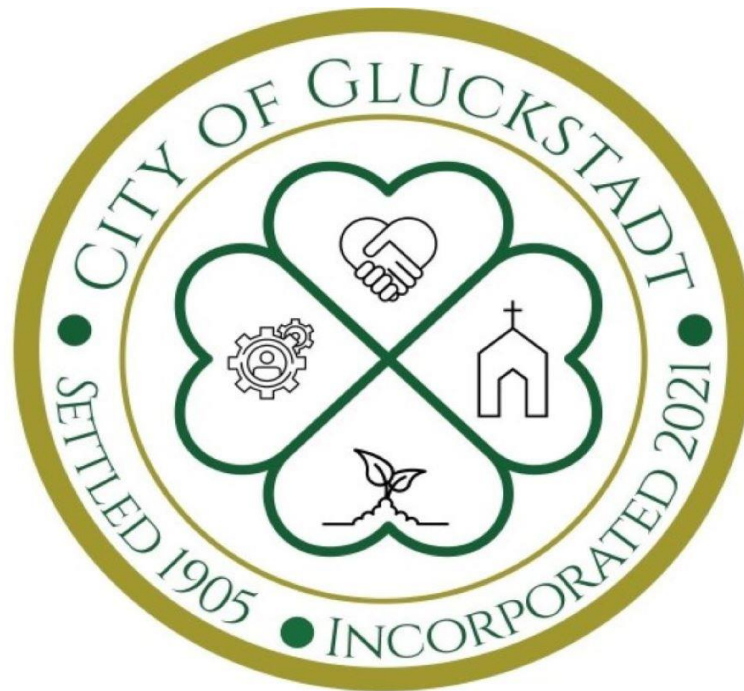


CITY OF GLUCKSTADT, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2022



**CITY OF GLUCKSTADT, MISSISSIPPI
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CITY OF GLUCKSTADT, MISSISSIPPI

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderman
City of Gluckstadt
Gluckstadt, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the City of Gluckstadt, Mississippi (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Gluckstadt, Mississippi, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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, which raise substantial doubt about the City'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and corresponding notes, the Schedule of the

City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for City Officials and the Reconciliation of Tax Assessments to Fund Collections - 2021 Tax Rolls but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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.

The accompanying section of Statistical Information on page 53, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the City of Gluckstadt, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gluckstadt, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gluckstadt, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
November 30, 2023

CITY OF GLUCKSTADT, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Our discussion and analysis of the City of Gluckstadt's financial performance provides an overview of the City's financial activities for the year ended September 30, 2022. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the City's financial performance.

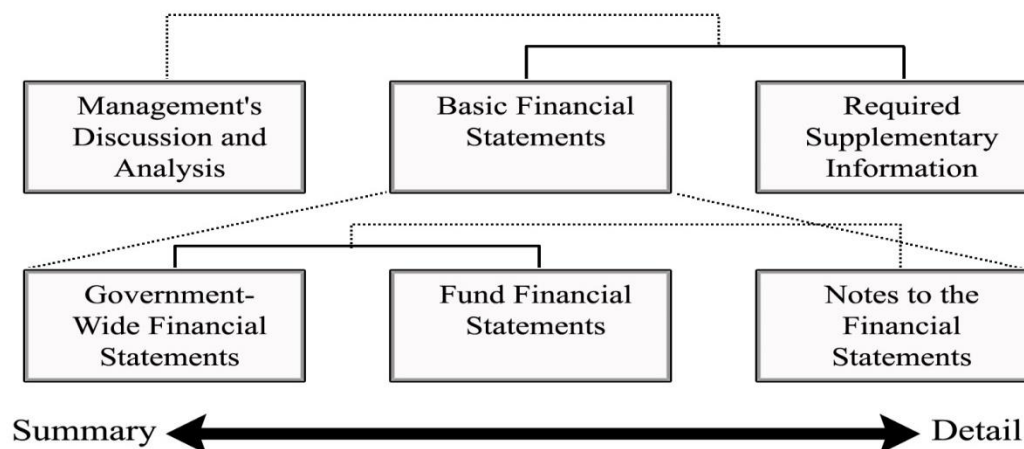
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Gluckstadt exceeded its liabilities and deferred inflows at the close of the 2022 fiscal year by \$86,653,572 (net position).
- The net position of the City includes: \$83,020,401 invested in capital assets (net of related debt); \$1,000,014 in restricted net position; and unrestricted net position of \$2,633,157.
- Total assets were \$88,656,624.
- Total liabilities were \$936,477.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Gluckstadt, Mississippi's basic financial statements which are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, 3) Notes to the financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1: Required Components of the City's Annual Report and how they are arranged and relate to one another:



**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Figure 2: Summarizes the major features of the City’s financial statements, including the portion of the City’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements.

