1,518,308	$ 9,540,440	$ 129,542	$ 14,293,082

See independent auditor's report.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Housing and Urban Development				
Pass-Through Programs From:				
Governor's Department of Housing and Urban Development				
CDBG Entitlement Grants - Cluster:				
Community Development Block Grants / Entitlement Grants	14.218	MC-28-0006	$ 665,376	
HOME Investment Partnerships Program	14.239	MC-28-0201/M21-MP280201	38,340	
Pass-Through Programs From:				
Office of Lead Hazard Control and Healthy Homes				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MSLHB0771-21	83,948	
Total U.S. Department of Housing and Urban Development Pass-Through Programs			787,664	
U.S. Department of Justice				
Office of Justice Programs:				
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	2,750	
Office of Justice Programs:				
Violence Against Women Formula Grants	16.588	N/A	125,385	
Bulletproof Vest Partnership Program	16.607	N/A	14,979	
COPS Hiring Program	16.607	2020UMWX0429	77,732	
			92,711	

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Justice (Cont.)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	$ 12,187	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	23,412	$ 9,397
			35,599	
Total U.S. Department of Justice Direct Programs			256,445	
Pass-Through Programs From:				
Mississippi Department of Health				
OVW Technical Assistance Initiative	16.526	2023-ST-019	41,648	
Total U.S. Department of Justice Pass-Through Programs			41,648	
U.S. Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program	20.106	N/A	14,026	
Airport Improvement Program	20.106	N/A	75,222	
Drainage Improvement Program	20.106	N/A	3,198	
			92,446	
Consolidated Rail Infrastructure and Safety Improvements	20.325	N/A	2,349,350	

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Transportation (Cont.)				
Federal Transit Administration				
Federal Transit Cluster:				
Federal Transit Formula Grants:				
Mass Transit Capital	20.507	N/A	$ 24,992	
Mass Transit Capital	20.507	N/A	170,840	
Mass Transit Capital	20.507	N/A	89,360	
Mass Transit Capital	20.507	N/A	169,720	
Mass Transit Operating	20.507	N/A	438,729	
Mass Transit Preventive	20.507	N/A	17,789	
Mass Transit Capital	20.507	N/A	200,000	
Mass Transit Operating	20.507	N/A	148,271	
Mass Transit Preventive/Capital	20.507	N/A	332,518	
Mass Transit Rolling Stock	20.507	N/A	13,230	
Mass Transit Rolling Stock	20.507	N/A	210,937	
Mass Transit Capital	20.507	N/A	35,196	
Mass Transit Capital	20.507	N/A	11,636	
Mass Transit Capital	20.507	N/A	838,380	
Mass Transit Operating	20.507	N/A	387,258	
Total - Federal Transit Cluster			3,088,856	
Total U.S. Department of Transportation Direct Programs			5,530,652	-

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Transportation (Cont.)				
Federal Highway Administration				
Pass-Through Programs From:				
Mississippi Department of Transportation				
Highway Planning and Construction Cluster:				
Metropolitan Planning Organization	20.205	N/A	$ 120,183	
Hall Avenue West Overpass Build Grant	20.205	FBLD-8769-00(001)108639-801000	8,541,701	
Country Club Road Improvements	20.205	STP-8760-00(005)LPA/108134-701000	382,651	
Hardy Street Roundabout Improvements	20.205	STP-0210-00(037)LPA/108081-701000	331,681	
Total - Highway Planning and Construction Cluster			9,376,216	
National Highway Traffic Safety Administration				
Pass-Through Programs From:				
Mississippi Department of Public Safety - Office of Highway Safety				
Alcohol Open Container Requirements	20.607	154-AL-2022-ST-21-51	60,158	
Total U.S. Department of Transportation Pass-Through Programs			9,436,374	
U.S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,297,567	
Total U.S. Department of Treasury Direct Program			1,297,567	

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Commerce				
Pass-Through Programs From:				
Mississippi Arts Commission				
Promotion of the Arts Partnership Agreements	45.025	23-25667986-AI/BFA	$ 219,240	
Total U.S. Department of Commerce Pass-Through-Programs			219,240	
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	183,290	
Total U.S. Department of Health and Human Services Direct Programs			183,290	
Executive Office of the President				
Pass-Through Program From:				
Mississippi Bureau of Narcotics				
High Intensity Drug Trafficking Areas Program	95.001	G21GC0003A	20,060	
Total Executive Office of the President Pass-Through Programs			20,060	
U.S. Department of Homeland Security				
Pass-Through Programs From:				
Mississippi Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4626-DR-MS	346,850	
Total U.S. Department of Homeland Security Pass-Through Programs			346,850	
Total Expenditures of Federal Awards			$ 18,119,790	$ 9,397

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HATTIESBURG

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Hattiesburg under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Hattiesburg, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Hattiesburg.

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. Pass-through entity identifying numbers are presented where available.

NOTE 2 - DE MINIMIS COST RATE

The City elected not to recover indirect costs for federal programs using the 10.00% de minimis cost rate allowed under the Uniform Guidance.

NOTE 3 - PAYMENTS MADE TO SUBRECIPIENTS

Federal funds provided to subrecipients from the Edward Byrne Memorial Justice Assistance Program during the year ended September 30, 2023 totaled $9,397.

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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*

To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hattiesburg, Mississippi as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hattiesburg, Mississippi's basic financial statements, and have issued our report thereon dated June 25, 2024.

Report on Internal Control over Financial Reporting

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

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

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To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Hattiesburg's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hattiesburg, Mississippi's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Hattiesburg, Mississippi'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 it.

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.

TMH

Hattiesburg, Mississippi
June 25, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the City of Hattiesburg, Mississippi'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 City of Hattiesburg, Mississippi's major federal programs for the year ended September 30, 2023. The City of Hattiesburg, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Hattiesburg, Mississippi complied, in all material respects, with the 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, 2023.

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 (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

We are required to be independent of the City of Hattiesburg, Mississippi 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 City of Hattiesburg, Mississippi'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 City of Hattiesburg, Mississippi's federal programs.

Auditor's 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 City of Hattiesburg, Mississippi'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 GAAS, *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 City of Hattiesburg, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 City of Hattiesburg, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

- Obtain an understanding of the City of Hattiesburg, Mississippi'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 City of Hattiesburg, Mississippi'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 Auditor's 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.

TMH

Hattiesburg, Mississippi
June 25, 2024

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the financial statements:

Opinion Unit	Opinion
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented Component Unit	Unmodified
General Fund	Unmodified
Municipal Road and Bridge Fund	Unmodified
COVID Fiscal Recovery Fund	Unmodified
Series 2019 and 2020 Bond Projects Fund	Unmodified
Aggregate Remaining Governmental Funds	Unmodified
Combined Water and Sewer System	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported

Type of auditor's report issued on compliance for each major federal program:

Highway Planning and Construction Cluster	Unmodified
Consolidated Rail Infrastructure and Safety Improvements	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	Unmodified

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Auditor's Results (Cont.)

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
20.325	Consolidated Rail Infrastructure and Safety Improvements
21.027	Coronavirus State and Local Fiscal Recovery

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

Section II - Financial Statement Findings

Finding:

Finding 2023-001	Entity-Level Control Environment and Risk Assessment Processes
Finding Type:	Material Weakness

Criteria - The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model has been adopted as the generally accepted framework for evaluating internal controls framework, organizational structure, assignment of authority and responsibility, estimating the potential significance of risks relevant to achievement of financial reporting objectives, and responding to such risks represent elements of entity-level internal controls.

Condition - The City did not timely initiate or make substantial progress in implementation of corrective actions in response to material weaknesses and significant deficiencies in internal control identified in its financial statement audit for the year ended September 30, 2023.

Context - The City has previously developed a comprehensive plan in response to certain material entity-level control weaknesses related to financial reporting, but the City had not yet implemented corrective actions during fiscal year 2023.

Cause - The City's organizational structure, depth of resources of personnel with suitable knowledge and skill in financial reporting, and process for evaluating and addressing risks related to financial reporting result in entity-level control weaknesses.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Cont.)

Finding 2023-001 Entity-Level Control Environment and Risk Assessment Processes (Cont.)

Effect - Previously identified material weaknesses in internal control continued unmitigated in fiscal year 2023.

Identification of Repeat Finding 2022-001

Recommendation - The Administration should take steps to implement corrective actions for identified material weaknesses in internal controls and assess its overall control environment and risk assessment processes.

Views of Responsible Officials - See the Auditee's Corrective Action Plan.

<u>Finding:</u>

Finding 2023-002 Entity-Level Information, Communication and Monitoring

Finding Type: Material weakness

Criteria - The City must maintain effective internal accounting procedures over information, communication, and monitoring functions, including bank reconciliations, that relate to financial reporting and legal compliance.

Condition - The City's financial reporting system and monitoring processes lack sufficient depth and structure to ensure that all relevant information is timely identified, communicated to appropriate financial and accounting personnel, assessed for financial reporting impact, and assimilated into the financial reporting process.

Context - The City’s centralized accounting system does not have a structured and cohesive process to obtain, maintain, and analyze data from varied sources as part of its information management and financial reporting system or to communicate and educate departmental personnel regarding criteria and responsibilities for conveyance of information.

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CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Cont.)

Finding 2023-002 Entity-Level Information, Communication and Monitoring (Cont.)

Cause - The City's entity-wide controls and procedures do not effectively ensure that all relevant information is timely incorporated into the financial reporting process. In addition, lines of authority and responsibility under the City's organizational structure are incompatible with the structure of its financial reporting process. Further, the City has experienced significant turnover of management personnel in recent years. Staff turnover has caused loss of knowledge base, including familiarity with informal and undocumented procedures performed in prior years.

Effect - Deficiencies in information, communication and monitoring processes cause unnecessary hardship in the preparation of the annual financial reporting process.

Identification of Repeat Finding 2022-002

Recommendation - The City should immediately develop and implement procedures to enhance its process for timely identifying, maintaining, conveying, and reporting information relevant to financial reporting. Procedures should be formally documented and incorporated into the financial reporting process on an ongoing basis, and personnel responsible for financial reporting monitoring and oversight should have appropriate levels of authority in order to enforce accountability of personnel responsible for accumulating, maintaining, and communicating data.

Views of Responsible Officials - See the Auditee's Corrective Action Plan.

Finding:

Finding 2023-003 Financial Statement Adjustment, Close, and Disclosure

Finding Type: Material weakness

Criteria - The City’s internal accounting controls, including year-end procedures, should be sufficient to ensure that amounts are properly classified, that accounts are properly valued, and that pertinent rights and obligations are properly reflected in the financial statements in accordance with U.S. generally accepted accounting principles.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Cont.)

Finding 2023-003 Financial Statement Adjustment, Close, and Disclosure (Cont.)

Condition - The City does not routinely maintain data necessary to prepare required conversions from its cash basis accounting records to the modified accrual and/or accrual basis of accounting required for financial reporting purposes. Additionally, the City's accounting system does not consistently ensure proper cut-off and valuation or completeness of transactions and balances at year-end for reporting purposes.

Context - The City's financial reporting system centers on its budgetary cash basis accounting processes and this typically requires extensive manual processes after the end of the fiscal year for financial reporting purposes. These year-end processes have become increasingly difficult due to the complexity of governmental financial reporting requirements. In particular, the City does not routinely capture and maintain data necessary for conversion of cash basis to appropriate fund and accrual basis financial presentation or for preparation of necessary disclosures and supplementary information reported in its financial statements. Further, the City does not routinely perform valuation assessments, such as estimates of impairment of carrying value of its long-term assets or estimates of net realizable values of receivables, in order to determine whether financial statement adjustments are appropriate.

Cause - The City’s reliance on its budgetary cash basis general ledger system and year-end conversion processes to provide financial reporting information causes difficulty in the preparation of its basic financial statements along with the necessary disclosures and supplemental schedules.

Effect - The City cannot readily prepare conversion adjustments required for financial reporting purposes and cannot readily produce necessary disclosures and supplemental schedules which increases the risk of omission of information that should be reported under U.S. generally accepted accounting principles.

Identification of Repeat Finding 2022-003

Recommendation - The City should develop a plan to address deficiencies in its financial statement adjustment, close, and disclosure processes.

Views of Responsible Officials - See the Auditee's Corrective Action Plan.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Cont.)

Finding:

Finding 2023-004 Water and Sewer Customer Accounts Receivable

Finding Type: Material weakness

Criteria - Internal accounting controls should be sufficient to ensure that recorded Water and Sewer System customer accounts receivable are complete, accurate, properly valued, and reported in the proper period.

Condition - The City's internal controls for recording and reconciling Water and Sewer customer account balances outstanding are not sufficient to ensure that account balances are accurate and does not allow for the proper evaluation of collectability. The City does not routinely perform reconciliations or analyses of customer receivable detail records. Additionally, aged receivable reports do not segregate finance charges from service fees, thereby distorting brackets and limiting effectiveness for monitoring propriety of service cut-off and assessing overall collectability. The City is also unable to produce reliable reports of subsequent collections on year-end outstanding balances for proper assessment of collectability and has no formal documentation of methodology or calculations supporting its estimated allowance for doubtful accounts.

Context - The City utilizes a separate module of its general ledger accounting software for its Water and Sewer billing functions that does not include an interface with the City’s general ledger accounting system, and the City does not routinely review, reconcile, or analyze aggregate Water and Sewer customer account receivables.

Cause - While the City routinely processes and reviews billing route reports and reports of unpaid accounts subject to service cut-off, the City’s procedures do not require periodic generation, reconciliation, and retention of detail accounts receivable and activity reports.

Effect - Without timely reconciliations and proper aging of its customer account balances and related activity, the City cannot readily determine net realizable value of outstanding Water and Sewer customer accounts receivable at fiscal year-end. This lack of timely review and reconciliation of subsidiary account balances could allow significant errors to go undetected.

CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Cont.)

Finding 2023-004 Water and Sewer Customer Accounts Receivable (Cont.)

Identification of Repeat Finding 2022-004

Recommendation - The City should implement procedures to routinely prepare and reconcile Water and Sewer customer accounts receivable activity and balances at each interim period, and a formal analysis of collectability of outstanding balances should be performed on at least an annual basis in order to estimate the related allowance for doubtful accounts.

Views of Responsible Officials - See the Auditee's Corrective Action Plan.

Finding:

Finding 2023-005 Capital Assets

Finding Type: Material weakness

Criteria - Internal controls over capital assets should be sufficient to ensure that assets are properly recorded, depreciated, assessed for impairment, and reported. Detail subsidiary ledgers should be reconciled on a timely basis, and disposals should be timely recognized and reported. Rights and obligations related to ownership and pledges of capital assets should also be properly reported.

Condition - The City's procedures and controls are not sufficient to ensure that all City-owned assets are properly recorded. Additionally, the City’s procedures related to construction projects are not sufficient to ensure that all project costs are identified and captured in the proper period.

Context - Existing accounting procedures do not ensure inclusion of contributed assets received or transfers of infrastructure from developers or other governmental entities, and the City does not routinely reconcile capital outlay expenditures to additions to fixed assets and additional inventoried items. The City does not routinely monitor assets acquired with grants or other restricted funds to ensure that any disposition of those assets is in accordance with terms of agreements and/or regulations and to ensure proper disclosure of commitments relating to those assets. Also, the City does not periodically assess its long-term assets for impairment nor does the City have an adequate system of accounting for its construction project activity.

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CITY OF HATTIESBURG, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Cont.)

Finding 2023-005 Capital Assets (Cont.)

Cause - The City did not routinely and formally reconcile capital asset subsidiary detail to its financial statements, and the City does not maintain a comprehensive schedule of construction projects sufficient to support financial reporting.

Effect - The City's procedures are not adequate to ensure that capital outlay expenditures are reported in the proper period, or properly classified as capital expenditure or expense. Detail records are not timely reconciled to detect errors or irregularities, or to ensure that required disclosures are accurate and complete.

The City's deficiencies in procedures related to construction projects and capital assets indicate material weaknesses in internal controls over financial reporting.

Identification of Repeat Finding 2022-005

Recommendation - The City should take immediate steps to develop and implement a comprehensive system of accounting for capital assets, including construction projects. Subsidiary records should include adequate descriptions and should be periodically reviewed to identify any assets no longer in service or those with indicated impairment.

Views of Responsible Officials - See the Auditee's Corrective Action Plan.

Section III - Federal Awards Findings and Questioned Costs

No matters were reported.

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CITY OF HATTIESBURG, MISSISSIPPI

AUDITEE CORRECTIVE ACTION PLAN

Year Ended September 30, 2023

MAYOR
Toby Barker

COUNCIL - WARD ONE *Jeffrey George* | COUNCIL - WARD TWO *Deborah Denard Delgado* | COUNCIL - WARD THREE *Carter Carroll* | COUNCIL - WARD FOUR *Dave Ware* | COUNCIL - WARD FIVE *Nicholas Brown*

Auditee Corrective Action Plan

The City of Hattiesburg respectfully submits the following corrective action plan.

Audit Period: September 30, 2023

The findings discussed below are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Corrective Action Plan for Financial Statement Findings

2023-001 Entity-Level Control Environment and Risk Assessment Processes

The City's Administration acknowledges the importance of the control environment and, in particular, the organizational structure, with the assignment of authority and responsibility in addressing risks relevant to the achievement of financial reporting objectives. The Administration initiated an entity-wide assessment of the existing organizational structure and found that many issues were relevant to deficiencies in financial software in use. The City has purchased new software, and training and implementation began during the summer of 2020. The financial software became fully operational in January 2021. The Payroll module became operational on July 1, 2021. The Municipal Court module became operational November 1, 2021, and the Water Billing module became operational on October 7, 2023.

Name of Responsible Person:	Ann Jones, Chief Administrative Officer; Malcolm Berch, Chief Financial Officer
Name of Department Contact:	Ann Jones, Chief Administrative Officer
Expected Date of Completion:	Fall 2024

2023-002 Entity-Level Information, Communication and Monitoring

The City has recognized that the current financial software has deficiencies which impede the ability to obtain, maintain, and analyze data from varied sources. The City has purchased financial software, and training and implementation began during the summer of 2020. The financial software module became operational on January 1, 2021. The Payroll module became operational on July 1, 2021. The Municipal Court module became operational November 1, 2021, and the Water Billing module became operational on October 7, 2023. The new software will aid in improving internal control procedures and provide greater detail for project accounting and documentation of federal awards.

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Auditee Corrective Action Plan (Cont.)

Name of Responsible Person:	Malcolm Berch, Chief Financial Officer
Name of Department Contact:	Lisa Hanson, Comptroller
Expected Date of Completion:	Fall 2024

2023-003 Financial Statement Adjustment, Close, and Disclosure

Finding 2023-003 emphasizes the “increasing complexity of financial reporting requirements", and it includes other notations that generally describe the difficulties encountered by the City in its financial accounting functions. Other points, including the need for a formal process for ensuring the accuracy and completeness of various peripheral systems and reconciliation procedures, are, in the opinion of the Administration, valid concerns.

As noted in our response to findings 2023-001 and 2023-002, the City has purchased financial software, which became operational on January 1, 2021. The Accounting staff has endeavored to produce timely and reliable budgetary basis accounting reports in the interim and has facilitated improved conversion procedures as far as practicable until new software is fully functional. The final module, Water Billings, became operational October 7, 2023.

Name of Responsible Person:	Lisa Hanson, Comptroller
Expected Date of Completion:	Fall 2024

2023-004 Water and Sewer Customer Accounts Receivable

The Administration implemented procedures to prepare and reconcile water and sewer customer accounts receivable activity. Due to deficiencies with current billing and financial software, some data is not accessible or has not been captured, making manual capture of the data on subsidiary spreadsheets necessary. Along with financial software upgrades, new billing software became operational on October 7, 2023. This will enable seamless communication with the Accounting Department to properly capture financial data and provide more detailed information on outstanding balance, aging of accounts receivable, and allowance for doubtful accounts.

Name of Responsible Person:	Allen Howe, Director of Water and Sewer
Name of Department Contact:	Wanda Turner, Office Manager
Estimated Date of Completion:	Fall 2024

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Auditee Corrective Action Plan (Cont.)

2023-005 Capital Assets

The City has implemented a system of policies and procedures for accounting for capital assets pending implementation of financial software which will be able to capture this information seamlessly as part of the financial transactions. The current system can accommodate both approved construction projects and acquisitions of assets achieved outside the routine cash disbursement process, as well as any contributions or transfers of fixed assets to the City. Periodic review by the City's management team for the identification of impaired assets or assets no longer in service is performed to ensure that capitalization policies and procedures are followed. Greater accountability for accuracy of capital assets will be available when new software is fully implemented. The financial software module became fully operational on January 1, 2021. It has many additional reporting capabilities, which are being utilized to track capital assets and provide more detailed reporting.

Name of Responsible Person:	Malcolm Berch, Chief Financial Officer; Ann Jones, Chief Administrative Officer
Name of Department Contact:	Lamar Rutland, Director of Engineering; Lisa Hanson, Comptroller
Estimated Date of Completion:	Fall 2024

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CITY OF HATTIESBURG, MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2023

MAYOR
Toby Barker

COUNCIL - WARD ONE
Jeffrey George
COUNCIL - WARD TWO
Deborah Denard Delgado
COUNCIL - WARD THREE
Carter Carroll
COUNCIL - WARD FOUR
Dave Ware
COUNCIL - WARD FIVE
Nicholas Brown

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

The following is an update of the prior audit findings and is prepared in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

2022-001 Entity-Level Control Environment and Risk Assessment Process

Condition - This finding was a material weakness stating that entity-wide controls and procedures were not effectively initiated or implemented for corrective actions in response to material weaknesses and significant deficiencies in internal control identified in its financial statement audit for the year ended September 30, 2022.

Recommendation - The auditor recommended that the City take steps to implement corrective actions for identified material weaknesses and significant deficiencies in internal controls.

Current Status - In early 2018, the Administration implemented changes to the organizational structure, adding a Department of Finance and Procurement, and assigning responsibility for this function to the Chief Financial Officer. The Accounting and Purchasing departments continue to operate under the supervision of the City Clerk and coordination with the Chief Financial Officer. An additional accountant was hired and serves as liaison with the various city departments to ensure greater accountability and documentation of ongoing projects.

2022-002 Entity-Level Information, Communication and Monitoring

Condition - This finding was a material weakness stating that entity-wide controls and procedures did not effectively ensure that all information relevant to the financial reporting process was timely identified and communicated for assessment of financial reporting impact and for assimilation into the financial reporting process.

Recommendation - The auditor recommended that the City formalize its information, communications, and monitoring processes to ensure that data from external and internal sources is timely captured, retained, and available for financial reporting purposes. Management concurred with the recommendation and indicated that the procedures would be implemented.

CITY OF HATTIESBURG • POST OFFICE BOX 1898 • HATTIESBURG, MISSISSIPPI • 39403-1898

Summary Schedule of Prior Audit Findings Year Ended September 30, 2023 (Cont.)

Current Status - As mentioned in the current status to Finding 2022-001, the additional accountant hired has been assigned the responsibility of communicating with various city departments to ensure proper capture and documentation of financial information on various projects. This position is responsible for compiling and documenting information for federal awards, and preparation and maintenance of supplementary spreadsheets has been developed and is being utilized at this time. City Administration acknowledges that updating the financial software is necessary in order to properly report financial information in accordance with generally accepted accounting principles, and the Administration has purchased new software and is currently engaged in training and subsequent implementation. The financial software became fully operational on January 1, 2021.

2022-003 Financial Statement Adjustment, Close, and Disclosure

Condition - This finding was a material weakness stating that the City's internal accounting controls were not sufficient to ensure that transactions and account balances were properly reported in conformity with bases of accounting required by generally accepted accounting principles .

Recommendation - The auditor recommended that the City assess the quality of existing peripheral processes and implement effective control procedures to ensure that data maintained therein is accurate and that errors or irregularities are prevented or timely detected and corrected. Management concurred with the recommendation and indicated that the procedures would be implemented.

Current Status - As stated in the current status to Finding 2022-002, a needs assessment and subsequent selection and implementation of updated financial software has been completed and new software purchased. The financial software module became fully operational on January 1, 2021. The payroll module became operational on July 1, 2021. The Municipal Court module became operational November 1, 2021, and the Water Billings module became operational on October 7, 2023. The Administration acknowledges that during the period 2014 – 2018, staffing changes due to retirements resulted in loss of institutional knowledge which had, in the past, afforded timely and accurate production of financial information at year-end. The Administration has taken steps to provide the needed support and institutional knowledge to ensure improvement in this area through the hiring process and subsequent training of current staff.

2022-004 Water and Sewer Customer Accounts Receivable

Condition - This finding was a material weakness stating that the City's internal controls for recording and reconciling customer account balances outstanding are not sufficient to ensure that account balances are accurate and reflect valid amounts receivable and that collectability is properly evaluated.

Recommendation - The auditor recommended that the City develop and implement procedures to routinely prepare and reconcile Water and Sewer customer accounts receivable activity and balances at each interim period and that formal analysis of collectability of outstanding balances should be prepared to estimate the related allowance for doubtful accounts. Management concurred with the recommendation and indicated that the procedures would be implemented.

Summary Schedule of Prior Audit Findings Year Ended September 30, 2023 (Cont.)

Current Status - The Administration adjusted the organization structure of the Water and Sewer Department by placing responsibility for the Billing Office with the Water and Sewer Director. (It was previously the responsibility of the Director of Administration.) Review of current procedures has been completed, and adjustments have been made for better accountability and communication with the service departments. An outside company has been contracted with to aid in evaluation of water meter performance in order to assess lost revenue. Non-functioning meters are being replaced. New procedures are assessed after implementation to determine their viability, and adjustments are made as needed.

2022-005 Capital assets

Condition - This finding was a material weakness stating that the City did not appropriately identify and accurately capture, maintain, and report activity and balances relating to capital assets.

Recommendation - The auditor recommended that the City implement policies and procedures to initially identify capital asset transactions, enhance detail data maintained, perform periodic reconciliations of detail, review propriety of account coding, and review for indicated impairment. Management concurred with the recommendation and indicated that the procedures would be implemented.

Current Status - New financial software was implemented on January 1, 2021, which will capture the capital asset information during the procurement process. Other staff, such as the Engineer and Chief Financial Officer, as well as engineer consultants, may be included when assessing potential impairment as well as reporting construction in progress.

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

To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

We have audited the basic financial statements of the City of Hattiesburg, Mississippi as of and for the year ended September 30, 2023, and have issued our report dated June 25, 2024. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 the objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding 1 - Fixed Asset Accounting

The City's procedures for determining the total acquisition cost of fixed assets and maintaining fixed asset detail did not comply with accounting system procedures prescribed by the Municipal Auditing and Accounting Guide. Noncompliance with prescribed fixed asset accounting procedures is a recurring finding.

Criteria, Context, and Condition

The property accounting system must follow prescribed procedures for recording acquisition cost of fixed assets, and certain professional fees, such as appraisal, architectural, engineering, and legal fees, should also be capitalized into fixed asset records. Additionally, the City's property accounting system must maintain the required fixed asset data elements as listed in the Municipal Auditing and Accounting Guide.

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To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

Recommendation

The Administration should implement procedures to properly capture and maintain fixed asset detail, including the required data elements, in accordance with prescribed procedures.

Response

The City Administration agrees with this finding, and management had implemented a temporary corrective action plan to address all fixed asset recordkeeping requirements. New financial software was implemented on January 1, 2021, which will satisfy recording requirements.

Finding 2 - Annual Inventory of Assets

The City did not maintain a complete annual inventory of its assets in accordance with the guidelines established by the Office of the State Auditor. Noncompliance with the annual inventory completion guidelines is a recurring finding.

Criteria, Context, and Condition

The Municipal Audit and Accounting Guide published by the State of Mississippi Office of the State Auditor requires municipalities to conduct a “thorough inventory of all fixed assets” at the end of each fiscal year in order to verify the existence of all fixed assets. The Municipal Audit and Accounting Guide also prescribes inventory procedures to be followed, including the assignment of the general oversight of the inventory process to an appropriate municipal officer, the use of inventory forms and a tagging system, and the investigation of discrepancies and missing inventory tags.

Recommendation

The City should follow the specific instructions of the Municipal Audit and Accounting Guide in order to update the City inventory records. This process, as prescribed by the Office of the State Auditor, must be considered to be an important legal compliance procedure that must be performed at the end of each fiscal year.

Response

The City Administration agrees with this finding and has implemented procedures to update the City’s detailed fixed asset inventory records. Additionally, the prescribed update of inventory records will be completed at the end of each fiscal year on a timely basis.

[See Schedule 27 - Schedule of Findings and Questioned Costs.]

To the Honorable Mayor and Members of the City Council
City of Hattiesburg, Mississippi

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City of Hattiesburg, Mississippi's management, Honorable Mayor and Members of the City Council, and the Mississippi Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

TMH

Hattiesburg, Mississippi
June 25, 2024

STATISTICAL INFORMATION
(UNAUDITED)

TABLE 1

CITY OF HATTIESBURG, MISSISSIPPI

NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	$ 140,919,248	$ 113,644,022	$ 93,576,562	$ 68,207,984	$ 76,522,662	$ 106,200,635	$ 114,719,895	$ 100,533,244	$ 110,313,874	$ 108,266,535
Restricted for:										
Debt service	7,517,124	7,674,336	8,610,167	9,766,038	8,817,108	7,169,815	6,162,469	4,100,910	4,067,078	3,764,608
Capital projects	1,590,224	10,741,492	21,339,899	30,834,556	-	-	-	-	-	50,515
Other purposes	-	-	-	-	-	-	-	-	-	1,794,732
Federal program	-	-	-	-	-	-	-	-	1,913,562	10,593
Unrestricted	(40,563,488)	(43,728,353)	(50,290,511)	(58,126,369)	(31,910,542)	(56,327,118)	(57,378,373)	(37,764,759)	(46,057,590)	12,182,338
Governmental activities net position	$ 109,463,108	$ 88,331,497	$ 73,236,117	$ 50,682,209	$ 53,429,228	$ 57,043,332	$ 63,503,991	$ 66,869,395	$ 70,236,924	$ 126,069,321
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	$ 75,653,861	$ 70,132,697	$ 66,705,055	$ 62,836,484	$ 50,999,854	$ 39,832,512	$ 29,709,397	$ 23,460,573	$ 44,493,366	$ 60,747,195
Restricted for:										
Debt service	9,642,063	8,039,394	4,987,900	6,373,573	8,094,960	8,094,960	7,685,090	-	4,833,982	4,838,130
Capital projects	185,172	3,455,873	6,148,826	6,328,731	-	-	-	-	-	-
Unrestricted	(2,605,074)	(3,876,868)	(4,502,625)	(5,091,662)	5,234,042	13,933,041	21,938,437	33,737,335	(921,448)	4,758,857
Business-type activities net position	$ 82,876,022	$ 77,751,096	$ 73,339,156	$ 70,447,126	$ 64,328,856	$ 61,860,513	$ 59,332,924	$ 57,197,908	$ 48,405,900	$ 70,344,182
PRIMARY GOVERNMENT:										
Net investment in capital assets	$ 216,573,109	$ 183,776,719	$ 160,281,617	$ 131,044,468	$ 127,522,516	$ 146,033,147	$ 144,429,292	$ 123,993,817	$ 154,807,240	$ 169,013,730
Restricted for:										
Debt service	17,159,187	15,713,730	13,598,067	16,139,611	16,912,068	15,264,775	13,847,559	4,100,910	8,901,060	8,602,738
Capital projects	1,775,396	14,197,365	27,488,725	37,163,287	-	-	-	-	-	50,515
Other purposes	-	-	-	-	-	-	-	-	-	1,794,732
Federal program	-	-	-	-	-	-	-	-	1,913,562	10,593
Unrestricted	(43,168,562)	(47,605,221)	(54,793,136)	(63,218,031)	(26,676,500)	(42,394,077)	(35,439,936)	(4,027,424)	(46,979,038)	16,941,195
Primary government net position	$ 192,339,130	$ 166,082,593	$ 146,575,273	$ 121,129,335	$ 117,758,084	$ 118,903,845	$ 122,836,915	$ 124,067,303	$ 118,642,824	$ 196,413,503

See independent auditor's report.

TABLE 2

CITY OF HATTIESBURG, MISSISSIPPI

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES:										
General government	$ 12,282,057	$ 11,296,096	$ 8,893,046	$ 9,706,192	$ 9,856,181	$ 10,331,281	$ 9,454,614	$ 8,601,383	$ 11,569,276	$ 7,641,758
Public safety	32,315,379	26,353,567	24,956,253	27,025,859	27,096,070	24,554,459	24,876,846	24,355,235	20,821,509	21,476,883
Public services	14,425,099	16,242,403	16,226,202	17,317,329	19,589,388	18,216,227	22,301,631	20,621,611	16,434,765	15,253,508
Other services	1,673,393	1,921,637	1,792,825	1,388,068	1,579,771	1,395,047	1,429,409	980,641	2,093,259	1,847,824
Mass transit	2,825,922	1,969,988	2,343,864	2,154,841	2,380,293	1,802,171	1,901,374	1,861,405	1,217,110	1,203,191
Cultural and recreation	12,775,390	13,918,797	12,163,054	6,393,310	5,565,089	4,893,041	4,336,206	4,298,347	4,323,579	4,039,345
Human/social assistance	1,018,994	584,345	626,487	475,730	576,634	947,143	772,346	746,355	712,985	1,130,925
Economic development	4,623,506	2,181,782	1,037,317	4,353,707	1,070,757	305,000	255,000	5,319,409	208,115	286,500
Interest and fiscal charges	2,948,926	2,830,886	2,840,774	2,161,961	1,644,427	960,978	1,119,296	976,120	990,023	893,887
Total governmental activities expenses	84,888,666	77,299,501	70,879,822	70,976,997	69,358,610	63,405,347	66,446,722	67,760,506	58,370,621	53,773,821
BUSINESS-TYPE ACTIVITIES:										
Water and sewer system	20,224,846	18,532,482	18,480,336	16,039,290	17,715,761	17,568,985	16,373,370	18,507,187	31,166,774	14,349,426
Interest and fiscal charges	1,915,151	2,261,973	2,243,984	2,177,472	2,296,933	2,446,012	2,389,665	2,197,054	2,235,365	2,034,814
Total business-type activities expenses	22,139,997	20,794,455	20,724,320	18,216,762	20,012,694	20,014,997	18,763,035	20,704,241	33,402,139	16,384,240
Total primary government expenses	$ 107,028,663	$ 98,093,956	$ 91,604,142	$ 89,193,759	$ 89,371,304	$ 83,420,344	$ 85,209,757	$ 88,464,747	$ 91,772,760	$ 70,158,061
PROGRAM REVENUES:										
Governmental Activities:										
Charges for services	$ 3,022,377	$ 2,912,260	$ 3,283,403	$ 3,063,373	$ 2,640,705	$ 3,986,607	$ 3,827,142	$ 4,843,653	$ 3,854,495	$ 5,718,952
Operating grants and contributions	7,394,730	4,738,050	11,008,590	4,212,115	3,814,222	4,433,288	6,598,716	4,886,946	4,614,942	4,783,239
Capital grants and contributions	15,106,733	8,480,701	744,993	2,901,877	2,262,474	1,227,481	1,519,484	437,183	25,901,537	3,669,922
Total governmental activities program revenues	25,523,840	16,131,011	15,036,986	10,177,365	8,717,401	9,647,376	11,945,342	10,167,782	34,370,974	14,172,113
Business-Type Activities:										
Charges for services	28,109,349	25,286,827	23,687,770	23,121,868	21,947,492	22,821,070	20,748,288	20,627,608	17,086,586	16,361,169
Operating grants and contributions	-	-	356,025	-	-	228,348	-	38,718	-	-
Capital grants and contributions	70,824	322,567	-	-	-	-	-	-	474,084	1,407,145
Total business-type activities program revenues	28,180,173	25,609,394	24,043,795	23,121,868	21,947,492	23,049,418	20,748,288	20,666,326	17,560,670	17,768,314
Total primary government program revenues	$ 53,704,013	$ 41,740,405	$ 39,080,781	$ 33,299,233	$ 30,664,893	$ 32,696,794	$ 32,693,630	$ 30,834,108	$ 51,931,644	$ 31,940,427

See independent auditor's report.