	Government Wide Financial Statements	Governmental Funds
Scope	Entire City government (except fiduciary funds)	All activities of the City that are not business-type or fiduciary in nature
Required financial statements	<ul style="list-style-type: none"> ● Statement of net position ● Statement of activities 	<ul style="list-style-type: none"> ● Balance sheet ● Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received, and payment is due during the year or soon thereafter

1) Government-wide Financial Statements. The government-wide financial statements presented on pages 15 and 16 are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all the City’s assets, deferred outflows, liabilities, and deferred inflows, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing the City’s change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues.

The government activities of the City include general government, public safety, public works, economic development, interest on long-term debt, and pension expense.

**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

2) Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are considered to be governmental funds.

Governmental Funds. 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Gluckstadt maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Police Station Capital Project Fund, which are considered to be major funds. The governmental fund financial statements are presented on pages 17 through 20. The City of Gluckstadt adopts an annual budget. Budgetary comparison schedules have been provided on pages 40 and 41 for the General Fund and the Major Fund Police Station Capital Project to demonstrate compliance with this budget.

3) Notes to the Financial Statements. The notes, presented on pages 21 through 38, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the City's budget process and pension standards on pages 39 through 47.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2022, the assets and deferred outflows of the City of Gluckstadt exceeded its liabilities and deferred inflows by \$86,653,572.

By far, the largest portion of the City's net position (\$83,020,401 or 95.81%) reflects its investment in capital assets (land, buildings, machinery, and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be

**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

(Table 1)
Net Position

	Governmental Activities
	2022
Current and other assets	\$ 5,636,223
Capital assets, net	83,020,401
Total Assets	88,656,624
Deferred outflows	146,186
Current and other liabilities	414,434
Net pension liability	149,642
Long-term debt	372,401
Total Liabilities	936,477
Deferred inflows	1,212,761
<u>Net Position:</u>	
Net investment in capital assets	83,020,401
Restricted	1,000,014
Unrestricted	2,633,157
Total Net Position	\$ 86,653,572

The City's total assets were 88,656,624 for fiscal 2022 governmental activities.

The City's total liabilities were \$936,477 for fiscal 2022 governmental activities.

The City's net position was \$86,653,572 for fiscal 2022 governmental activities.

Additional information on unrestricted net position:

In connection with the standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position	\$	2,633,157
Less: Pension liability plus deferred inflows minus deferred outflows (GASB 68 & 71)		3,527
Unrestricted net position, exclusive of the net pension liability effect	\$	2,636,684

**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

(Table 2)
Changes in Net Position

		Governmental Activities
		2022
Program Revenues:		
Charges for services	\$	68,896
Grants and contributions		1,075,829
General Revenues:		
Property taxes		1,273,382
Sales taxes		2,875,233
Other taxes and other		282,372
Total Revenues		5,575,712
Program Expenses:		
General government		841,692
Public safety		442,934
Public works		3,038,958
Economic development		131,238
Interest on long-term debt		1,679
Pension expense		46,109
Total Expenses		4,502,610
Changes in Net Position	\$	1,073,102

The City’s governmental activities continue to be funded primarily by sales taxes, which made up 51.57% of the total revenues. The other major revenue sources were property taxes 22.84% and grants and contributions 19.29%. The major expense activities were public works, general government, and public safety which comprise 67.49%, 18.69%, and 9.84% of total expenses, respectively. The City remains totally committed to providing the services its residents expect and need.

FUND FINANCIAL ANALYSIS

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

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

As the year ended, the City’s governmental funds reported a combined fund balance of \$4,010,535.

Governmental funds meeting the requirements for being reported as major funds include the General Fund and the Police Station Capital Project Fund. The changes in fund balances were General Fund of \$2,728,005, the Police Station Capital Project Fund of \$1,000,014.

**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Major Fund Budgeting Highlights

The City’s budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2022, the City amended its General Fund budget. All recommendations for budget changes come from the City Clerk and are presented to the Mayor and Board of Aldermen for ordinance enactment on the change. The City does not allow budget changes that modify line items within departments without board approval. With the general fund supporting many of our major activities such as our police department, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments. Revisions in the General Fund increased budgeted expenditures by \$2,351,198.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the City had \$83,020,401 invested in a broad range of capital assets, including infrastructure, mobile and machinery equipment, and intangible right to use assets (See Table 3 following).

(Table 3)

CAPITAL ASSETS AT YEAR-END
(Net of Accumulated Depreciation)

	Government Activities
	2022
Infrastructure	82,276,368
Mobile and machinery equipment	378,739
Intangible right to use assets	365,294
Totals	83,020,401

The City of Gluckstadt continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The following highlight summarizes the major project for the fiscal year of 2022-2023:

- (1) The construction of a police station for which approximately \$4,000,000 has been accumulated. (\$1,000,000 in state funds and the issue of general obligation bonds in the amount of \$3,000,000.

Long-term Debt

At year-end, the City only had long-term debt that consisted of compensated absences in the amount of \$8,266.

**CITY OF GLUCKSTADT, MISSISSIPPI
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

The following table illustrates the total Long-term Debt of the City of Gluckstadt as of September 30, 2022:
(Table 4)

LONG-TERM DEBT
Outstanding at Year-end

	Governmental Activities
	2022
Compensated absences	8,266
Totals	8,266

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s elected and appointed officials considered many factors when compiling and approving the fiscal year 2023 budget, such as tax rates for governmental activities. The total property tax millage rate of 12.00 mills is expected to provide added funding in the following year.

Contacting the City’s Finance Department

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have any questions about this report or need any additional information, contact the City Clerk, at 340 Main Street or P.O. Box 897, Gluckstadt, MS 38701.

CITY OF GLUCKSTADT, MISSISSIPPI

FINANCIAL STATEMENTS

CITY OF GLUCKSTADT, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,333,008
Property tax receivable	1,212,690
Accounts receivable (net of allowance for uncollectibles of \$0)	243
Intergovernmental receivable	90,282
Capital assets, net	
Other capital assets, net	83,020,401
Total Assets	88,656,624
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	146,186
Total Deferred Outflows of Resources	146,186
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	392,875
Intergovernmental payable	19,880
Accrued interest payable	1,679
Long-term liabilities:	
Net pension liability	149,642
Due within one year:	
Leases payable	85,374
Due in more than one year:	
Leases payable	278,761
Non-capital related debt	8,266
Total Liabilities	936,477
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	71
Deferred inflows related to property taxes	1,212,690
Total deferred inflows of resources	1,212,761
<u>NET POSITION</u>	
Net investment in capital assets	83,020,401
Restricted:	
Expendable:	
Capital projects	1,000,014
Unrestricted	2,633,157
Total Net Position	\$ 86,653,572

The notes to the financial statements are an integral part of this statement.

CITY OF GLUCKSTADT, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
			Primary Governmental Activities	
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 841,692	68,896	1,000	(771,796)
Public safety	442,934		5,841	631,895
Public works	3,038,958			(3,038,958)
Economic development	131,238			(131,238)
Interest on long-term debt	1,679			(1,679)
Pension expense	46,109			(46,109)
Total governmental activities	4,502,610	68,896	6,841	1,068,988
General revenues:				
Property taxes				1,273,382
Sales tax				2,875,233
Franchise taxes				153,722
Unrestricted interest income				799
Grants and contributions not restricted to specific programs				127,851
Total general revenues				4,430,987
Change in net position				1,073,102
Net Position - beginning				85,580,470
Net Position - ending				\$ 86,653,572

The notes to the financial statements are an integral part of this statement.

CITY OF GLUCKSTADT, MISSISSIPPI
BALANCE SHEET- GOVERNMENTAL FUNDS
September 30, 2022

	Major Funds		Total Governmental Funds
	General Fund	Police Station Capital Project Fund	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,332,994	\$ 1,000,014	\$ 4,333,008
Receivables:			
Property taxes	1,212,690		1,212,690
Fines receivable (net of allowance for uncollectibles of \$0)	243		243
Intergovernmental receivable	90,282		90,282
Total Assets	4,636,209	1,000,014	5,636,223
<u>LIABILITIES</u>			
Accounts payable and accrued expense	392,875		392,875
Intergovernmental payable	19,880		19,880
Total Liabilities	412,755	-	412,755
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenue - property taxes	1,212,690		1,212,690
Unavailable revenue - fines	243		243
Total Deferred Inflows of Resources	1,212,933	-	1,212,933
<u>FUND BALANCES</u>			
Restricted for:			
Capital projects		1,000,014	1,000,014
Unassigned	3,010,521		3,010,521
Total Fund Balances	3,010,521	1,000,014	4,010,535
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,636,209	\$ 1,000,014	\$ 5,636,223

The notes to the financial statements are an integral part of this statement.