TABLE 2
PAGE TWO

CITY OF HATTIESBURG, MISSISSIPPI

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROGRAM REVENUES (Cont.):										
Net Revenues (Expenses):										
Governmental activities	$ (59,364,826)	$ (61,168,490)	$ (55,842,836)	$ (60,799,632)	$ (60,641,209)	$ (53,757,971)	$ (54,501,380)	$ (57,592,724)	$ (23,999,647)	$ (39,601,708)
Business-type activities	6,040,176	4,814,939	3,319,475	4,905,106	1,934,798	3,034,421	1,985,253	(37,915)	(15,841,469)	1,384,074
Total primary government net revenues (expenses)	$ (53,324,650)	$ (56,353,551)	$ (52,523,361)	$ (55,894,526)	$ (58,706,411)	$ (50,723,550)	$ (52,516,127)	$ (57,630,639)	$ (39,841,116)	$ (38,217,634)
GENERAL REVENUES AND OTHER CHANGES:										
Governmental Activities:										
Property taxes	$ 26,320,264	$ 25,755,700	$ 24,974,297	$ 23,958,334	$ 23,540,801	$ 22,260,336	$ 20,782,953	$ 19,777,229	$ 17,947,847	$ 17,685,196
Sales taxes	43,385,347	41,536,982	38,178,658	26,071,784	22,767,871	22,688,619	22,440,431	21,824,103	22,375,186	21,777,709
Franchise and other taxes	4,902,849	4,668,067	4,328,609	4,128,012	5,324,082	4,319,076	4,228,559	4,221,931	4,613,330	4,728,782
Grants and contributions (not restricted)	30,600	223,005	35,384	63,319	39,254	41,100	98,932	34,000	-	-
Unrestricted investment earnings	286,988	151,528	277,839	459,852	239,531	275,691	227,856	171,400	180,344	181,505
Other local sources	2,780,639	2,295,430	2,443,770	2,265,825	2,034,815	2,139,629	2,441,347	2,371,106	634,572	454,117
Miscellaneous revenues	1,491,838	480,409	3,005,101	492,016	909,020	548,540	1,889,376	3,465,856	664,028	1,002,980
Gain (loss) on sale of assets	8,512	27,254	-	2,045	49,277	4,529	1,484	24,104	373,707	77,984
Transfers, net	824,000	91,492	824,000	500,000	-	500,000	306,908	(56,908)	-	-
Transfers, component unit	465,401	867,187	5,080,315	111,426	498,201	127,849	24,733	885,597	-	-
Total governmental activities	80,496,438	76,097,054	79,147,973	58,052,613	55,402,852	52,905,369	52,442,579	52,718,418	46,789,014	45,908,273
Business-type Activities:										
Unrestricted investment earnings	339,743	99,014	154,954	384,563	413,039	300,545	99,295	44,846	13,769	10,144
Miscellaneous revenues	-	371,237	121,057	-	-	98,280	200,116	80,270	32,972	207,496
Gain (loss) on sale of assets	-	(6,063)	-	103,917	120,506	-	-	11,822	-	-
Transfers, net	(824,000)	(867,187)	(824,000)	(500,000)	-	(500,000)	(306,908)	56,908	-	-
Total business-type activities	(484,257)	(402,999)	(547,989)	(11,520)	533,545	(101,175)	(7,497)	193,846	46,741	217,640
Total primary government general revenues and other changes	80,012,181	75,694,055	78,599,984	58,041,093	55,936,397	52,804,194	52,435,082	52,912,264	46,835,755	46,125,913
CHANGE IN NET POSITION										
Governmental activities	21,131,611	14,928,564	23,305,137	(2,747,019)	(5,238,357)	(852,602)	(2,058,801)	(4,874,306)	22,789,367	6,306,565
Business-type activities	5,555,919	4,411,940	2,771,486	4,893,586	2,468,343	2,933,246	1,977,756	155,931	(15,794,728)	1,601,714
Total primary government	$ 26,687,530	$ 19,340,504	$ 26,076,623	$ 2,146,567	$ (2,770,014)	$ 2,080,644	$ (81,045)	$ (4,718,375)	$ 6,994,639	$ 7,908,279

See independent auditor's report.

TABLE 3

CITY OF HATTIESBURG, MISSISSIPPI

FUND BALANCES - GOVERNMENTAL FUNDS (1) (2)
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	$ 812,866	$ 602,799	$ 558,107	$ 491,865	$ 488,309	$ 440,194	$ 454,574	$ 569,541	$ 435,392	$ 386,595
Restricted	-	-	-	-	-	-	-	-	-	10,593
Committed	-	-	-	-	-	-	-	-	1,913,562	-
Assigned	905,060	721,792	881,366	1,009,152	433,854	1,180,819	647,722	636,600	1,051,324	2,587,414
Unassigned	20,873,882	20,745,467	16,039,658	10,459,184	11,325,345	8,842,361	9,723,508	9,246,396	4,312,475	4,797,067
Total general fund	22,591,808	22,070,058	17,479,131	11,960,201	12,247,508	10,463,374	10,825,804	10,452,537	7,712,753	7,781,669
% Change from Prior Year	2.4%	26.3%	46.1%	-2.3%	17.1%	-3.3%	3.6%	35.5%	-0.9%	1.4%
Other Governmental Funds:										
Debt service funds										
Restricted	7,517,124	7,674,336	8,610,167	9,766,038	8,817,108	7,169,815	6,162,469	4,100,910	4,067,078	3,764,608
Special revenue funds										
Restricted	14,608,581	13,306,681	10,347,062	3,492,840	2,997,574	3,627,303	3,719,558	8,272,804	2,298,861	1,842,847
Committed	754,170	970,123	809,909	1,424,596	1,439,137	1,573,334	1,309,663	1,003,527	1,402,252	1,566,729
Unassigned	(618,280)	(401,986)	(618,953)	(409,860)	94,721	(153,611)	(269,240)	(53,901)	(1,913,562)	(10,593)
Capital projects funds										
Restricted	7,995,956	11,319,143	21,339,899	33,543,725	26,544,491	-	104,862	426,237	2,414	2,400
Total other governmental funds	30,257,551	32,868,297	40,488,084	47,817,339	39,893,031	12,216,841	11,027,312	13,749,577	5,857,043	7,165,991
Total governmental funds	$ 52,849,359	$ 54,938,355	$ 57,967,215	$ 59,777,540	$ 52,140,539	$ 22,680,215	$ 21,853,116	$ 24,202,114	$ 13,569,796	$ 14,947,660
% Change from Prior Year	-3.8%	-5.2%	-3.0%	14.6%	129.9%	3.8%	-9.7%	78.4%	-9.2%	5.4%

(1) This schedule reports using the modified accrual basis of accounting. See Table 4 for changes in fund balances from year to year.
(2) Under GASB Statement No. 54 the balance sheet reporting categories are based upon a hierarchy of classifications based upon the constraints on resources reported in the funds.
The City's debt service and capital project fund balances are presented as restricted due to the underlying statutory spending requirements in Mississippi applicable to debt repayment resources and debt proceeds.

TABLE 4

CITY OF HATTIESBURG, MISSISSIPPI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
REVENUE:										
Property taxes	$ 26,028,978	$ 25,496,691	$ 24,620,679	$ 23,894,700	$ 22,681,906	$ 21,960,274	$ 20,359,735	$ 19,431,748	$ 17,786,031	$ 17,761,953
Sales taxes	43,777,560	41,273,931	37,114,919	25,616,472	23,466,400	22,685,867	22,443,414	21,893,993	22,326,946	21,654,593
Licenses and permits	4,699,112	4,471,382	4,147,534	3,977,940	4,199,022	4,128,281	4,035,805	4,098,361	4,436,024	4,458,451
Fines and forfeitures	831,640	797,930	1,144,880	887,901	842,406	1,228,565	1,301,651	1,682,040	2,233,379	1,895,137
Interest, rents, concessions	389,163	239,678	340,214	580,153	301,539	236,519	267,967	102,171	107,701	119,886
Intergovernmental	20,611,242	13,839,941	13,984,573	7,527,343	7,031,206	7,348,343	10,190,234	10,390,045	4,751,144	8,484,671
Charges for services	3,490,123	2,765,542	2,752,731	2,827,886	3,480,832	2,984,753	2,585,219	2,661,173	2,494,796	2,570,846
Other revenues	1,432,010	643,017	2,953,001	2,150,765	1,054,970	694,686	1,060,847	1,069,997	2,845,545	1,160,908
Total revenues	101,259,828	89,528,112	87,058,531	67,463,160	63,058,281	61,267,288	62,244,872	61,329,528	56,981,566	58,106,445
% Change from prior year	13.1%	2.8%	29.0%	7.0%	2.9%	-1.6%	1.5%	7.6%	-1.9%	0.9%
EXPENDITURES:										
General government	11,177,328	17,530,040	8,275,236	8,632,566	8,962,684	9,153,798	10,993,323	14,721,956	8,318,077	7,045,870
Public safety	29,404,575	29,393,324	34,928,718	36,428,826	28,464,357	22,658,017	23,163,301	23,608,888	20,149,021	20,861,852
Public services	31,878,092	25,758,098	21,601,233	17,313,230	14,960,568	15,364,390	17,980,097	14,762,421	14,389,762	14,639,074
Other services	1,722,718	2,550,036	1,690,064	4,027,278	2,506,484	2,450,199	2,286,430	2,398,528	3,905,401	2,545,714
Mass transit	4,202,875	1,882,615	1,844,163	1,812,822	2,879,909	1,705,775	1,487,305	1,209,658	977,307	1,375,538
Cultural and recreation	21,201,457	14,013,036	13,105,995	5,738,746	4,499,734	3,987,521	4,113,007	4,292,584	4,015,886	4,105,118
Human/Social assistance	959,907	522,631	869,234	592,384	719,143	537,870	924,065	961,856	954,584	1,116,530
Economic development	4,623,506	2,181,782	1,027,108	4,303,846	1,463,626	305,000	255,000	5,319,409	208,115	2,464,222
Debt service:										
Principal	2,692,594	3,448,171	3,946,648	4,487,087	3,173,778	4,142,355	3,858,694	10,325,679	5,198,449	5,356,375
Interest and fiscal charges	2,828,742	2,925,236	3,003,771	2,407,749	1,582,433	3,214,294	1,446,252	818,052	1,018,199	987,934
Total expenditures	110,691,794	100,204,969	90,292,170	85,744,534	69,212,716	63,519,219	66,507,474	78,419,031	59,134,801	60,498,227
% Change from prior year	10.5%	11.0%	5.3%	23.9%	9.0%	-4.5%	-15.2%	32.6%	-2.3%	2.5%
EXCESS OF REVENUE (UNDER) EXPENDITURES	(9,431,966)	(10,676,857)	(3,233,639)	(18,281,374)	(6,154,435)	(2,251,931)	(4,262,602)	(17,089,503)	(2,153,235)	(2,391,782)
OTHER FINANCING SOURCES (USES):										
Proceeds from long-term debt	5,500,000	-	-	25,863,151	34,191,292	444,291	-	24,817,411	-	-
Proceeds from leases	-	6,644,530	-	-	-	-	-	-	-	-
Proceeds from subscription based intangible assets	115,500	-	-	-	-	-	-	-	-	-
Bond issuance professional fees	-	-	-	(622,825)	(597,054)	-	-	-	-	-
Proceeds from sale of capital assets	713,826	42,289	19,161	2,045	49,277	-	-	-	-	-
Compensation for loss of capital assets	-	-	-	-	275,365	-	-	-	-	-
Transfers from other funds	3,916,495	4,623,024	3,721,321	5,375,526	5,192,145	5,093,226	4,072,890	3,699,759	3,540,140	4,112,759
Transfers to other funds	(3,092,495)	(3,755,837)	(2,897,321)	(4,875,526)	(5,192,145)	(4,593,226)	(3,765,982)	(3,631,543)	(3,215,016)	(3,713,424)
Other sources	189,644	93,994	106,128	176,004	71,626	2,364,217	1,606,696	2,836,194	450,247	2,755,077
Net other financing sources	7,342,970	7,648,000	949,289	25,918,375	33,990,506	3,308,508	1,913,604	27,721,821	775,371	3,154,412
NET CHANGE IN FUND BALANCES	$ (2,088,996)	$ (3,028,857)	$ (2,284,350)	$ 7,637,001	$ 27,836,071	$ 1,056,577	$ (2,348,998)	$ 10,632,318	$ (1,377,864)	$ 762,630
Debt service as % of non-capital expenditures	5.2%	6.8%	8.3%	8.7%	7.4%	13.1%	8.7%	16.6%	11.7%	11.7%

See independent auditor's report.

TABLE 5

CITY OF HATTIESBURG, MISSISSIPPI

GOVERNMENTAL FUNDS - TAX REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes	Sales Taxes (City's Share)	Total - Property and Sales Taxes	Gross Sales Subject to Sales Taxes (Per State Sales Tax Bureau)
2023	$ 26,028,978	$ 43,777,560	$ 69,806,538	$ 4,281,904,430
2022	25,496,691	41,273,931	66,770,622	4,039,532,481
2021	24,620,679	37,114,919	61,735,598	3,718,480,886
2020	23,894,700	25,616,472	49,511,172	3,324,887,711
2019	22,681,906	23,466,400	46,148,306	4,489,602,379
2018	21,960,274	22,685,867	44,646,141	4,355,905,873
2017	20,359,735	22,408,645	42,768,380	4,150,726,114
2016	19,431,748	21,862,011	41,293,759	4,071,245,759
2015	17,786,031	22,301,782	40,087,813	3,675,561,903
2014	17,761,953	21,630,769	39,392,722	3,650,169,764
% Change in dollars over the 10 year period	2.09%	6.07%	4.55%	6.00%

(1) This schedule reports using the modified accrual basis of accounting.

See independent auditor's report.

Gross Sales Subject to Sales Taxes By County - Forrest	(%)	Gross Sales Subject to Sales Taxes By County - Lamar	(%)	Component Unit - 2% Food & Beverage Tax
$ 2,539,350,606	59%	$ 1,742,553,824	41%	$ 7,096,423
2,404,104,345	60%	1,635,428,136	40%	6,709,664
2,198,190,661	59%	1,520,290,225	41%	6,381,526
2,013,594,249	61%	1,311,293,462	39%	5,919,339
2,676,657,067	60%	1,812,945,312	40%	6,381,526
2,591,355,312	59%	1,764,550,561	41%	5,387,604
2,418,705,512	58%	1,732,020,602	42%	5,224,823
2,321,862,820	57%	1,749,382,939	43%	4,849,927
2,103,530,476	57%	1,572,031,427	43%	4,825,364
2,128,804,157	58%	1,521,365,607	42%	4,636,322
5.63%		6.55%		5.76%

TABLE 6

CITY OF HATTIESBURG, MISSISSIPPI

DIRECT AND OVERLAPPING PROPERTY TAX RATES - FORREST AND LAMAR COUNTIES
LAST TEN FISCAL YEARS

FORREST COUNTY:

		City of Hattiesburg				Hattiesburg School District				
Year Ended Sept. 30,	Tax Roll Year	Operations	City Bond & Interest	Other (Library & Pension Fund)	City-Total	Hattiesburg School District Operations	School Bond & Interest Taxes	Schools-Total	Forrest County Taxes	Total
2014	2013	34.60	7.00	5.82	47.42	56.54	8.35	64.89	61.18	173.49
2015	2014	34.60	7.00	5.82	47.42	56.54	8.35	64.89	61.18	173.49
2016	2015	37.60	7.00	4.92	49.52	57.45	7.44	64.89	63.17	177.58
2017	2016	36.20	7.50	5.82	49.52	57.45	8.35	65.80	65.19	180.51
2018	2017	42.30	5.80	5.28	53.38	55.00	7.10	62.10	66.19	181.67
2019	2018	44.10	4.00	5.03	53.13	56.60	7.50	64.10	65.70	182.93
2020	2019	44.33	4.00	4.80	53.13	56.60	7.50	64.10	65.06	182.29
2021	2020	43.85	4.50	4.78	53.13	58.33	7.75	66.08	65.50	184.71
2022	2021	43.32	5.00	4.81	53.13	58.33	7.75	66.08	65.50	184.71
2023	2022	44.15	5.00	3.98	53.13	58.33	7.75	66.08	65.50	184.71

LAMAR COUNTY:

		City of Hattiesburg				Hattiesburg School District				
Year Ended Sept. 30,	Tax Roll Year	Operations	City Bond & Interest	Other (Library & Pension Fund)	City - Total	Hattiesburg School District Operations	School Bond & Interest Taxes	Schools-Total	Lamar County Taxes	Total
2014	2013	34.60	7.00	5.82	47.42	56.54	8.35	64.89	50.83	163.14
2015	2014	34.60	7.00	5.82	47.42	56.54	8.35	64.89	50.65	162.96
2016	2015	37.60	7.00	4.92	49.52	57.45	7.44	64.89	50.65	165.06
2017	2016	36.20	7.50	5.82	49.52	57.45	8.35	65.80	54.17	169.49
2018	2017	42.30	5.80	5.28	53.38	55.00	7.10	62.10	53.38	168.86
2019	2018	44.10	4.00	5.03	53.13	56.60	7.50	64.10	53.00	170.23
2020	2019	44.33	4.00	4.80	53.13	56.60	7.50	64.10	51.00	168.23
2021	2020	43.85	4.50	4.78	53.13	58.33	7.75	66.08	52.40	171.61
2022	2021	43.32	5.00	4.81	53.13	58.33	7.75	66.08	53.00	172.21
2023	2022	44.15	5.00	3.98	53.13	58.33	7.75	66.08	63.18	182.39

See independent auditor's report.

TABLE 7

CITY OF HATTIESBURG, MISSISSIPPI

TOP TEN PROPERTY TAXPAYERS
PROPERTY TAXES ASSESSED IN FISCAL YEAR 2022, COLLECTED FISCAL YEAR 2023

Taxpayer	Type of Business	Assessment	Percentage of Total Assessed Valuation	Taxes
Wesley Health System	Health Care	$ 5,929,525	1.1%	$ 959,525
Hattiesburg Clinic	Health Care	4,999,385	0.9%	905,139
Turtle Creek Limited Partnership	Commercial	4,872,642	0.9%	788,540
TCSC LLC	Commercial	4,724,873	0.9%	774,076
The Met Apartments	Commercial	4,604,729	0.9%	754,393
Reserve at Park Place	Commercial	3,431,564	0.6%	562,193
Cross Creek MultiFamily	Commercial	3,459,305	0.6%	559,819
NPRC Twin Oaks LLC	Commercial	3,369,752	0.6%	552,066
The Lakes at Turtle Creek	Commercial	2,966,461	0.6%	481,221
Parkwest III Apartments LLC	Commercial	2,819,228	0.5%	461,874
Total of top ten taxpayers		41,177,464	7.7%	
Tax roll total - all other taxpayers		493,783,121	92.3%	
Total taxable assessed values for FY 2023		$ 534,960,585	100.0%	

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TABLE 8

CITY OF HATTIESBURG, MISSISSIPPI

COMPUTATION OF LEGAL DEBT MARGIN USING MOST CURRENT TAX ROLLS
SEPTEMBER 30, 2023

		15% Test	20% Test
Property tax base valuation as prepared by Tax Assessors during the summer months of 2022 for Property Taxes to be Collected in FY 2023		$ 534,960,585	$ 534,960,585
Times Applicable %		X 15%	X 20%
Product of Tax Base Times Applicable Percentage	(a)	80,244,088	106,992,117
Present General Obligation Debt Subject to Statutory Debt Limits:			
General obligation bonds outstanding at September 30, 2023		61,680,568	61,680,568
Less: exempt bonds		(9,152,722)	(9,152,722)
Add: water and sewer general obligation bonds		n/a	2,465,494
Total general obligation debt outstanding	(b)	52,527,846	54,993,340
Margin for Additional General Obligation Debt - (a) minus (b)		$ 27,716,242	$ 51,998,777

The City is subject to the limitations of indebtedness prescribed by MS Code Section 21-33-303. No municipality may issue bonds secured by a pledge of its full faith and credit in an amount which, when added to the then outstanding bonded indebtedness of such municipality, would exceed the 15% and 20% tests prescribed in that Code Section. These percentages are applied to the assessed value of the taxable property within such municipality, with certain types of municipal debt excluded from the authorized debt limit tests. Excluded from this test would be tax increment financing bonds, water and sewer revenue bonds, debt secured by tax intercept agreements (sales tax collections, as opposed to the property tax base) and leases subject to annual appropriations.

The municipality is limited to the smaller of the two calculated percentages, and as of September 30, 2023 the 15% test would apply with a calculated margin for additional general obligation debt in the amount of $27,716,242.

TABLE 9

CITY OF HATTIESBURG, MISSISSIPPI

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

Year Ended Sept. 30,	Population	Assessed Value	Bonded General Obligation Debt	Less: Bonded Debt Service Funds Available	Net Bonded General Obligation Debt	Ratio of G.O. Bonded Debt to Assessed Values	Net General Obligation Debt Per Capita
2014	46,379	$ 425,665,993	$ 25,100,170	$ 3,764,608	$ 21,335,562	5.01%	$ 460
2015	46,396	417,449,613	21,463,521	4,067,078	17,396,443	4.17%	375
2016	46,481	426,507,409	23,295,987	4,100,910	19,195,077	4.50%	413
2017	46,377	457,006,290	25,777,493	6,162,469	19,615,024	4.29%	423
2018	46,377	453,836,138	20,896,272	5,973,993	14,922,279	3.29%	322
2019	45,951	461,766,340	52,652,897	8,817,108	43,835,789	9.49%	954
2020	45,863	470,634,425	74,400,767	9,766,038	64,634,729	13.73%	1,409
2021	48,731	483,133,099	70,675,144	8,610,167	62,064,977	12.85%	1,274
2022	48,455	490,053,946	67,695,201	7,674,336	60,020,865	12.25%	1,239
2023	48,414	534,960,585	52,527,846	7,517,124	45,010,722	8.41%	930

See independent auditor's report.

TABLE 10

CITY OF HATTIESBURG, MISSISSIPPI

WATER AND SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Year Ended Sept. 30,	Gross Revenues	Expenses	Net Revenues Available for Debt Service	Required Ratio Based Upon Applicable % Times Prescribed Annual P & I		Debit Service Requirement Calculated with Applicable %	Coverage Ratio
2014	$ 16,578,810	$ 11,838,903	$ 4,739,907	105% of P & I	(1)	$ 3,116,786	1.52
2015	17,133,327	10,623,572	6,509,755	105% of P & I	(1)	3,864,394	1.68
2016	20,803,264	15,625,973	5,177,291	105% of P & I	(1)	3,854,944	1.34
2017	21,505,356	14,641,407	6,863,949	105% of P & I	(2)	5,042,769	1.36
2018	21,921,474	15,596,114	6,325,360	105% of P & I	(2)	5,041,892	1.25
2019	22,481,037	16,146,149	6,334,888	105% of P & I	(2)	5,134,594	1.23
2020	23,610,348	14,287,617	9,322,731	105% of P & I	(2)	5,187,550	1.80
2021	24,319,807	17,060,353	7,259,454	105% of P & I	(2)	6,221,986	1.17
2022	26,079,645	17,261,617	8,818,028	105% of P & I	(3)	6,790,010	1.30
2023	28,455,517	20,224,247	8,231,270	105% of P & I	(3)	6,855,000	1.20

(1) Calculations based upon debt service for the 2006, 2012, and 2013 Revenue Bonds.
(2) Calculations based upon debt service for the 2006, 2012 and 2013 Revenue Bonds.
(3) Calculations based upon debt service for 2021 Refunding Bonds and remaining uncallable bonds for 2013 & 2016 Revenue Bonds.

See independent auditor's report.

TABLE 11

CITY OF HATTIESBURG, MISSISSIPPI

DEMOGRAPHIC STATISTICS

Year	Hattiesburg	Forrest County	Hattiesburg MSA
2000	44,779	72,727	111,674
2001	45,088	73,184	113,179
2002	45,538	73,916	114,438
2003	45,779	73,465	115,849
2004	45,988	74,565	117,599
2005	47,598	76,056	119,135
2006	48,012	76,372	123,102
2007	48,012	78,241	126,259
2008	48,012	79,425	128,546
2009	48,012	81,078	143,093
2010	53,582	75,007	143,093
2011	45,989	75,798	144,666
2012	46,616	76,444	142,842
2013	46,832	76,614	148,675
2014	46,379	75,808	147,835
2015	46,396	75,643	148,655
2016	46,481	75,637	149,016
2017	46,377	75,471	148,719
2018	46,377	75,036	149,414
2019	45,951	75,263	150,191
2020	45,863	74,897	168,849
2021	48,731	78,163	171,783
2022	48,455	78,110	170,927
2023	48,414	78,158	170,942

Demographic Age Groupings Projected Based On Census 2020 Totals:

Age	Hattiesburg 2020	Forrest County 2020
0 - 17 Years	9,586	17,503
18 - 34 Years	18,881	23,785
35 - 64 Years	13,750	25,761
Over 65 Years	6,197	11,109
% Population 18 - 64 Years	80.20%	77.60%
% Population over 65 Years	12.80%	14.30%

Source: U.S. Bureau of Census - July 1, 2020 information is provided as the most recent year for which data is available.

See independent auditor's report.

TABLE 12

CITY OF HATTIESBURG, MISSISSIPPI

CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2023 Employees	2022 Employees	2021 Employees	2020 Employees	2019 Employees	2018 Employees	2017 Employees	2016 Employees	2015 Employees	2014 Employees
Governmental Activities:										
General Fund:										
City Council	7	7	7	7	7	7	8	7	7	7
Department of Administration	34	33	34	30	34	30	35	34	37	36
Urban Planning:										
Planning	9	9	9	9	12	13	11	10	10	9
Metropolitan Planning	3	3	4	2	5	5	5	6	6	4
Federal Programs Administration	2	-	-	-	-	1	2	4	3	2
Code Enforcement	11	11	13	11	13	13	10	13	11	13
Public Safety:										
City Courts	22	21	22	20	20	20	16	12	16	19
Police - Officers	107	101	97	111	105	107	96	100	99	113
Police Department - Non-Sworn	56	56	50	52	62	67	63	64	63	62
Fire Department - Firefighters	120	116	122	124	125	112	107	99	99	104
Fire Department - Other than Firefighters	6	6	6	4	5	5	5	5	5	6
Other Public Safety	1	1	1	1	1	1	1	1	1	1
Public Services:										
Traffic Maintenance	6	6	6	5	8	8	9	7	9	10
Streets	15	15	16	17	21	28	42	41	38	41
Engineering	8	7	8	8	7	6	5	6	6	7
Shop	6	6	6	7	8	8	11	11	12	12
Construction	10	9	11	10	17	16	16	16	16	15
Sanitation	27	28	32	31	27	36	30	34	33	32
Other Public Services	23	23	24	24	28	18	26	23	26	23
Animal Control	2	2	3	3	4	4	4	4	4	4
Cemetery and Forestry	14	13	13	13	16	15	14	18	18	18
Parking Operations	2	2	4	5	4	9	10	10	8	8
Total General Fund	491	475	488	494	529	529	526	525	527	546
Other Governmental Funds:										
Parks and Recreation	36	32	36	37	42	36	32	39	37	37
Community Centers	13	13	13	13	13	13	13	14	13	14
Mass Transit	22	23	22	22	22	18	16	15	17	16
CDBG	4	4	5	4	3	4	4	4	5	4
Total Governmental Activities	566	547	564	570	609	600	591	597	599	617

See independent auditor's report.

TABLE 12
PAGE TWO

CITY OF HATTIESBURG, MISSISSIPPI

CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2023 Employees	2022 Employees	2021 Employees	2020 Employees	2019 Employees	2018 Employees	2017 Employees	2016 Employees	2015 Employees	2014 Employees
Business-type Activities:										
Water and Sewer System:										
Customer Accounts	15	14	14	15	14	13	13	13	13	12
Water - Plant and Transmission	28	28	24	27	30	29	30	34	33	34
Sewers and Lagoons	12	12	14	11	15	17	17	22	22	20
Total Business-type Activities	55	54	52	53	59	59	60	69	68	66
Total Primary Government	621	601	616	623	668	659	651	666	667	683

See independent auditor's report.

TABLE 13

CITY OF HATTIESBURG, MISSISSIPPI

CONSTRUCTION, BANK DEPOSITS, AND ASSESSED PROPERTY VALUES
LAST TEN FISCAL YEARS

Year Ended Sept. 30,	Commercial Construction Permits Issued	Commercial Construction Value	Residential Construction Permits Issued	Residential Construction Value	Hattiesburg MSA Bank Deposits (000's omitted)	Total assessed Valuation
2014	493	$ 50,008,704	1062	$ 45,109,175	$ 2,597,524	$ 425,665,993
2015	612	52,733,055	964	16,202,669	2,727,971	417,449,613
2016	622	92,385,429	847	17,623,035	2,727,360	426,507,409
2017	576	219,926,473	899	21,656,544	2,897,772	457,006,290
2018	760	325,811,798	1392	21,176,351	2,955,425	453,836,138
2019	1216	89,338,477	315	11,632,463	3,040,214	461,766,340
2020	335	70,736,655	495	16,522,887	3,788,921	470,364,425
2021	294	31,023,216	570	16,749,543	4,337,747	483,113,099
2022	297	95,526,235	726	24,411,524	4,452,109	490,053,846
2023	368	127,651,859	964	28,122,122	4,557,863	534,960,585

See independent auditor's report.

TABLE 14

CITY OF HATTIESBURG, MISSISSIPPI

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	4	4	4	4	4	4	4	4
Fire:										
Stations	9	8	8	8	8	8	8	8	8	8
Hydrants	2159	2159	2159	2159	2159	2159	2159	2159	2159	2159
Solid Waste Management:										
Trucks	29	24	24	24	24	24	24	24	24	24
(The City is a member of a regional landfill authority)										
Parks and Recreation:										
Zoo	1	1	1	1	1	1	1	1	1	1
Soccer/tennis/softball complex	1	1	1	1	1	1	1	1	1	1
Baseball/softball facilities	4	4	4	4	4	4	4	4	4	4
Water:										
Pumping capacity (gallons per minute)	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM
Average daily water pumping capacity (gallons)	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD
Average daily water pumped (gallons)	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	10,800,000 GPD
Miles of water mains - 6" through 20"	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles
Miles of water mains - 4" or less	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles
Number of wells	13	13	13	13	13	13	13	13	13	13
Water storage tanks	9	9	9	9	9	9	9	9	9	9
Sewer:										
Miles of sewer collection mains	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles
Average daily treatment (million gallons per day):										
South lagoon	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD
North lagoon	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD
Total average daily treatment	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD
Permitted treatment capacity	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD
Streets:										
Miles of paved streets	354 miles	354 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles
Miles of unpaved streets	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles
Area of City - square miles	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4

See independent auditor's report.

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and Members of the City Council
of the City of Hattiesburg
Hattiesburg, Mississippi

To the Mayor and Members of the City Council:

We have audited the financial statements of the City of Hattiesburg, Mississippi as of and for the year ended September 30, 2023, and have issued our report thereon dated June 25, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 19, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Hattiesburg, Mississippi solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses and other matters noted during our audit in a separate letter to you dated June 25, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

To the Mayor and Members of the City Council
of the City of Hattiesburg
Hattiesburg, Mississippi

Significant Risks Identified

We have identified the following significant risks:

- Management override of internal controls was identified as a significant risk, as always with any audit. This risk requires special audit consideration as management can perpetuate financial reporting frauds by overriding established control procedures and by recording unauthorized or inappropriate journal entries or other closing adjustments.
- Improper revenue recognition was identified as a significant risk due to fraud.
- Fuel and shop inventories were identified as a significant risk due to fraud.
- Capital asset activity was identified as a significant risk due to untimely reconciliations.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Hattiesburg, Mississippi is included in Note 1 to the financial statements. As described in Notes 1 and 8 to the financial statements, during the year, the City of Hattiesburg, Mississippi implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability and to enhance understandability and consistency of information about SBITAs. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the depreciation of capital assets is based on the estimated useful life of those assets. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Management's estimate of the allowance for doubtful accounts for the water and sewer receivable is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Management's estimate of the allowance for uncollectible accounts for fines receivables is based on the historical industry average for the collection rate of police fines receivable. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

To the Mayor and Members of the City Council
of the City of Hattiesburg
Hattiesburg, Mississippi

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Hattiesburg, Mississippi's financial statements relate to:

- The disclosure of the Other Postemployment Benefits (OPEB) in Note 18 of the financial statements. We relied on the actuarial calculations in reporting the annual OPEB cost and the total OPEB liability.
- The disclosure of the Defined Benefit Pension Plans in Note 19 of the financial statements. We relied on the actuarial calculations in reporting the annual cost and net pension liability for the PERS and PFDR plans.

The financial statement disclosures are neutral consistent and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Hattiesburg, Mississippi's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 25, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

To the Mayor and Members of the City Council
of the City of Hattiesburg
Hattiesburg, Mississippi

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Hattiesburg, Mississippi, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Hattiesburg, Mississippi's auditors.

We were engaged to report on Schedules 9 through 26, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Additionally, we have the following recommendations:

- We recommend that the existing chart of accounts be annually reviewed and updated to facilitate reporting accuracy and clarity.
- We recommend the accounting department perform a periodic analytical review of account balances to identify unusual trends or errors on a timely basis for correction prior to year-end closeout.
- In conjunction with the state requirement that the City maintain an inventory of assets, we recommend the City reinstate the inventory tagging system. Additionally, we recommend a periodic verification of tagged assets as reported by the individual City departments.

This report is intended solely for the information and use of the Mayor and Members of the City Council of the City of Hattiesburg, Mississippi and is not intended to be and should not be used by anyone other than these specified parties.