**CITY OF GLUCKSTADT, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2022**

	Amount
Total fund balance - governmental funds	\$ 4,010,535
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds, net of accumulated depreciation \$4,060,126.	83,020,401
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	243
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements.	
leases payable	(364,135)
compensated absences	(8,266)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(149,642)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
deferred outflows of resources related to pensions	146,186
deferred inflows of resources related to pensions	(71)
Interest accrued on long-term liabilities not reported in the governmental fund financial statements.	(1,679)
Total Net Position - Governmental Activities	\$ 86,653,572

The notes to the financial statements are an integral part of this statement.

CITY OF GLUCKSTADT, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Police Station Capital Project Fund</u>	
<u>REVENUES:</u>			
Property taxes	\$ 1,273,382		\$ 1,273,382
Licenses and permits	67,143		67,143
Intergovernmental:			
State of Mississippi:			
General sales tax	2,875,233		2,875,233
Liquor licenses	3,825		3,825
Gasoline tax	1,855		1,855
Municipal aid	1,226		1,226
Homestead reimbursement	14,268		14,268
Grand Gulf nuclear	105,532		105,532
Other state revenue	1,145	1,000,000	1,001,145
Local:			
E-911 funds	68,974		68,974
Franchise tax	153,722		153,722
Fines and forfeitures	1,753		1,753
Interest income	799	14	813
Contributions	6,841		6,841
Total revenues:	<u>4,575,698</u>	<u>1,000,014</u>	<u>5,575,712</u>
<u>EXPENDITURES:</u>			
Current:			
General government	1,233,178		1,233,178
Public safety	760,376		760,376
Public works	79,992		79,992
Economic development	138,282		138,282
Debt service:			
Principal paid - leases	8,667		8,667
Total expenditures:	<u>2,220,495</u>	<u>-</u>	<u>2,220,495</u>
Excess of Revenues over (under) Expenditures	<u>2,355,203</u>	<u>1,000,014</u>	<u>3,355,217</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Leases issued	372,802		372,802
Transfers in	100	100	200
Transfers out	(100)	(100)	(200)
Net other financing sources (uses)	<u>372,802</u>	<u>-</u>	<u>372,802</u>
Net change in fund balances	<u>2,728,005</u>	<u>1,000,014</u>	<u>3,728,019</u>
Fund balances - beginning	<u>282,516</u>	<u>-</u>	<u>282,516</u>
Fund balance - ending	<u>\$ 3,010,521</u>	<u>\$ 1,000,014</u>	<u>\$ 4,010,535</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLUCKSTADT, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	Amount
Net changes in fund balances - governmental funds	\$ 3,728,019
 Amounts reported for governmental activities in the Statement of Activities are 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 depreciation expense of \$3,053,012 exceeded capital outlays of \$775,702.	(2,277,310)
The proceeds of long-term debt provides financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$372,802 exceeds debt repayments of \$8,667.	(364,135)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the balance by a combination of the following items:	
Compensated absences	(8,266)
Change in accrued interest on long-term debt	(1,679)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(46,109)
Recording of contributions made prior and subsequent to the measurement date	42,582
Change in net position of governmental activities	\$ 1,073,102

The notes to the financial statements are an integral part of this statement.

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Gluckstadt (the “City”), located in Madison County, Mississippi, was incorporated in June of 2021 under the laws of the State of Mississippi. The City operates under an elected Mayor-Alderman form of government and provides services as authorized by its charter to the citizenry: general administration, public safety (police), public works, and economic and community development. The City’s fiscal year runs from October 1st to the following September 30th. The primary sources of revenue are property taxes and sales taxes.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City’s governing board. As required by generally accepted accounting principles in the United States of America (GAAP), various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City.

B. Basis of Presentation

The City’s basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements, and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Statement of Net Position presents the financial condition of the governmental activities of the City at year end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental functions are self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues, and expenditures. Funds are organized into governmental and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental funds are reported in separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting

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

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

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

Police Station Capital Project Fund - This fund is 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 or other capital assets.

Additionally, the City may report the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures 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 expenditure for principal and interest.

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Capital Projects 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 or 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 meets specific criteria.

D. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality, or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City did not invest in any governmental securities during the fiscal year.

F. Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

G. Capital Assets

Capital asset acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, cost have been estimated and the methods of cost estimation, are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements.

**CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

Depreciation is calculated on the straight-line basis for all assets, except land. A full year’s depreciation expense is taken for all purchases and sales of capital assets during the year.

The following schedule details those thresholds and estimated useful lives:

Asset Classification	Capitalization Thresholds	Estimated Useful Life
Land	\$ -0-	N/A
Infrastructure	-0-	20-50 years
Building	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment and machinery	1,000	5-10 years
Furniture and equipment	1,000	3-7 years
Intangible 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 should not be amortized. The term “depreciation” includes the amortization of intangible assets.

H. Deferred Outflows/Inflows of Resources

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

Deferred outflows related to pensions – This amount represents the City’s proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 8 for additional details.

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

Deferred revenues – property taxes/unavailable revenue – property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines - When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 8 for additional details.

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

I. Leases.

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

The City uses the Federal Prime Borrowing Rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known when the City is the lessee. See Note 7 for details.

J. Pensions

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

K. Long-Term Liabilities

Long-term liabilities are the un-matured principal of bonds, loans, notes, or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on financed purchases and other commitments.

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

L. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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

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

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

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Net Position Flow Assumption:

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

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the City:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

M. Risk Management

The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlement amounts have not exceeded insurance coverage for the current year.

N. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

O. Property Tax Revenues

Numerous statutes exist under which the City may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Madison County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and mobile home. Taxes are billed, collected, and remitted to the City by the Madison County Tax Collector each month. The total millage rate for the City for the 2022 property taxes was 12.00 mills for the general fund.

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

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee vacation leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

The City's employees accumulate personal leave in following manner: An employee must have worked a minimum of six (6) months before being eligible to use vacation time. During an employee's initial six months, time off will be charged against his/her pay. Vacation leave is paid according to hours accumulated per pay period. During the first five years of employment, regular full-time employees earn 3.077 hours per fully worked pay period (80 hours of vacation time per year). After the fifth-year

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

anniversary date, vacation leave will increase by 1 day per year not to exceed four weeks of vacation leave per year.

Employees are encouraged to take vacations annually but can carry over accumulated vacation leave. There is no limit to the amount of paid leave employees can expend for Family and Medical Leave Act. Otherwise, employees can use no more than 160 hours in one calendar year. At the time of an employee's separation, no more than 30 days of unused vacation leave shall be paid at the current rate of salary. Any unused vacation not paid at termination or retirement may be certified to PERS for leave conversion if it meets qualifying conditions.

R. Changes in Accounting Standards

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

NOTE 2: BUDGET POLICY

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

- A. Prior to August 1st, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and Board of Aldermen.
- D. The budget is formally revised during the year and properly amended by the Mayor and Board of Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

**CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

NOTE 3: DEPOSITS

Deposits

The carrying amount of the City’s total deposits with financial institutions at September 30, 2022, was \$4,333,008 and the bank balance was \$4,333,394. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss Code Annotated (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

NOTE 4: INTER-FUND TRANSACTIONS AND BALANCES

Transfer In/Out:

Transfer In	Transfer Out	Amount
General Fund	Police Station Capital Project Fund	\$ 100
Police Station Capital Project Fund	General Fund	100
Total		<u>\$ 200</u>

The purpose of the transfers was to provide for operational expenditures.

NOTE 5: RECEIVABLES AND UNCOLLECTIBLES

Inter-Governmental and Other Receivables

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset, and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end. Intergovernmental and Other receivables at September 30, 2022, include the following:

**CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

Governmental Activities

Description	Amount
Inter-governmental Receivables:	
State	\$ 70,151
Local	20,131
TOTAL	<u>\$ 90,282</u>
Description	Amount
Other Receivables:	
Fines (net of allowance for uncollectibles of \$0)	\$ 243
TOTAL	<u>\$ 243</u>

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

GOVERNMENTAL ACTIVITIES	<u>Balance</u> <u>Oct. 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2022</u>
Depreciable capital assets:					
Infrastructure	\$ 86,304,825				\$ 86,304,825
Mobile & machinery equipment		402,900			402,900
Intangible right to use assets					
Buildings		372,802			372,802
Total depreciable capital assets	<u>86,304,825</u>	<u>775,702</u>	<u>-</u>	<u>-</u>	<u>87,080,527</u>
Less accumulated depreciation for:					
Infrastructure	1,007,114	3,021,343			4,028,457
Mobile & machinery equipment		24,161			24,161
Intangible right to use assets					
Buildings		7,508			7,508
Total accumulated depreciation	<u>1,007,114</u>	<u>3,053,012</u>	<u>-</u>	<u>-</u>	<u>4,060,126</u>
Depreciable capital assets, net	<u>85,297,711</u>	<u>(2,277,310)</u>	<u>-</u>	<u>-</u>	<u>83,020,401</u>
Governmental activities capital assets, net	<u>\$ 85,297,711</u>	<u>(2,277,310)</u>	<u>-</u>	<u>-</u>	<u>\$ 83,020,401</u>
Total capital assets, net, excluding intangible right to use assets					\$ 82,655,107
Intangible right to use assets					365,294
Total capital assets, net, as reported in the statement of net position					<u>\$ 83,020,401</u>