TMH

Hattiesburg, Mississippi
June 25, 2024

Client: *106420 - City of Hattiesburg, Mississippi*
Engagement: *106420.0 - F/S Audit*
Period Ending: *9/30/2023*
Trial Balance: *TB*
Workpaper: *3700.00 - Adjusting Journal Entries Report*
Fund Level: *All*
Index: *All*

Account		Description	W/P Ref	Debit	Credit
Adjusting Journal Entries					
Adjusting Journal Entries JE # 1			**6100.03**		
To reverse PY Payroll Accrual entry.					
001000	199000	FUND BALANCE, UNRESERVED, UNDE		1,137,438.00	
002000	199000	FUND BALANCE, UNRESERVED, UNDE		63,122.00	
073000	199000	FUND BALANCE, UNRESERVED, UNDE		49,085.00	
075000	199000	FUND BALANCE, UNRESERVED, UNDE		1,221,880.00	
077000	199000	FUND BALANCE, UNRESERVED, UNDE		21,462.00	
082000	199000	FUND BALANCE, UNRESERVED, UNDE		7,246.00	
086000	199000	FUND BALANCE, UNRESERVED, UNDE		1,924.00	
088000	199000	FUND BALANCE, UNRESERVED, UNDE		589,891.00	
001000	1120	ACCRUED WAGES			723,926.00
001000	1125	ACCRUED OVERTIME WAGES			82,663.00
001000	1130	ACCRUED STATE RETIREMENT			139,657.00
001000	1133	ACCRUED F.I.C.A			59,233.00
001000	1134	Accrued Hospital Insurance			131,418.00
001000	1135	Accrued Unemployment Benefit			541.00
002300	1120	Accrued Wages			40,242.00
002300	1130	Accrued State Retirement			7,347.00
002300	1133	Accrued F.I.C.A Tax			5,930.00
002300	1134	Accured Hospital Insurance			9,603.00
073570	1120	Accrued Wages			34,180.00
073570	1130	Accrued State Retirement			6,048.00
073570	1133	Accrued F.I.C.A Tax			2,557.00
073570	1134	Accrued Hospital Insurance			6,300.00
075000	10XX	ACCOUNTS PAYABLE			1,221,880.00
077650	1120	Accrued Wages			14,303.00
077650	1130	Accrued State Retirement			2,493.00
077650	1133	Accrued F.I.C.A Tax			1,066.00
077650	1134	Accrued Hospital Insurance			3,600.00
082285	1120	Accrued Wages			5,080.00
082285	1130	Accrued State Retirement			884.00
082285	1133	Accrued F.I.C.A Tax			382.00
082285	1134	Accrued Hospital Insurance			900.00
086300	1120	Accrued Wages			1,538.00
086300	1133	Accrued F.I.C.A			268.00
086300	1134	Accrued Hospitalizations			118.00
088088	10xx	Acccounts Payable			589,891.00
086300	1120	Accrued Wages			
Total				**3,092,048.00**	**3,092,048.00**
Adjusting Journal Entries JE # 2			**6100.03**		
To reverse PY property tax accrual - Nov Settlements fund 002.					
002000	020100	PROPERTY TAXES RECEIVABLE		7,162.00	
002000	199000	FUND BALANCE, UNRESERVED, UNDE			7,162.00
Total				**7,162.00**	**7,162.00**
Adjusting Journal Entries JE # 3			**6100.03**		
To reverse PY accounts payable accrual.					
001000	199000	FUND BALANCE, UNRESERVED, UNDE		711,105.00	
002000	199000	FUND BALANCE, UNRESERVED, UNDE		24,157.00	
039000	199000	FUND BALANCE, UNRESERVED, UNDE		15,977.00	
072000	199000	FUND BALANCE, UNRESERVED, UNDE		719,568.00	
073000	199000	FUND BALANCE, UNRESERVED, UNDE		55,677.00	
077000	199000	FUND BALANCE, UNRESERVED, UNDE		614.00	
082000	199000	FUND BALANCE, UNRESERVED, UNDE		981.00	
086000	199000	FUND BALANCE, UNRESERVED, UNDE		282,802.00	
097000	199000	FUND BALANCE, UNRESERVED, UNDE		138,840.00	
001000	10XX	ACCOUNTS PAYABLE			711,105.00
002000	10XX	ACCOUNTS PAYABLE			24,157.00
039000	10XX	ACCOUNTS PAYABLE			15,977.00
072000	10XX	ACCOUNTS PAYABLE			719,568.00
073000	10XX	ACCOUNTS PAYABLE			55,677.00
077000	10XX	ACCOUNTS PAYABLE			614.00
082000	10XX	ACCOUNTS PAYABLE			981.00
086000	10xx	Accounts Payable			282,802.00
097000	10xx	Accounts Payable			138,840.00
Total				**1,949,721.00**	**1,949,721.00**
Adjusting Journal Entries JE # 4			**6100.03**		
To reverse PY AJE #68 for allocating insurance liability due at year end in Fund 109.					
001000	199000	FUND BALANCE, UNRESERVED, UNDE		18,161.00	

002000 199000	FUND BALANCE, UNRESERVED, UNDE		1,118.00	
073000 199000	FUND BALANCE, UNRESERVED, UNDE		735.00	
077000 199000	FUND BALANCE, UNRESERVED, UNDE		337.00	
082000 199000	FUND BALANCE, UNRESERVED, UNDE		154.00	
086000 199000	FUND BALANCE, UNRESERVED, UNDE		26.00	
109000 051001	D/F GENERAL FUND		18,161.00	
109000 051002	D/F Parks & Rec. Fund		1,118.00	
109000 051009	D/F Water & Sewer O&M Fund		1,738.00	
109000 051073	D/F Mass Transit Fund		735.00	
109000 051077	D/F Community Centers Fund		337.00	
109000 051082	D/F CDBG Fund		154.00	
109000 051086	D/F Special Sales Tax		26.00	
001000 1040109	D/T GROUP INS TRU			18,161.00
002000 1040109	D/T Fund 109			1,118.00
073000 1040109	D/T Fund 109			735.00
077000 1040109	D/T Fund 109			337.00
082000 1040109	D/T Fund 109			154.00
086000 1040109	D/T Fund 109			26.00
109000 199000	FUND BALANCE, UNRESERVED, UNDE			22,269.00
Total			**42,800.00**	**42,800.00**

Adjusting Journal Entries JE # 5 **6100.03**
To reverse PY AJE #171 for the adjustment of due to/due from.

005000 051001	DUE FROM GENERAL FUND	46.00	
019000 051001	DUE FROM GENERAL FUND	864.00	
005000 199000	FUND BALANCE, UNRESERVED, UNDE		46.00
019000 199000	FUND BALANCE, UNRESERVED, UNDE		864.00
Total		**910.00**	**910.00**

Adjusting Journal Entries JE # 6 **6100.03**
To reverse PY property tax accrual - Nov Settlements Fund 13.

013000 0201	PROPERTY TAXES RECEIVABLE	17,863.00	
013000 199000	FUND BALANCE, UNRESERVED, UNDE		17,863.00
Total		**17,863.00**	**17,863.00**

Adjusting Journal Entries JE # 7 **6100.03**
To reverse PY AJE # 161 for recording cash with fiscal agent account.

013000 199000	FUND BALANCE, UNRESERVED, UNDE	79.00	
088000 001519	CASH WITH FISCAL AGENT (HB)	284.00	
013000 001519	CASH WITH FISCAL AGENT (HB)		79.00
088000 199000	FUND BALANCE, UNRESERVED, UNDE		284.00
Total		**363.00**	**363.00**

Adjusting Journal Entries JE # 8 **6100.03**
To reverse AJE # 131 for recognizing accrual of property taxes remitted to City in October 2022.

027000 0155	FEES & OTHER RECEIVABLES	605,736.00	
027000 199000	FUND BALANCE, UNRESERVED, UNDE		605,736.00
Total		**605,736.00**	**605,736.00**

Adjusting Journal Entries JE # 9 **6100.03**
To reverse PY AJE for the double booking of cash.

027000 199000	FUND BALANCE, UNRESERVED, UNDE	4,769.00	
027000 0010BM	CASH-BANCORPSOUTH POOLED		4,769.00
Total		**4,769.00**	**4,769.00**

Adjusting Journal Entries JE # 10 **6100.03**
To reverse accrual for millage that is for September 2022 but not received until Octrober 2022.

001000 051027	DUE FROM TAX COLLECTOR'S FUND	336,111.00	
027000 199000	FUND BALANCE, UNRESERVED, UNDE	336,111.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		336,111.00
027000 103001	D/T GENERAL FUND		336,111.00
Total		**672,222.00**	**672,222.00**

Adjusting Journal Entries JE # 11 **6100.03**
To reverse PY AJE # 159 for recording cash with fiscal agent account for Elam Arms.

052000 0015EA	CASH W/FISCAL AGENT ELAM ARMS	554.00	
052000 199000	FUND BALANCE, UNRESERVED, UNDE		554.00
Total		**554.00**	**554.00**

Adjusting Journal Entries JE # 12 **6100.03**
To reverse PY AJE # 87 for accrual of October revenues for the road and bridge fund.

072000 0155	OTHER RECEIVABLES	12,605.00	
072000 199000	FUND BALANCE, UNRESERVED, UNDE		12,605.00
Total		**12,605.00**	**12,605.00**

Adjusting Journal Entries JE # 13 **6100.03**
To reverese PY AJE #127 for recording subsequent payment from MDA for work that had been completed prior to year end.

072000 0220	OTHER INTERGOVERNMENTAL RECEIVABLE	321,407.00	
072000 199000	FUND BALANCE, UNRESERVED, UNDE		321,407.00
Total		**321,407.00**	**321,407.00**

Adjusting Journal Entries JE # 14 6100.03
To reverse PY Grant Receivables.

073000 0200	GRANT RECEIVABLE	147,703.00	
073000 199000	FUND BALANCE, UNRESERVED, UNDE		147,703.00
Total		**147,703.00**	**147,703.00**

Adjusting Journal Entries JE # 15 6100.03
To reverse PY property tax accrual - Nov Settlements Fund 73

073000 0201	PROPERTY TAXES RECEIVABLE	1,809.00	
073000 199000	FUND BALANCE, UNRESERVED, UNDE		1,809.00
Total		**1,809.00**	**1,809.00**

Adjusting Journal Entries JE # 16 6100.03
To reverse PY AJE #126 to record subseqent payment from HCC for work that had been completed prior to year-end.

086000 0220	OTHER INTERGOVERNMENTAL RECEIVABLE	100,000.00	
086000 199000	FUND BALANCE, UNRESERVED, UNDE		100,000.00
Total		**100,000.00**	**100,000.00**

Adjusting Journal Entries JE # 17 6100.03
To reverse PY AJE #85 for the accrual of the October 2022 1% Sales tax revenue.

086000 11XX	Due to Outside Agencies	145,939.00	
086000 199000	FUND BALANCE, UNRESERVED, UNDE		145,939.00
Total		**145,939.00**	**145,939.00**

Adjusting Journal Entries JE # 18 6100.03
To reverse PY AJE #86 for the accrual of the special sales taxes.

107000 0150	SALES TAX RECEIVABLE	637,770.00	
107000 1990	FUND BAL-BEGINNING		637,770.00
Total		**637,770.00**	**637,770.00**

Adjusting Journal Entries JE # 19 6100.03
To reverse PY AJE #98 for moving HCC activity out of Fund 107 to Fund 001.

001000 0150xx	Sales Tax Receivable - HCC	32,776.00	
107000 1990	FUND BAL-BEGINNING	557,742.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		32,776.00
107000 0150	SALES TAX RECEIVABLE		557,742.00
Total		**590,518.00**	**590,518.00**

Adjusting Journal Entries JE # 21 6100.03
To reverse PY AJE #70 made to record annual amortization of deferred revenue related for AP wireless contract.

075000 199000	FUND BALANCE, UNRESERVED, UNDE	341,989.00	
075000 180A	Deferred Revenues - Non-current portion		341,989.00
Total		**341,989.00**	**341,989.00**

Adjusting Journal Entries JE # 23 6100.03
To record PBC entries to correct the cash balance for the cash with fiscal agent account 2021.

010000 001521	CASH/FISCAL AGENT '21		
010000 001521	CASH/FISCAL AGENT '21		
010000 170412	WATER & SEWER 2012		
010000 199000	FUND BALANCE, UNRESERVED, UNDE		
010000 199000	FUND BALANCE, UNRESERVED, UNDE		
Total		**0.00**	**0.00**

Adjusting Journal Entries JE # 24 6100.03
To reverse entry to move HCC activity out of Fund 107 to Fund 001 for F/S reporting purposes.

001000 0150xx	Sales Tax Receivable - HCC	524,966.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		524,966.00
Total		**524,966.00**	**524,966.00**

Adjusting Journal Entries JE # 25 6100.03
To reverse the adjustment of allowance for doubtful accounts for water and sewer.

011000 199000	FUND BALANCE, UNRESERVED, UNDE	303,671.00	
011000 02XX	Allowance - W & S		303,671.00
Total		**303,671.00**	**303,671.00**

Adjusting Journal Entries JE # 26 6100.03
To record PY AJE #43 to record amount from 2019 AJE for the September 2019 posting made in October to Fund 10.

010000 199000	FUND BALANCE, UNRESERVED, UNDE	20,741.00	
010000 0160.M	W&S COLL REC (METER		20,741.00
Total		**20,741.00**	**20,741.00**

Adjusting Journal Entries JE # 27 6100.03
To record PY AJE #42 made to correct reciprocal balance of transfer in from Fund 11 to Fund 10.

010000 016000	W&S COLLECTIONS RECEIVABLE	150,000.00	
010000 199000	FUND BALANCE, UNRESERVED, UNDE		150,000.00
Total		**150,000.00**	**150,000.00**

Adjusting Journal Entries JE # 28 6100.03
To record additional interest for the 2013 bond funds.

010000 001521	CASH/FISCAL AGENT '21		

010000	199000	FUND BALANCE, UNRESERVED, UNDE			
Total				**0.00**	**0.00**
Adjusting Journal Entries JE # 29			**6100.03**		
To record 2022 amortization of bond insurance.					
010000	199000	FUND BALANCE, UNRESERVED, UNDE		25,380.00	
010000	063500	PREPAID INSURANCE			25,380.00
Total				**25,380.00**	**25,380.00**
Adjusting Journal Entries JE # 30			**6100.03**		
To record 2021 amortization of bond insurance for the prior year.					
010000	199000	FUND BALANCE, UNRESERVED, UNDE		25,380.00	
010000	063500	PREPAID INSURANCE			25,380.00
Total				**25,380.00**	**25,380.00**
Adjusting Journal Entries JE # 31			**6100.03**		
To record amount from PY AJE for the September 2018 posting made in October to Fund 10.					
011000	102010M	D/T W&SB&I (METER		20,741.00	
011000	199000	FUND BALANCE, UNRESERVED, UNDE			20,741.00
Total				**20,741.00**	**20,741.00**
Adjusting Journal Entries JE # 32			**6100.03**		
To correct misposting made by client.					
010000	199000	FUND BALANCE, UNRESERVED, UNDE		38,402,000.00	
010000	097000	DEFERRED TO FUTURE REVENUE			38,402,000.00
Total				**38,402,000.00**	**38,402,000.00**
Adjusting Journal Entries JE # 33			**6100.03**		
To record property taxes receivable to be collected in FY 2022, adopted in Sept. 2021.					
001000	0201	PROPERTY TAXES RECEIVABLE		19,600,000.00	
002000	020100	PROPERTY TAXES RECEIVABLE		985,000.00	
013000	0201	PROPERTY TAXES RECEIVABLE		2,390,000.00	
073000	0201	PROPERTY TAXES RECEIVABLE		245,000.00	
001000	180000	DEFERRED REVENUE			19,600,000.00
002000	180000	DEFERRED REVENUE			985,000.00
013000	180000	DEFERRED REVENUE			2,390,000.00
073000	1800	DEFERRED REVENUE			245,000.00
Total				**23,220,000.00**	**23,220,000.00**
Adjusting Journal Entries JE # 34			**6100.03**		
To reverse AJE #84 to adjust meter deposits to actual.					
011000	114000	METER SECURITY DEPOSITS		98,442.00	
011000	199000	FUND BALANCE, UNRESERVED, UNDE			98,442.00
Total				**98,442.00**	**98,442.00**
Adjusting Journal Entries JE # 35			**6100.03**		
To reverse AJE # 103 to adjust prepaid insurance to actual.					
001000	063500	PREPAID INSURANCE		81,320.00	
001000	199000	FUND BALANCE, UNRESERVED, UNDE			81,320.00
Total				**81,320.00**	**81,320.00**
Adjusting Journal Entries JE # 36			**6100.03**		
To reverse AJE #105 made to amortize W&S Premium and discount on bonds for FY 2022.					
010000	170601	2012 W&S CONSTRUCTION BOND		45,384.00	
010000	199000	FUND BALANCE, UNRESERVED, UNDE			45,384.00
Total				**45,384.00**	**45,384.00**
Adjusting Journal Entries JE # 37			**6100.03**		
To reverse AJE #116 to adjust AR to actual for water and sewer.					
011000	01XX	ACCOUNTS RECEIVABLE-TRADE		701,088.00	
011000	199000	FUND BALANCE, UNRESERVED, UNDE			701,088.00
Total				**701,088.00**	**701,088.00**
Adjusting Journal Entries JE # 38			**6100.03**		
To reverse AJE #118 to record the revenue for the MDA DIP state money that was received in the PY.					
001000	0010TB	CASH-TRUSTMARK POOLED		392,230.00	
001000	199000	FUND BALANCE, UNRESERVED, UNDE			392,230.00
Total				**392,230.00**	**392,230.00**
Adjusting Journal Entries JE # 40			**6100.03**		
To fix rounding errors in fund balance.					
079001	240000	US TREASURY GRANTS		1.00	
079000	199000	FUND BAL-BEGINNING OF YEAR			1.00
Total				**1.00**	**1.00**
Adjusting Journal Entries JE # 42			**6100.03**		
To defer covid monies that have not be spent as of year-end.					
079000	199000	FUND BAL-BEGINNING OF YEAR		6,437,898.00	
079000	180000	Deferred Revenue - Grants			6,437,898.00
Total				**6,437,898.00**	**6,437,898.00**

Adjusting Journal Entries JE # 43 — 6100.03
To reverse the client's AJE and tie out the fund 10 cash with fiscal agent accounts.

010000 001512	CASH/INVEST W/HANCOCK BANK	65,811.00	
010000 016000	W&S COLLECTIONS RECEIVABLE	90,000.00	
011000 0010BM	CASH-BANCORPSOUTH	90,000.00	
011000 1020B	D/T W&SB&I '12	65,811.00	
010000 001513	CASH/FISCAL AGENT '13		90,000.00
010000 016000	W&S COLLECTIONS RECEIVABLE		65,811.00
011000 0010BM	CASH-BANCORPSOUTH		65,811.00
011000 1020C	D/T W&SB&I '13		90,000.00
Total		**311,622.00**	**311,622.00**

Adjusting Journal Entries JE # 44 — 6100.03
To reverse PY elimination of due from's in the general fund and record them as an other receivable.

001000 199000	FUND BALANCE, UNRESERVED, UNDE	198,729.00	
001000 050500	GARB/TRASH FEES RECEIVABLE		188,486.00
001000 050600	RECYCLING FEES RECEIVABLE		10,243.00
Total		**198,729.00**	**198,729.00**

Adjusting Journal Entries JE # 45 — 6100.03
To reverse PY grants receivable.

001000 0200	GRANT RECEIVABLE	113,610.00	
082000 0200	GRANT RECEIVABLE	44,345.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		113,610.00
082000 199000	FUND BALANCE, UNRESERVED, UNDE		44,345.00
Total		**157,955.00**	**157,955.00**

Adjusting Journal Entries JE # 46 — 6100.03
To reverse PY property tax accrual - Nov settlements fund 001.