Depreciation expense, which includes amortization, was charged to the governmental functions, as follows:

GOVERNMENTAL ACTIVITIES	Amount
General government	\$ 10,833
Public safety	19,366
Public works	3,022,710
Economic development	103
Total governmental activities depreciation	<u>\$ 3,053,012</u>

NOTE 7: LEASES

The City is a lessee for a non-cancellable lease of a building. 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 and an intangible right-to-use lease asset.

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 depreciation expense, which

**CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

includes amortization, on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a 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 agreed to extend) are excluded from the lease term.

As Lessee:

Lease Assets	Balance			Balance
	Oct. 1, 2021	Additions	Amortization	Sept. 30, 2022
Buildings		372,802	7,508	365,294
Total	-	372,802	7,508	365,294

See Note 6 for further details regarding intangible right-to-use assets, which represents leased assets.

Lease Liabilities	Balance		Principal	Balance
	Oct. 1, 2021	Additions	Payments	Sept. 30, 2022
Buildings	-	372,802	8,667	364,135
Total	-	372,802	8,667	364,135

The City has entered into a lease agreement with a lessor for the lease of the following listed item.

Description	Discount	Term	Issue	Maturity	Monthly	Amount
	Rate		Date	Date	Payment	Outstanding
Buildings	3.25%	4 years	9/1/2022	8/31/2026	\$ 8,667	\$ 364,135

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	85,374	18,630
2024	90,392	13,612
2025	95,705	8,299
2026	92,664	2,674
Total	\$ 364,135	\$ 43,215

NOTE 8: DEFINED BENEFIT PENSION PLAN

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Public Employees Retirement System

General Information about the Pension Plan

Plan Description. The City of Gluckstadt contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes

financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. As of September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2022, 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 year ending September 30, 2022 (the City's first year of participation), was \$42,582 equal to the required contribution for the year.

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

At September 30, 2022, the City reported a liability of \$149,642 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

determined. The City's proportionate share used to calculate the September 30, 2022, net pension liability was 0.000727 percent, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2022, the City recognized pension expense of \$46,109. As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,185	
Net difference between projected and actual earnings on pension plan investments	32,481	
Changes of assumptions	-	
Changes in the proportion and differences between actual contributions and proportionate share of contributions	78,646	71
Contributions subsequent to the measurement date	33,874	
	\$ 146,186	71

The \$33,874 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September	Amount
2023	\$ 37,336
2024	37,336
2025	29,449
2026	8,120
Total	\$ 112,241

Actuarial Assumptions. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for Contingent Annuitants

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00%	4.60%
International Equity	20.00%	4.50%
Global Equity	12.00%	4.85%
Fixed Income	18.00%	1.40%
Real Estate	10.00%	3.65%
Private Equity	10.00%	6.00%
Private Infrastructure	2.00%	4.00%
Private Credit	2.00%	4.00%
Cash Equivalents	1.00%	-0.10%
	<u>100.00%</u>	

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

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

	1% Decrease (6.55%)	Discount Rate (7.55%)	1% Increase (8.55%)
Proportionate share of the net pension liability	\$ 195,299	149,642	112,002

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

NOTE 9: LONG-TERM DEBT

The City’s long-term debt is made up of compensated absences.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation indebtedness in an amount that exceeds 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water and sewerage systems, gas and light and power purposes, and for construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying a City’s proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under provisions of Section 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, Revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

The margin for further indebtedness under the above debt limits as of September 30, 2022, is approximately:

<u>15% Limit</u>	<u>20% Limit</u>
\$16,110,248	\$21,480,330

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

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:					
Compensated absences		8,266		8,266	
Total	\$ -	8,266	-	8,266	\$ -

**CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

Compensated absences will be paid from the fund in which the employees' salaries were paid.

NOTE 10: CONTINGENCIES

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. The City received no federal grants in fiscal 2022 therefore, no provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

NOTE 11: TAX ABATEMENTS

Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures* requires governmental entities to disclose the reduction in tax revenues resulting 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 are otherwise 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 governments or the citizens of those governments.

The City's board of aldermen negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the municipality. The City had tax abatement agreements with several entities as of September 30, 2022.

The City had abatements under the following statute, which does not provide for the abatement of school or state tax levies. 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972, and freeport warehouse exemptions under statute 27-31-53. All allowable property tax levies:

Category	Fiscal Year 2022	
	% of Taxes Abated	Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 667,000

The companies were not required to comply with any special provisions in order to receive the abatements and the City made no commitments as part of the agreements other than to reduce taxes.

**CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

NOTE 12: EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position amount of \$2,633,157 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to the pension in the amount of \$33,874 results from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$112,312 balance of the deferred outflow of resources related to pensions as of September 30, 2022, will be recognized in pension expense over the next 4 years. The \$71 balance of the deferred inflow of resources related to pension as of September 30, 2022, will be recognized in pension expense over the next 3 years.

NOTE 13: SUBSEQUENT EVENTS

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Gluckstadt evaluated the activity of the City through November 30, 2023, and determined that the following subsequent events occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the City issued the following debt obligation(s):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
6/30/2023	5.00% to 6.00%	\$ 6,205,000	General Obligation Bonds	General Revenues
10/1/2022	*6.25%	\$ 19,992	Lease	General Revenues
12/1/2022	*7.27%	\$ 9,720	Lease	General Revenues

* Denotes Federal Prime Borrowing Rate in effect at the date of the lease inception.

CITY OF GLUCKSTADT, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

City of GLUCKSTADT, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2022
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 1,360,793	\$ 1,253,750	\$ 1,253,750	\$ -
Licenses, Permits & Franchise Fees	206,900	220,749	220,749	-
Grants & Intergovernmental	1,806,459	2,932,934	2,932,934	-
Fines and Forfeits	46,005	1,753	1,753	-
Interest income	-	416	416	-
Miscellaneous revenues	-	75,815	75,815	-
Total Revenues	3,420,157	4,485,417	4,485,417	-
EXPENDITURES:				
General Government				
Personal services	276,477	116,815	116,815	-
Supplies	13,082	5,872	5,872	-
Contractual services	554,578	662,859	662,859	-
Capital outlay	196,080	35,239	35,239	-
Total general government	1,040,217	820,785	820,785	-
Public Safety				
Police Department				
Personal services	738,026	156,894	156,894	-
Supplies	59,500	4,069	4,069	-
Contractual services	60,474	18,524	18,524	-
Capital outlay	114,938	220,578	220,578	-
Total Police Department	972,938	400,065	400,065	-
Fire Department				
Contractual services	29,308	29,308	29,308	-
Total Fire Department	29,308	29,308	29,308	-
Total Public Safety	1,002,246	429,373	429,373	-
Public Works				
Supplies	-	3,177	3,177	-
Contractual services	77,993	4,453	4,453	-
Capital outlay	-	57,143	57,143	-
Total Highways and Streets	77,993	64,773	64,773	-
Economic Development				
Personal services	177,324	42,950	42,950	-
Supplies	8,051	3,721	3,721	-
Contractual services	288,994	67,386	67,386	-
Capital outlay	9,246	5,951	5,951	-
Total Economic Development	483,615	120,008	120,008	-
Debt Service				
Principal and interest paid	116,806	-	-	-
	116,806	-	-	-
Total Expenditures	2,720,877	1,434,939	1,434,939	-
Excess of Revenues over (under) Expenditures	699,280	3,050,478	3,050,478	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	100	100	-
Operating transfers (out)	-	(100)	(100)	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	699,280	3,050,478	3,050,478	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ 699,280	\$ 3,050,478	\$ 3,050,478	\$ -

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

City of GLUCKSTADT, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
Police Station Capital Project Fund
For the Year Ended September 30, 2022
UNAUDITED

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Grants & Intergovernmental	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Interest income	-	14	14	-
Total Revenues	-	1,000,014	1,000,014	-
EXPENDITURES:				
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	1,000,014	1,000,014	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
transfers in	-	100	100	-
transfers (out)	-	(100)	(100)	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	-	1,000,014	1,000,014	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ 1,000,014	\$ 1,000,014	\$ -

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

City of GLUCKSTADT, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability (PERS)
Last 10 Fiscal Years*
For the Year Ended September 30, 2022

Public Employees Retirement Systems (PERS)	2022
Proportion of the net pension liability (asset)	0.0007270%
Proportionate share of the net pension liability (asset)	\$ 149,642
Covered payroll	\$ 244,721
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	61.15%
Plan fiduciary net position as a percentage of the total pension liability	59.93%

The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to 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, 2022, 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 statement.