001000 0201	PROPERTY TAXES RECEIVABLE	359,975.00	
018000 0201	PROPERTY TAXES RECEIVABLE	10,244.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		359,975.00
018000 199000	FUND BALANCE, UNRESERVED, UNDE		10,244.00
Total		**370,219.00**	**370,219.00**

Adjusting Journal Entries JE # 47 — 6100.03
To reverse the accrual of sales taxes and other general fund receivables.

001000 0150	SALES TAX RECEIVABLE	2,201,147.00	
001000 0155	OTHER RECEIVABLES	24,699.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		2,225,846.00
Total		**2,225,846.00**	**2,225,846.00**

Adjusting Journal Entries JE # 48 — 6100.03
To reverse the accrual of the General Fund franchise revenues.

001000 0155	OTHER RECEIVABLES	840,056.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		840,056.00
Total		**840,056.00**	**840,056.00**

Adjusting Journal Entries JE # 49 — 6100.03
To record subsquent payment from MEMA forwork that had been completed prior to year end.

001000 0220	Other Ingovernmental Receivables	148,005.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		148,005.00
Total		**148,005.00**	**148,005.00**

Adjusting Journal Entries JE # 50 — 6100.03
To record beginning balances for W&S receivables and allowance account for the 9/30/22 ending amounts.

011000 01XX	ACCOUNTS RECEIVABLE-TRADE	6,096,624.00	
011000 02XX	Allowance - W & S		4,509,433.00
011000 199900	FUND BALANCE - RESERVED FOR EN		1,587,191.00
Total		**6,096,624.00**	**6,096,624.00**

Adjusting Journal Entries JE # 51 — 6100.03
To set the beginning fund balance to $0 that equaled the year end balance of Fund 109 assets.

109000 199000	FUND BALANCE, UNRESERVED, UNDE	982,347.00	
109000 11XX	Accured Claims and Admin Expenditures		982,347.00
Total		**982,347.00**	**982,347.00**

Adjusting Journal Entries JE # 52 — 6100.03
To reverse accrual made to record the September 2021 transactions in October 2021 to Fund 93.

010000 001512	CASH/INVEST W/HANCOCK BANK	42,341.00	
010000 001513	CASH/FISCAL AGENT '13	126,897.00	
010000 199000	FUND BALANCE, UNRESERVED, UNDE	18,900.00	
088000 001515	CASH WITH FISCAL AGENT (TB)	508.00	
093000 001516	CASH/FISCAL AGENT '16	2,578.00	
105000 001513	CASH/FISCAL AGENT '13	2.00	
010000 001512	CASH/INVEST W/HANCOCK BANK		18,900.00
010000 016000	W&S COLLECTIONS RECEIVABLE		166,667.00
010000 199000	FUND BALANCE, UNRESERVED, UNDE		2,571.00
088000 199000	FUND BALANCE, UNRESERVED, UNDE		508.00
093000 199000	FUND BALANCE, UNRESERVED, UNDE		2,578.00
105000 199000	FUND BALANCE, UNRESERVED, UNDE		2.00
Total		**191,226.00**	**191,226.00**

Adjusting Journal Entries JE # 53 **6100.03**
To record accrued interest on W&S revenue and G.O. bonds at 9/30/2022.

010000 199000	FUND BALANCE, UNRESERVED, UNDE	613,069.00	
010000 10xx	ACCRUED INTEREST PAYABLE		613,069.00
Total		**613,069.00**	**613,069.00**

Adjusting Journal Entries JE # 54 **6100.03**
To record the prior year disposals for the W&S fund.

011000 079000	ACCUMULATED DEPRECIATION	3,769.00	
011000 199000	FUND BALANCE, UNRESERVED, UNDE	6,063.00	
011000 073099	OTHER EQUIPMENT		9,832.00
Total		**9,832.00**	**9,832.00**

Adjusting Journal Entries JE # 55 **6100.03**
To record PY additions.

011000 080099	GENERAL CONSTN.IN PROGRESS	4,917,838.00	
011000 199000	FUND BALANCE, UNRESERVED, UNDE		4,917,838.00
Total		**4,917,838.00**	**4,917,838.00**

Adjusting Journal Entries JE # 57 **6100.03**
To correct misposting made by client.

011000 114000	METER SECURITY DEPOSITS	1,003.00	
011000 199000	FUND BALANCE, UNRESERVED, UNDE		1,003.00
Total		**1,003.00**	**1,003.00**

Adjusting Journal Entries JE # 58 **6100.03**
To adjust Fund 109 revenues and expenses balances to $0.

109000 11XX	Accured Claims and Admin Expenditures	610,031.00	
109000 199000	FUND BALANCE, UNRESERVED, UNDE		610,031.00
Total		**610,031.00**	**610,031.00**

Adjusting Journal Entries JE # 59 **6100.03**
To reverese AJE #114 record debt reduction entry for the W&S G.O. Bond

010000 097000	DEFERRED TO FUTURE REVENUE		
010000 170110	WATER & SEWER GO 2010		
Total		**0.00**	**0.00**

Adjusting Journal Entries JE # 60 **6100.03**
To reverse double booking of cash.

011000 199000	FUND BALANCE, UNRESERVED, UNDE	74,382.00	
011000 0010BM	CASH-BANCORPSOUTH		74,382.00
Total		**74,382.00**	**74,382.00**

Adjusting Journal Entries JE # 61 **6100.03**
To record cash transfers not made by the client per the books.

010000 001512	CASH/INVEST W/HANCOCK BANK	66,667.00	
010000 001513	CASH/FISCAL AGENT '13	90,000.00	
011000 199000	FUND BALANCE, UNRESERVED, UNDE	156,667.00	
010000 199000	FUND BALANCE, UNRESERVED, UNDE		156,667.00
011000 0010BM	CASH-BANCORPSOUTH		156,667.00
Total		**313,334.00**	**313,334.00**

Adjusting Journal Entries JE # 62 **6100.03**
To record the balance for the gas/lubricant - city barn from AJe's #33 and #34 in the prior year.

001000 060100	GAS/LUBRICANT-CITY BARN	414.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		414.00
Total		**414.00**	**414.00**

Adjusting Journal Entries JE # 63 **6100.03**
To correct missposting made by cleint of AJE #37.

001001 332800	COURT TECHNOLOGY FEE	30,022.00	
001000 199000	FUND BALANCE, UNRESERVED, UNDE		30,022.00
Total		**30,022.00**	**30,022.00**

Adjusting Journal Entries JE # 64 **6100.03**
To properly allocate the inventory that was used to each cost center.

001000 199000	FUND BALANCE, UNRESERVED, UNDE	290,295.00	
001000 060100	GAS/LUBRICANT-CITY BARN		290,295.00
Total		**290,295.00**	**290,295.00**

Adjusting Journal Entries JE # 65 **6100.03**
To adjust balance of general fund fuel inventory from the PY.

001000 199000	FUND BALANCE, UNRESERVED, UNDE	48,389.00	
001000 060100	GAS/LUBRICANT-CITY BARN		48,389.00
Total		**48,389.00**	**48,389.00**

Adjusting Journal Entries JE # 66 **6100.03**
To correct misposting made by the client for AJE #135.

010000 097000	DEFERRED TO FUTURE REVENUE	19,850,000.00	
010000 001521	CASH/FISCAL AGENT '21		19,850,000.00

Total		**19,850,000.00**	**19,850,000.00**

Adjusting Journal Entries JE # 67 **PY**
To record CIP deletions.

011000 075500	WATER DISTRIBUTION SYSTEM	7,744,680.00	
011000 076000	SANITARY SEWER SYSTEM	6,069,478.00	
011000 080099	GENERAL CONSTN.IN PROGRESS		13,814,158.00
Total		**13,814,158.00**	**13,814,158.00**

Adjusting Journal Entries JE # 68 **6100.03**
To correct intercompany receivables/payables.

002000 011801	INTERCOMPANY CLAIMS FUND		
002000 100000	ACCOUNTS PAYABLE		
009000 011801	INTERCOMPANY CLAIMS FUND		
009000 100000	ACCOUNTS PAYABLE		
077000 011801	INTERCOMPANY CLAIMS FUND		
077000 100000	ACCOUNTS PAYABLE		
082000 011801	INTERCOMPANY CLAIMS FUND		
082000 100000	ACCOUNTS PAYABLE		
086000 011801	INTERCOMPANY CLAIMS FUND		
086000 10xx	Accounts Payable		
801000 0010BM	CASH-CLAIMS BM		
801000 011002	INTERCOMPANY PARKS&REC		
801000 011009	INTERCOMPANY W&S MAINTENANCE		
801000 011072	INTERCOMPANY MUN ROAD & BRD		
801000 011077	INTERCOMPANY COMMUNITY CNTRS		
801000 011082	INTERCOMPANY COMMDEVBLOCK GRAN		
801000 011086	INTERCOMPANY SPECIALSALTAX		
801000 011097	INTERCOMPANY INFRA IMPROV		
Total		**0.00**	**0.00**

Adjusting Journal Entries JE # 69 **6100.03**
To correct due to/due from as of 9/30/2022.

011000 1020A	D/T W&SB&I '06	125,000.00	
011000 1020D	D/T W&SB&I '16	208,333.00	
011000 114000	METER SECURITY DEPOSITS	18.00	
011000 128600	RECYCLING PICK UP	9,697.00	
011000 0010BM	CASH-BANCORPSOUTH		208,333.00
011000 1020GO	D/T W&SB&I '10 GO BONDS		9,697.00
011000 1020RF	D/T W&SB&I '16 REF BONDS		18.00
011000 199000	FUND BALANCE, UNRESERVED, UNDE		125,000.00
010000 0010BM	A/P CASH		
010000 016021	W&S COLL REC '21 REF BONDS		
Total		**343,048.00**	**343,048.00**

Adjusting Journal Entries JE # 70 **6100.03**
To balance the due to/due from in the W&S funds.

010000 0155X	Other Receivables - Auditor	7,667.00	
010000 016000	W&S COLLECTIONS RECEIVABLE		7,667.00
Total		**7,667.00**	**7,667.00**

Adjusting Journal Entries JE # 71 **6100.03**
To record prior year balance for the water & sewer 2016 debt account.

010000 170416	WATER & SEWER 2016		
010000 199000	FUND BALANCE, UNRESERVED, UNDE		
Total		**0.00**	**0.00**

Adjusting Journal Entries JE # 72
To record immaterial entry made by client to FY 2022 balances to roll fund balance.

082285 559000	OTHER OPERATING MATL/SPLY	11,507.00	
082000 199000	FUND BALANCE, UNRESERVED, UNDE		11,507.00
Total		**11,507.00**	**11,507.00**

Adjusting Journal Entries JE # 73
To correct balances for cash w/fiscal agent, debt, principle and interest expense accounts.

010000 001521	CASH/FISCAL AGENT '21	18,982,218.00	
010000 097000	DEFERRED TO FUTURE REVENUE	30,452,000.00	
010000 170413	WATER & SEWER 2013	1,100,000.00	
010000 001512	CASH/INVEST W/HANCOCK BANK		217,360.00
010000 001513	CASH/FISCAL AGENT '13		121,485.00
010000 170413	WATER & SEWER 2013		18,750,000.00
010000 199000	FUND BALANCE, UNRESERVED, UNDE		24,084,510.00
010000 199x	Prior Period Adjustment to Equity		669,007.00
010001 340700	OTHER INTEREST		33,106.00
010451 801000	REVENUE ISSUES-PRINCIPAL		6,440,444.00
010451 811000	REVENUE ISSUES-INTEREST		218,306.00
Total		**50,534,218.00**	**50,534,218.00**

Adjusting Journal Entries JE # 74
To roll fund balance and adjust to actual.

011000 073099	OTHER EQUIPMENT	203,123.00	
011000 199000	FUND BALANCE, UNRESERVED, UNDE	4,085,142.00	

011000 079000	ACCUMULATED DEPRECIATION			4,284,262.00
011000 114000	METER SECURITY DEPOSITS			3,001.00
011001 396500	REFUND & RECOVERY			1,002.00
Total			**4,288,265.00**	**4,288,265.00**

Adjusting Journal Entries JE # 75
To adjust fund balance to actual.

001000 0155x	Other Receivables - Auditor		198,729.00	
001000 0010TB	CASH-TRUSTMARK POOLED			21,848.00
001000 129900	MISCELLANEOUS			2,465.00
001000 199000	FUND BALANCE, UNRESERVED, UNDE			174,151.00
001553 1005	RECEIVED NOT VOUCHERED			265.00
Total			**198,729.00**	**198,729.00**

Adjusting Journal Entries JE # 76 **5100.05**
To adjust accounts payable to actual.

001000 061X	Insurance Expense		12,662.00	
002002 5XXX	AUDITOR - SUPPLIES & EXPENSES		47,472.00	
009660 52xxx	Gas and Oil		729,458.00	
011000 10xx	Accounts Payable		3,065.00	
039000 10XX	ACCOUNTS PAYABLE		9,828.00	
072000 10XX	ACCOUNTS PAYABLE		696,734.00	
073000 10XX	ACCOUNTS PAYABLE		40,900.00	
075000 10XX	ACCOUNTS PAYABLE		614,502.00	
077650 60xxx	Telephone and Telegraph		5,845.00	
082000 10XX	ACCOUNTS PAYABLE		9,947.00	
086000 10xx	Accounts Payable		98,982.00	
087000 10xx	ACCOUNTS PAYABLE		1,205.00	
088603 71xxx	Police Department		346,854.00	
097000 10xx	Accounts Payable		100,195.00	
001000 10XX	ACCOUNTS PAYABLE			12,662.00
002000 10XX	ACCOUNTS PAYABLE			47,472.00
009000 10XX	ACCOUNTS PAYABLE			729,458.00
011660.6XX3	ADMINISTRATIVE COSTS - NONOPERATIN			3,065.00
039551 72xxx	Other Improvements			9,828.00
072201 60xxx	Engineering			696,734.00
073570 52xxx	Diesel Fuel			40,900.00
075695 601500	ENGINEERING			614,502.00
077000 10XX	ACCOUNTS PAYABLE			5,845.00
082285 52xxx	Gas and Oil			9,947.00
086300 40xx	Auditor - Culture and Recreation Expense			98,982.00
087601 60xxx	Legal			1,205.00
088000 10xx	Accounts Payable			346,854.00
097201 72xxx	Capital Outlay			100,195.00
Total			**2,717,649.00**	**2,717,649.00**

Adjusting Journal Entries JE # 100 **4100b.00**
To post entries made by client for Cash with Fiscal Agents.

017000 0015TB	CASH/FISCAL AGENT-SUP ENVIR PR		763.00	
052000 0015EA	CASH W/FISCAL AGENT ELAM ARMS		6,154.00	
088000 001515	CASH WITH FISCAL AGENT (TB)		4,541.00	
088001 340700	OTHER INTEREST		608.00	
017001 340700	OTHER INTEREST			763.00
052001 340700	OTHER INTEREST			6,154.00
088000 001519	CASH WITH FISCAL AGENT (HB)			608.00
088001 3405TB	SAVINGS ACCOUNT/MMA			4,541.00
Total			**12,066.00**	**12,066.00**

Adjusting Journal Entries JE # 101 **5300.12a PY**
To reverse prior year's accrued wages entry.

001000 1120	ACCRUED WAGES		723,926.00	
001000 1125	ACCRUED OVERTIME WAGES		82,663.00	
001000 1130	ACCRUED STATE RETIREMENT		139,657.00	
001000 1133	ACCRUED F.I.C.A		59,233.00	
001000 1134	Accrued Hospital Insurance		131,418.00	
001000 1135	Accrued Unemployment Benefit		541.00	
002300 1120	Accrued Wages		40,242.00	
002300 1130	Accrued State Retirement		7,347.00	
002300 1133	Accrued F.I.C.A Tax		3,178.00	
002300 1133	Accrued F.I.C.A Tax		2,752.00	
002300 1134	Accured Hospital Insurance		9,603.00	
073570 1120	Accrued Wages		32,333.00	
073570 1120	Accrued Wages		1,847.00	
073570 1130	Accrued State Retirement		6,048.00	
073570 1133	Accrued F.I.C.A Tax		2,557.00	
073570 1134	Accrued Hospital Insurance		6,300.00	
077650 1120	Accrued Wages		13,843.00	
077650 1120	Accrued Wages		460.00	
077650 1130	Accrued State Retirement		2,493.00	
077650 1133	Accrued F.I.C.A Tax		1,066.00	
077650 1134	Accrued Hospital Insurance		3,600.00	
082285 1120	Accrued Wages		5,080.00	

082285 1130	Accrued State Retirement		884.00	
082285 1133	Accrued F.I.C.A Tax		382.00	
082285 1134	Accrued Hospital Insurance		900.00	
086300 1120	Accrued Wages		1,538.00	
086300 1130	Accrued State Retirement		268.00	
086300 1133	Accrued F.I.C.A		118.00	
001001 40XX	AUDITOR - GENERAL GOV'T EXPENSE			168,525.00
001001 42XX	AUDITOR - PUBLIC SAFETY EXPENSE			755,646.00
001001 43XX	AUDITOR - PUBLIC SERVICE EXPENSE			183,936.00
001001 44XX	AUDITOR - OTHER SERVICES EXPENSE			29,331.00
002300 400000	REGULAR WAGES			63,122.00
073570 400000	REGULAR WAGES			49,085.00
077650 400000	REGULAR WAGES			21,462.00
082285 400000	REGULAR WAGES			7,246.00
086300 40xx	Auditor - Culture and Recreation Expense			1,924.00
Total			**1,280,277.00**	**1,280,277.00**

Adjusting Journal Entries JE # 102 **5200.12a**
To record accrued regular wages, overtime wages, state retirement, and FICA.

001001 40XX	AUDITOR - GENERAL GOV'T EXPENSE		180,310.00	
001001 42XX	AUDITOR - PUBLIC SAFETY EXPENSE		836,193.00	
001001 43XX	AUDITOR - PUBLIC SERVICE EXPENSE		174,352.00	
001001 44XX	AUDITOR - OTHER SERVICES EXPENSE		28,110.00	
002300 400000	REGULAR WAGES		69,059.00	
009001 48XX	AUDITOR - WATER AND SEWER		119,683.00	
073570 400000	REGULAR WAGES		45,585.00	
077650 400000	REGULAR WAGES		21,745.00	
082285 400000	REGULAR WAGES		9,862.00	
086300 40xx	Auditor - Culture and Recreation Expense		1,924.00	
001000 1120	ACCRUED WAGES			768,023.00
001000 1125	ACCRUED OVERTIME WAGES			109,732.00
001000 1130	ACCRUED STATE RETIREMENT			151,648.00
001000 1133	ACCRUED F.I.C.A			64,784.00
001000 1134	Accrued Hospital Insurance			124,777.00
002300 1120	Accrued Wages			46,022.00
002300 1130	Accrued State Retirement			8,325.00
002300 1133	Accrued F.I.C.A Tax			3,584.00
002300 1133	Accrued F.I.C.A Tax			1,821.00
002300 1134	Accured Hospital Insurance			9,307.00
009000 1120	ACCRUED WAGES			74,937.00
009000 1125	ACCRUED OVERTIME WAGES			8,171.00
009000 1130	ACCRUED STATE RETIREMENT			14,461.00
009000 1133	ACCRUED F.I.C.A			6,212.00
009000 1134	Acccrued Hospital Insurance			15,903.00
073570 1120	Accrued Wages			25,283.00
073570 1120	Accrued Wages			7,366.00
073570 1130	Accrued State Retirement			5,681.00
073570 1133	Accrued F.I.C.A Tax			2,454.00
073570 1134	Accrued Hospital Insurance			4,801.00
077650 1120	Accrued Wages			13,986.00
077650 1120	Accrued Wages			815.00
077650 1130	Accrued State Retirement			2,575.00
077650 1133	Accrued F.I.C.A Tax			1,068.00
077650 1134	Accrued Hospital Insurance			3,301.00
082285 1120	Accrued Wages			6,866.00
082285 1130	Accrued State Retirement			1,195.00
082285 1133	Accrued F.I.C.A Tax			516.00
082285 1134	Accrued Hospital Insurance			1,285.00
086300 1120	Accrued Wages			1,538.00
086300 1130	Accrued State Retirement			268.00
086300 1133	Accrued F.I.C.A			118.00
Total			**1,486,823.00**	**1,486,823.00**

Adjusting Journal Entries JE # 103 **5100.10**
To adjust the meter deposit liability to actual.

011000 114000	METER SECURITY DEPOSITS		23,896.00	
011011 3600XX	WATER REVENUE			11,948.00
011011 3630XX	SEWER REVENUE			11,948.00
Total			**23,896.00**	**23,896.00**

Adjusting Journal Entries JE # 104 **4250.02**
To adjust Water and Sewer AR to actual.

011011 3600XX	WATER REVENUE		41,692.00	
011000 01XX	ACCOUNTS RECEIVABLE-TRADE			3,282.00
011011 3630XX	SEWER REVENUE			38,410.00
Total			**41,692.00**	**41,692.00**

Adjusting Journal Entries JE # 105 **4250.02**
To adjust the water and sewer allowance for doubtful accounts to actual.

011000 02XX	Allowance - W & S		376,905.00	
011011 63XX	Auditor - Bad Debt Expense			376,905.00
Total			**376,905.00**	**376,905.00**

Adjusting Journal Entries JE # 107		**2250.01**		
To correct fines revenue.				
001000 115000	COLLECTION FEES		13,955.00	
001001 332000	POLICE FINES			13,955.00
Total			**13,955.00**	**13,955.00**
Adjusting Journal Entries JE # 117		**5200.19**		
To record deferred outflows of resources for pensions.				
009000 0630	Deferred Outflow - Related to Pension		1,565,614.00	
009000 113X	Net Pension Obligation - PERS			1,565,614.00
Total			**1,565,614.00**	**1,565,614.00**
Adjusting Journal Entries JE # 118		**5200.19**		
To record pension expenses for the current period.				
009001 48XX	AUDITOR - WATER AND SEWER		513,350.00	
009000 113X	Net Pension Obligation - PERS			513,350.00
Total			**513,350.00**	**513,350.00**
Adjusting Journal Entries JE # 119		**5200.19**		
To record contributions made subsequent to the measurement date.				
009000 0630	Deferred Outflow - Related to Pension		88,086.00	
009001 48XX	AUDITOR - WATER AND SEWER			88,086.00
Total			**88,086.00**	**88,086.00**
Adjusting Journal Entries JE # 127		**5200.03c**		
To record the compensated absences ending balance as of 9/30/2023.				
009660 40XX	Compensated Absences		202,638.00	
009000 112001	ACCRUED VACATION PAYABLE			202,399.00
009000 112002	ACCRUED COMP PAY			239.00
Total			**202,638.00**	**202,638.00**
Adjusting Journal Entries JE # 128		**5200.30a**		
To record the annual installment payment for the Kohler settlement.				
001095 670000	SETTLEMT OF DAMAGE CLAIMS		64,178.00	
001001 380027	T/F TAX COLLECTORS-GPT			64,178.00
Total			**64,178.00**	**64,178.00**
Adjusting Journal Entries JE # 130		**4200.12**		
To record fines receivables at 9/30/23.				
001000 0202	POLICE FINES RECEIVABLE		28,398,587.00	
001000 0203	ALLOWANCE - FINES RECEIVABLE			25,265,182.00
001000 180001	DEFERRED REVENUE FINES			3,133,405.00
Total			**28,398,587.00**	**28,398,587.00**
Adjusting Journal Entries JE # 136		**5300.03**		
To record W&S amortization of bond premiums.				
010000 170601	2012 W&S CONSTRUCTION BOND		45,380.00	
010451 xxxx	Premium Amortization			45,380.00
Total			**45,380.00**	**45,380.00**
Adjusting Journal Entries JE # 137		**5300.03**		
To record insurance expense on bond.				
010451 xxxx1	Insurance Expense		25,380.00	
010000 063500	PREPAID INSURANCE			25,380.00
Total			**25,380.00**	**25,380.00**
Adjusting Journal Entries JE # 138		**5302**		
To record accrued interest on W&S Revenue and G.O Bonds at 9/30/2023.				
010000 10xx	ACCRUED INTEREST PAYABLE		26,716.00	
010451 81xx	Interest Expense - Auditor account			26,716.00
Total			**26,716.00**	**26,716.00**
Adjusting Journal Entries JE # 145		**9301.03**		
To properly apply payments received.				
039001 341222	SE AVIATION BLDG LAND LEASE		18,120.00	
039000 0230	Lease Receivable			11,530.00
039039 340600	Lease Interest Revenue			6,590.00
Total			**18,120.00**	**18,120.00**
Adjusting Journal Entries JE # 146		**9301.03**		
To amortize deferred revenue.				
039000 1084000	Deferred Revenue - Leases		11,530.00	
039001 341222	SE AVIATION BLDG LAND LEASE			11,530.00
Total			**11,530.00**	**11,530.00**
Adjusting Journal Entries JE # 149		**9600.00**		
To record financing of SBITA at fund level.				
001001 72xx	Expenditure-Intangible-Right of use asset		115,500.00	
001001 3972xx	SBITA Proceeds			115,500.00
Total			**115,500.00**	**115,500.00**

Adjusting Journal Entries JE # 154		**4400.03**		
To adjust prepaid expense to actual.				
001095 625500	PUBLIC LIAB/PROPERTY DAM		92,082.00	
001000 063500	PREPAID INSURANCE			92,082.00
Total			**92,082.00**	**92,082.00**
Adjusting Journal Entries JE # 155		**5600.04a**		
To record annual amortization of deferred revenues for AP wireless contract.				
075000 180A	Deferred Revenues - Non-current portion		55,040.00	
075001 341116	AP WIRELESS INVES			55,040.00
Total			**55,040.00**	**55,040.00**
Adjusting Journal Entries JE # 156		**7300.05a**		
To record prepaid software expense.				
001000 06xxxx	PREPAID EXPENSE		91,084.00	
009000 09xxxx	PREPAID EXPENSE		9,124.00	
001091 604900	OTHER PROFESSIONAL SERV.			91,084.00
009660 604900	OTHER PROFESSIONAL SERV.			9,124.00
Total			**100,208.00**	**100,208.00**
Adjusting Journal Entries JE # 157		**4600.05a**		
To reclass contributions for economic development from capital outlay expense.				
086602 604xxx	Contributions to Lamar County		600,000.00	
086300 7295PR	CAPITAL PROJECTS			600,000.00
Total			**600,000.00**	**600,000.00**
Adjusting Journal Entries JE # 158		**4200.13**		
To record grants receivable.				
001000 0200	GRANT RECEIVABLE		38,740.00	
073000 0200	GRANT RECEIVABLE		424,771.00	
001001 230700	JUST.-OTHER			14,979.00
001001 252600	STOP VIOLENCE GRANT			10,001.00
001001 252700	ALCOHOL INCENTIVE			13,760.00
073001 234000	UMTA-MASS TRANS-OPER.C/Y			256,919.00
073001 234200	UMTA-MASS TRANS-PLANNING			26,517.00
073001 234400	UMTA-MASS TRANS-PREV.C/Y			141,335.00
Total			**463,511.00**	**463,511.00**
Adjusting Journal Entries JE # 161		**4300.04**		
To adjust gas/oil inventory to actual.				
001000 060100	GAS/LUBRICANT-CITY BARN		24,284.00	
002002 9000xx	Transfer Out - PP&E Gasb		3,006.00	
001001 3800x	Transfers In			3,006.00
001160 525000	GAS AND OIL			9,950.00
001160 525700	DIESEL FUEL			1,979.00
001201 525000	GAS AND OIL			740.00
001201 525700	DIESEL FUEL			394.00
001220 525000	GAS AND OIL			7,799.00
001220 525700	DIESEL FUEL			416.00
002300 525000	GAS AND OIL			3,006.00
Total			**27,290.00**	**27,290.00**
Adjusting Journal Entries JE # 165		**5200.18**		
To record deferred outflows of resources for OPEB W&S.				
009000 0631	Deferred Outflow - Related to OPEB		147,745.00	
009000 114X	Other Post-Employment Benefits Obligation			147,745.00
Total			**147,745.00**	**147,745.00**
Adjusting Journal Entries JE # 167		**5200.18**		
To record deferred inflows of resources for OPEB.				
009000 114X	Other Post-Employment Benefits Obligation		518,151.00	
009000 183100	Deferred Inflows - Related to OPEB			518,151.00
Total			**518,151.00**	**518,151.00**
Adjusting Journal Entries JE # 168		**4600.05b**		
To record remaining CIP accruals.				
001001 7XXX	CAPITAL OUTLAY		16,884.00	
039039 7XXX	AUDITOR - CAPITAL OUTLAY		8,198.00	
072072 7XXX	AUDITOR- CAPITAL OUTLAY		61,836.00	
086086 7XXX	AUDITOR - CAPITAL OUTLAYS		375,950.00	
088088 7xxx	Auditor - Capital Outlay		64,471.00	
001000 10XXX	ACCOUNTS PAYABLE			16,884.00
039000 10XXX	ACCOUNTS PAYABLE			8,198.00
072000 10XXX	ACCOUNTS PAYABLE			61,836.00
086000 10XXX	ACCOUNTS PAYABALE			375,950.00
088000 10XXX	ACCOUNTS PAYABLE			64,471.00
Total			**527,339.00**	**527,339.00**
Adjusting Journal Entries JE # 169		**4600.04**		
To record CIP additions for W&S Funds.				
011000 080099	GENERAL CONSTN.IN PROGRESS		5,673,103.00	

075075 9000XX	OPERATING TRANSFERS OUT		5,673,103.00	
011011 3800XX	TRANSFER IN- W&S O&M PP&E			5,673,103.00
075075 7XXX	AUDITOR- CAPITAL OUTLAY			5,673,103.00
Total			**11,346,206.00**	**11,346,206.00**

Adjusting Journal Entries JE # 170 — **4600.04**
To record CIP deletions for W&S Funds.

011000 075500	WATER DISTRIBUTION SYSTEM	3,322,398.00	
011000 080099	GENERAL CONSTN.IN PROGRESS		3,322,398.00
Total		**3,322,398.00**	**3,322,398.00**

Adjusting Journal Entries JE # 174 — **4600.05d**
To record cy W&S additions.

009009 9000xx	PP&E Transfer Out	185,849.00	
011000 073099	OTHER EQUIPMENT	185,849.00	
009660 742000	PICK UP TRUCKS		34,255.00
009672 739900	OTHER EQUIPMENT		58,883.00
009673 739900	OTHER EQUIPMENT		87,156.00
009677 546000	MINOR EQUIPMENT		5,555.00
011011 3800XX	TRANSFER IN- W&S O&M PP&E		185,849.00
Total		**371,698.00**	**371,698.00**

Adjusting Journal Entries JE # 177 — **5200.18**
To allocate current year increase in OPEB liability net of CY deferred outflows.

009660 480000	HOSPITALIZATION INS.	69,217.00	
009000 114X	Other Post-Employment Benefits Obligation		69,217.00
Total		**69,217.00**	**69,217.00**

Adjusting Journal Entries JE # 179 — **5300.03**
To record SRF Loan as debt.

075001 397600	SRF LOAN PROCEEDS	455,494.00	
075000 169x	SRF Loan		455,494.00
Total		**455,494.00**	**455,494.00**

Adjusting Journal Entries JE # 180 — **9301.03**
To put prior year balances on the book.

039000 0230	Lease Receivable	225,409.00	
039000 1084000	Deferred Revenue - Leases		225,409.00
Total		**225,409.00**	**225,409.00**

Adjusting Journal Entries JE # 181 — **PY**
To roll fund balance for Fund 009.

009000 0630	Deferred Outflow - Related to Pension	768,250.00	
009000 0631	Deferred Outflow - Related to OPEB	170,423.00	
009000 199000	FUND BALANCE, UNRESERVED, UNDE	6,651,091.00	
009000 1040109	D/T Fund 109		1,738.00
009000 10XX	ACCOUNTS PAYABLE		442,641.00
009000 1120	ACCRUED WAGES		69,236.00
009000 112001	ACCRUED VACATION PAYABLE		193,799.00
009000 112002	ACCRUED COMP PAY		421.00
009000 1125	ACCRUED OVERTIME WAGES		8,527.00
009000 1130	ACCRUED STATE RETIREMENT		13,560.00
009000 1133	ACCRUED F.I.C.A		5,843.00
009000 1134	Acccrued Hospital Insurance		15,600.00
009000 113X	Net Pension Obligation - PERS		5,752,739.00
009000 114X	Other Post-Employment Benefits Obligation		857,489.00
009000 183100	Deferred Inflows - Related to OPEB		228,171.00
Total		**7,589,764.00**	**7,589,764.00**

Adjusting Journal Entries JE # 182 — **PY**
To roll fund balance for fund 087.

087000 199000	FUND BALANCE, UNRESERVED, UNDE	2,525.00	
087000 10xx	ACCOUNTS PAYABLE		2,525.00
Total		**2,525.00**	**2,525.00**

Adjusting Journal Entries JE # 183 — **5200.18**
To reverse PY deferred outflows of resources for OPEB.

009000 114X	Other Post-Employment Benefits Obligation	170,423.00	
009000 0631	Deferred Outflow - Related to OPEB		170,423.00
Total		**170,423.00**	**170,423.00**

Adjusting Journal Entries JE # 184 — **5200.18**
To reverse PY deferred inflows of resources for OPEB.

009000 183100	Deferred Inflows - Related to OPEB	228,171.00	
009000 114X	Other Post-Employment Benefits Obligation		228,171.00
Total		**228,171.00**	**228,171.00**

Adjusting Journal Entries JE # 185 — **5200.19**
To reverse prior year adjustment for deferred outflows to net pension liability.

009000 113X	Net Pension Obligation - PERS	768,250.00	
009000 0630	Deferred Outflow - Related to Pension		768,250.00
Total		**768,250.00**	**768,250.00**

Adjusting Journal Entries JE # 187 **4200.05**
To record taxes receivable -gen fun taxes settled Nov 2023.

001000 0201	PROPERTY TAXES RECEIVABLE	226,113.00	
001001 380027	T/F TAX COLLECTORS-GPT		226,113.00
Total		**226,113.00**	**226,113.00**

Adjusting Journal Entries JE # 188 **4200.05**
To record taxes receivable - Parks & Rec taxes settled in Nov 2023.

002000 020100	PROPERTY TAXES RECEIVABLE	6,595.00	
002001 380027	T/F TAX COLLECTORS-GPT		6,595.00
Total		**6,595.00**	**6,595.00**

Adjusting Journal Entries JE # 189 **4200.05**
To record taxes receivable - B&I Fund - settled Nov 2023.

013000 0201	PROPERTY TAXES RECEIVABLE	16,506.00	
013001 380027	T/F TAX COLLECTORS-GPT		16,506.00
Total		**16,506.00**	**16,506.00**

Adjusting Journal Entries JE # 190 **4200.05**
To record taxes received - Fund 18 - taxes settled Nov 2023.

018000 0201	PROPERTY TAXES RECEIVABLE	6,719.00	
018001 380027	T/F TAX COLLECTORS-GPT		6,719.00
Total		**6,719.00**	**6,719.00**

Adjusting Journal Entries JE # 191 **4200.05**
To record taxes receivable - Fund 73 - taxes settled Nov 2023.

073000 0201	PROPERTY TAXES RECEIVABLE	1,666.00	
073001 380027	T/F TAX COLLECTORS-GPT		1,666.00
Total		**1,666.00**	**1,666.00**

Adjusting Journal Entries JE # 192 **4200.05**
To record property taxes receivable to be collected in FY 2024, adopted in Sept 2023.

001000 0201	PROPERTY TAXES RECEIVABLE	21,400,000.00	
002000 020100	PROPERTY TAXES RECEIVABLE	1,040,000.00	
013000 0201	PROPERTY TAXES RECEIVABLE	2,600,000.00	
073000 0201	PROPERTY TAXES RECEIVABLE	260,000.00	
001000 180000	DEFERRED REVENUE		21,400,000.00
002000 180000	DEFERRED REVENUE		1,040,000.00
013000 180000	DEFERRED REVENUE		2,600,000.00
073000 1800	DEFERRED REVENUE		260,000.00
Total		**25,300,000.00**	**25,300,000.00**

Adjusting Journal Entries JE # 193 **4200.03**
To reverse AJE#33.

001000 180000	DEFERRED REVENUE	19,600,000.00	
002000 180000	DEFERRED REVENUE	985,000.00	
013000 180000	DEFERRED REVENUE	2,390,000.00	
073000 1800	DEFERRED REVENUE	245,000.00	
001000 0201	PROPERTY TAXES RECEIVABLE		19,600,000.00
002000 020100	PROPERTY TAXES RECEIVABLE		985,000.00
013000 0201	PROPERTY TAXES RECEIVABLE		2,390,000.00
073000 0201	PROPERTY TAXES RECEIVABLE		245,000.00
Total		**23,220,000.00**	**23,220,000.00**

Adjusting Journal Entries JE # 194 **4200.05**
To reverse AJE# 2, #46, and #47.

001001 380027	T/F TAX COLLECTORS-GPT	359,975.00	
002001 380027	T/F TAX COLLECTORS-GPT	7,162.00	
013001 380027	T/F TAX COLLECTORS-GPT	17,853.00	
018001 380027	T/F TAX COLLECTORS-GPT	10,244.00	
073001 380027	T/F TAX COLLECTORS-GPT	1,809.00	
001000 0201	PROPERTY TAXES RECEIVABLE		359,975.00
002000 020100	PROPERTY TAXES RECEIVABLE		7,162.00
013000 0201	PROPERTY TAXES RECEIVABLE		17,853.00
018000 0201	PROPERTY TAXES RECEIVABLE		10,244.00
073000 0201	PROPERTY TAXES RECEIVABLE		1,809.00
Total		**397,043.00**	**397,043.00**

Adjusting Journal Entries JE # 196 **4200.03**
To reverse AJE # 45 and 14.

001001 230700	JUST.-OTHER	5,145.00	
001001 231700	JUST.-UNIVERSAL COPS	2,100.00	
001001 250500	ARCHIVES & HISTORY	102,400.00	
001001 250500	ARCHIVES & HISTORY	3,965.00	
073001 234000	UMTA-MASS TRANS-OPER.C/Y	106,913.00	
073001 234400	UMTA-MASS TRANS-PREV.C/Y	30,676.00	
073001 234600	JARC-MASS TRANS	10,114.00	
082001 2395HP	CDBG-ENT.-HOUSING PROGRAMS	44,345.00	
001000 0200	GRANT RECEIVABLE		113,610.00
073000 0200	GRANT RECEIVABLE		147,703.00
082000 0200	GRANT RECEIVABLE		44,345.00

Total			**305,658.00**	**305,658.00**
Adjusting Journal Entries JE # 197		**4200.05**		
To record taxes receivable in Fund 27 - taxes collected by Counties in Sept, remitted to City in October 2023 but earned in FYE 9/30/2024.				
027000 0155	FEES & OTHER RECEIVABLES		416,175.00	
027001 203100	NON-EXEMPT REALTY P/Y		33.00	
027001 2001CI	REALTY-CITY			3,105.00
027001 2001SC	REALTY-SCHOOL			3,305.00
027001 2010SC	PRSNLTY AUTO-SCHOOL			53.00
027001 203100	NON-EXEMPT REALTY P/Y			3,331.00
027001 203500	EXEMPT REALTY P/Y			3,815.00
027001 204000	PERSONALTY-AUTO P/Y			687.00
027001 204000	PERSONALTY-AUTO P/Y			40,663.00
027001 204000	PERSONALTY-AUTO P/Y			267,027.00
027001 205000	PERSONALTY P/Y			1,217.00
027001 210000	INT/PENALTY ON DEL. TAXES			3,731.00
027001 210000	INT/PENALTY ON DEL. TAXES			581.00
027001 210000	INT/PENALTY ON DEL. TAXES			17,144.00
027001 211000	EXCESS BID-PROP. TAXES			67,166.00
027027 20XX	AUDITOR ACCT - Lamar Co. R&B Taxes			4,383.00
Total			**416,208.00**	**416,208.00**
Adjusting Journal Entries JE # 198		**4200.05**		
To record sales tax receivable and amount payable to USM for FY 2023.				
086000 0150	Sales Taxes Receivable		296,670.00	
086602 604901	UNIVERSITY OF SOUTHERN MISS		145,939.00	
086602 604901	UNIVERSITY OF SOUTHERN MISS		129,400.00	
086000 11XX	Due to Outside Agencies			129,400.00
086000 11XX	Due to Outside Agencies			145,939.00
086001 260500	SALES TAX-MOTEL			37,870.00
086001 260700	SALES TAX-FOOD & BEVERAGE			258,800.00
Total			**572,009.00**	**572,009.00**
Adjusting Journal Entries JE # 199		**4200.05**		
To record franchise fees collected in October but earned in FY 2023.				
001000 0155	OTHER RECEIVABLES		902,231.00	
001001 221100	ELECTRICAL FRANCHISE			867,064.00
001001 221500	GAS FRANCHISE			35,167.00
Total			**902,231.00**	**902,231.00**
Adjusting Journal Entries JE # 200		**4200.05**		
To record sales tax and other taxes receivable for FYE 9/30/2023.				
001000 0150	SALES TAX RECEIVABLE		2,940,394.00	
001000 0155	OTHER RECEIVABLES		22,185.00	
001001 260000	GENERAL SALES TAX			2,371,637.00
001001 260000	GENERAL SALES TAX			568,757.00
001001 260100	CITY UTILITY TAX			1,884.00
001001 261000	ALCOHOLIC BEV. LICENSE			11,475.00
001001 287000	POLICE/FIRE-SPECIAL DUTY			8,826.00
Total			**2,962,579.00**	**2,962,579.00**
Adjusting Journal Entries JE # 201		**4200.05**		
To record receivable for Road & Bridge taxes received in Oct. 2023.				
072000 0155	OTHER RECEIVABLES		12,166.00	
072001 271000	PRO-RATA CTY RD TAX-FORREST			7,610.00
072001 271500	PRO-RATA CTY RD TAX-LAMAR			4,556.00
Total			**12,166.00**	**12,166.00**
Adjusting Journal Entries JE # 202		**4200.05**		
To record sales tax receivables for FY 2023.				
107000 0150	SALES TAX RECEIVABLE		72,243.00	
107001 260500	SALES TAX-MOTEL			72,243.00
Total			**72,243.00**	**72,243.00**
Adjusting Journal Entries JE # 204		**4200.03**		
To reverse AJE # 47.				
001001 260000	GENERAL SALES TAX		2,201,147.00	
001001 260100	CITY UTILITY TAX		2,257.00	
001001 261000	ALCOHOLIC BEV. LICENSE		13,950.00	
001001 287000	POLICE/FIRE-SPECIAL DUTY		8,492.00	
001000 0150	SALES TAX RECEIVABLE			2,201,147.00
001000 0155	OTHER RECEIVABLES			24,699.00
Total			**2,225,846.00**	**2,225,846.00**
Adjusting Journal Entries JE # 207		**4200.03**		
To reverse AJEs made to roll fund balance for fund 001 and 072.				
001001 221100	ELECTRICAL FRANCHISE		818,503.00	
001001 221200	SOLID WASTE OPER/FRANCHISE		21,553.00	
072001 271000	PRO-RATA CTY RD TAX-FORREST		8,130.00	
072001 271500	PRO-RATA CTY RD TAX-LAMAR		4,475.00	
001000 0155	OTHER RECEIVABLES			840,056.00

072000 0155	OTHER RECEIVABLES			12,605.00
Total			**852,661.00**	**852,661.00**
Adjusting Journal Entries JE # 209		**5600.02**		
To recognize ARPA monies spent in the current year.				
079000 180000	Deferred Revenue - Grants		1,297,567.00	
079001 240000	US TREASURY GRANTS			1,297,567.00
Total			**1,297,567.00**	**1,297,567.00**
Adjusting Journal Entries JE # 210		**TB**		
To move HCC activity out of Fund 107 to Fund 001 for F/S reporting purposes.				
001001 26001x	Sales Tax Food & Beverage - HCC		557,742.00	
001706 604902	Convention Commision		6,899,042.00	
107001 260700	SALES TAX-FOOD & BEVERAGE		6,899,042.00	
107001 260700	SALES TAX-FOOD & BEVERAGE		80,028.00	
001000 0150xx	Sales Tax Receivable - HCC			557,742.00
001001 26001x	Sales Tax Food & Beverage - HCC			6,899,042.00
107000 0150	SALES TAX RECEIVABLE			80,028.00
107706 604902	CONVENTION COMMISSION			6,899,042.00
Total			**14,435,854.00**	**14,435,854.00**
Adjusting Journal Entries JE # 215		**4601.01**		
To record depreciation expense for W&S.				
011011 61XX	AUDITOR- DEPRECIATION		4,577,662.00	
011000 079000	ACCUMULATED DEPRECIATION			4,577,662.00
Total			**4,577,662.00**	**4,577,662.00**
Adjusting Journal Entries JE # 217		**2800.33**		
To adjust Fund 109 revenues and expenses to 0.				
109001 340500	CHECKING ACCOUNT INTEREST		4,773.00	
109001 396500	REFUND & RECOVERY		518.00	
109001 396600	HOSP.INS.-P/R DISTRIB		5,064,229.00	
109001 396601	HOSP.INS.-COBRA		3,100.00	
109001 396602	HOSP.INS.-UH PHARMACY DISCOUNT		207,120.00	
109000 051001	D/F GENERAL FUND			18,161.00
109000 051002	D/F Parks & Rec. Fund			1,118.00
109000 051009	D/F Water & Sewer O&M Fund			1,738.00
109000 051073	D/F Mass Transit Fund			735.00
109000 051077	D/F Community Centers Fund			337.00
109000 051082	D/F CDBG Fund			154.00
109000 051086	D/F Special Sales Tax			26.00
109000 11XX	Accured Claims and Admin Expenditures			190,398.00
109704 683200	BANK SERV/TRF FEE			114.00
109704 683300	ADMIN PAID			819,885.00
109704 683400	CLAIMS PAID			4,247,074.00
Total			**5,279,740.00**	**5,279,740.00**
Adjusting Journal Entries JE # 219		**4200.03**		
To reverse AJE made to roll fund balance.				
001001 345900	CONTRIBUTIONS-OTHER		148,005.00	
072001 235202	MDA DIP LAMAR BLVD		321,407.00	
086001 346500	CONTRIB-H'BURG. CONV. COMM.		100,000.00	
001000 0220	Other Ingovernmental Receivables			148,005.00
072000 0220	OTHER INTERGOVERNMENTAL RECEIVABLE			321,407.00
086000 0220	OTHER INTERGOVERNMENTAL RECEIVABLE			100,000.00
Total			**569,412.00**	**569,412.00**
Adjusting Journal Entries JE # 220		**4200.08**		
To record receivable for millage that is for September 2023 but not received until October 2023.				
001001 380027	T/F TAX COLLECTORS-GPT		57,210.00	
001001 3800EB	T/F TAX COLL-EXCESS BID		67,166.00	
027000 103001	D/T GENERAL FUND		124,376.00	
001000 051027	DUE FROM TAX COLLECTOR'S FUND			124,376.00
027500 900001	T/T GENERAL FUND			124,376.00
Total			**248,752.00**	**248,752.00**
Adjusting Journal Entries JE # 221		**4900.01**		
To eliminate due from's in the general fund and record them as an other receivable.				
001000 050500	GARB/TRASH FEES RECEIVABLE		33,516.00	
001000 050600	RECYCLING FEES RECEIVABLE		2,521.00	
001000 0155x	Other Receivables - Auditor			36,037.00
Total			**36,037.00**	**36,037.00**
Adjusting Journal Entries JE # 222		**4900.01**		
To reverse PY AJE made to rerord the allocation of expenses for fund 109.				
001000 1040109	D/T GROUP INS TRU		18,161.00	
002000 1040109	D/T Fund 109		1,118.00	
009000 1040109	D/T Fund 109		1,738.00	
073000 1040109	D/T Fund 109		735.00	
077000 1040109	D/T Fund 109		337.00	
082000 1040109	D/T Fund 109		154.00	
086000 1040109	D/T Fund 109		26.00	

001003 48XX	Allocated Insurance Claims				18,161.00
002300 48XX	Allocated Insurance Claims				1,118.00
009660 48XX	Allocated Insurance Claims				1,738.00
073570 48XX	Allocated Insurance Claims				735.00
077650 48XX	Allocated Insurance Claims				337.00
082285 48XX	Allocated Insurance Claims				154.00
086086 48xx	Allocated Insurance Claims				26.00
Total				**22,269.00**	**22,269.00**
Adjusting Journal Entries JE # 223			**2250.05**		
To correct variance in due to/ due from.					
010000 0160D	W&S COLL REC '16 SYSTEM PROJEC			208,333.00	
010001 396500	REFUND & RECOVERY				208,333.00
Total				**208,333.00**	**208,333.00**
Adjusting Journal Entries JE # 224			**4900.01**		
To reverse AJE 43 made to roll fund balance. (Client does not need to make.)					
011000 1020C	D/T W&SB&I '13			90,000.00	
011001 396500	REFUND & RECOVERY			91,283.00	
011000 1020A	D/T W&SB&I '06				115,617.00
011000 1020B	D/T W&SB&I '12				65,666.00
Total				**181,283.00**	**181,283.00**
	Total Adjusting Journal Entries			**335,084,375.00**	**335,084,375.00**
	Total All Journal Entries			**335,084,375.00**	**335,084,375.00**

MAYOR
Toby Barker

COUNCIL - WARD ONE	COUNCIL - WARD TWO	COUNCIL - WARD THREE	COUNCIL - WARD FOUR	COUNCIL - WARD FIVE
Jeffrey George	*Deborah Denard Delgado*	*Carter Carroll*	*Dave Ware*	*Nicholas Brown*

June 25, 2024

TMH
CPA & Consulting Firm
Post Office Drawer 15099
Hattiesburg, Mississippi 39404-5099

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the City of Hattiesburg, Mississippi which comprise the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information as of September 30, 2023 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City of Hattiesburg, Mississippi in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 25, 2024:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 19, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.

- With respect to Schedules 1 through 8 (required supplementary information) accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
  - We believe the required supplementary information schedules, including their form and content, are measured and fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.
- With regard to instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to nonattest services provided by you, as described in the audit engagement letter dated September 19, 2023, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
- With respect to the Schedules 9 through 26 (supplementary information) accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
  - We believe the supplementary information, including its form and content, is fairly presents in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of the issuance by the entity of the supplementary information and the auditor's report thereon.
  - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such information.
  - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,[8] and other matters;
  - Additional information that you have requested from us for the purpose of the audit;

  - Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and determined that there is not a substantial doubt that the entity will be able to meet its obligations as they come due.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City of Hattiesburg, Mississippi has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City of Hattiesburg, Mississippi is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).

- The City of Hattiesburg, Mississippi has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We are not aware of any guarantees, whether written or oral, under which City of Hattiesburg, Mississippi is contingently liable.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- The entity has satisfactory title to all owned assets (not right to use assets that are leased), and there are no liens or encumbrances on such capital assets; nor has the entity pledged any capital assets as collateral, except as disclosed to you.
- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

- With respect to federal award programs:
  - We are responsible for understanding and complying with and have complied with the requirements of Title2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards, or we acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
  - If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.
  - We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, direct appropriations, and other direct assistance.
  - We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
  - We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a

material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements, including when applicable, those set forth in the 0MB Compliance Supplement, relating to federal awards.
- We are not aware of any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control subsequent to the date as of which compliance was audited.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Sincerely,

City of Hattiesburg, Mississippi

Kermas Eaton, City Clerk

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COMMUNICATION TO ENTITY WITH SIGNIFICANT DEFICIENCIES AND/OR MATERIAL WEAKNESSES[1]

To the Mayor, Members of the City Council and
Management of the City of Hattiesburg
Hattiesburg, Mississippi

To the Mayor, Members of the City Council and Management of the City of Hattiesburg, Mississippi:

In planning and performing our audit of the basic financial statements of the City of Hattiesburg, Mississippi as of and for the year ended September 30, 2023, 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, we considered the City of Hattiesburg, Mississippi's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hattiesburg, Mississippi's internal control over financial reporting.

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 significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

We consider the following deficiencies in City of Hattiesburg, Mississippi's internal control to be material weaknesses:

- The City did not implement entity-level control policies and risk assessment procedures during fiscal year 2023 necessary in order to evaluate and address risks related to financial reporting. In particular, the City's organizational structure and lack of personnel with suitable skills, knowledge and experience in financial reporting are important considerations in assessing the City's entity-level control environment and risk assessment processes.

HATTIESBURG
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PHONE: 601.736.3449
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GULFPORT
2019 23rd Avenue
Gulfport, MS 39501

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Gulfport, MS 39502

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FAX: 228.864.3850

To the Mayor, Members of the City Council and
Management of the City of Hattiesburg
Hattiesburg, Mississippi

- The City did not implement entity-level internal control procedures during fiscal year 2023 pertaining to the timely identification and communication of information required in the financial reporting process thus creating an unnecessary hardship in preparation of the annual financial reporting process.
- The City's internal accounting controls during fiscal year 2023 did not readily allow for the conversion of budgetary accounting records to modified accrual and/or accrual basis of accounting required for financial reporting purposes.
- The City did not implement internal controls during fiscal year 2023 that were sufficient to ensure that Water and Sewer customer account balances are complete, accurate, properly valued, and reported in the proper period. There was a lack of timely review and reconciliation of subsidiary account balances that could allow for significant errors to go undetected.
- The City's internal accounting controls over capital assets do not ensure that all assets are properly recorded, depreciated, assessed for impairment, and reported. Subsidiary records do not routinely monitor assets acquired with federal grants and do not include a comprehensive schedule of construction projects sufficient for financial reporting.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control over financial reporting and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

TMH

Hattiesburg, Mississippi
June 25, 2024