City of GLUCKSTADT, Mississippi
Schedule of City's Contributions – Pension (PERS)
Last 10 Fiscal Years*
For the Year Ended September 30, 2022

Public Employees Retirement Systems (PERS)	2022
Contractually required contribution	\$ 42,582
Contributions in relation to the contractually required contribution	<u>42,582</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 244,721
Contributions as a percentage of covered payroll	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, 2022, 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 statement.

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
“UNAUDITED”

A. Budgetary Information.

Statutory requirements dictate how and when the City’s budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk, using historical and anticipated fiscal data, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City’s budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and the Police Station Capital Project Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

Governmental Fund Type	General Fund	Police Station Capital Project
Budget (Cash Basis)	\$ 3,050,478	\$ 1,000,014
Increase (Decrease)		
Net adjustments for revenue accruals	463,084	-
Net adjustments for expense accruals	785,557	-
Net Change in Fund Balance - GAAP Basis	<u>\$ 2,728,005</u>	<u>\$ 1,000,014</u>

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
“UNAUDITED”

D. Excess of Actual Expenditures over Budget in Individual Funds.

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds.

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

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 assumption 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%.

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
“UNAUDITED”

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.
For females, 115% of female rates at all ages.
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
For females, 84% of female rates up to age 72, 100% for ages above 76.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.
For females, 121% of female rates at all ages.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

CITY OF GLUCKSTADT, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
“UNAUDITED”

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

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

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

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

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

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

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

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.

C. Method and assumptions used in calculations of actuarially determined contributions.

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from June 30, 2021, actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	2.75 percent
Salary increase, including inflation	3.00 percent to 18.25 percent
Initial health care cost trend rates Medicare Supplement Claims – Pre Medicare	6.50 percent
Ultimate health care cost trend rates Medicare Supplement Claims – Pre Medicare	4.75 percent
Year of ultimate trend rates Medicare Supplement Claims – Pre Medicare	2030
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13 percent

CITY OF GLUCKSTADT, MISSISSIPPI

OTHER INFORMATION

**CITY OF GLUCKSTADT, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
September 30, 2022**

Name	Position	Bond Amount	Expiration Date	Surety Company
Walter Morrison	Mayor	50,000	7/1/2025	Travelers Casualty & Surety
Richard Slay	Alderman	50,000	7/1/2025	Travelers Casualty & Surety
Lisa Williams	Alderman	50,000	7/1/2025	Travelers Casualty & Surety
Miya Bates	Alderman	50,000	7/1/2025	Travelers Casualty & Surety
Jayce Powell	Alderman	50,000	7/1/2025	Travelers Casualty & Surety
John W.Taylor	Alderman	50,000	7/1/2025	Travelers Casualty & Surety
Lindsay D. Kellum	City Clerk	50,000	10/4/2022	Travelers Casualty & Surety
Franklin Scott Maugh	Deputy City Clerk	50,000	10/4/2022	Travelers Casualty & Surety
Stephanie R. Burton-Gerlach	Municipal Court Clerk	50,000	10/4/2023	Travelers Casualty & Surety
Wendell E .Watts	Police Chief	50,000	10/4/2022	Travelers Casualty & Surety

CITY OF GLUCKSTADT, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS – 2021 TAX ROLLS
For the Year Ended September 30, 2022

	Tax			
Assessments - 2021 Tax Rolls	Assessed Valuation	Ad Valorem		
Real Property	\$ 69,680,472			
Personal Property	33,526,240			
Auto and Mobile Home	3,771,571			
Public Utility	423,368			
Total Assessed Valuation	107,401,651			
Total Ad Valorem Tax @ 12 Mills	1,288,820			
Less: Special Homestead Exemption Credit	\$ 15,904			
Net Ad Valorem Taxes		\$ 1,272,916		
Other Collections:				
Actual Homestead Reimbursements			14,268	
Penalties and Interest on Delinquent Taxes			1,872	
Deductions:				
Madison County Tax Collector's Commission			(35,044)	
Total Ad Valorem Taxes to be Accounted For			\$ 1,254,012	
Collections:				
Allocated to:	Fund #	Taxes	Homestead	Total
General Fund	001	1,222,026	14,268	1,236,294
		1,222,026	14,268	1,236,294
Balance Represented by:				
Unpaid realty & unaccounted for under (over) collections				17,718
Total Ad Valorem Taxes Accounted for				\$ 1,254,012

CITY OF GLUCKSTADT, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS – 2021 TAX ROLLS (Cont'd)
For the Year Ended September 30, 2022

Fund	Millage	Purpose
General	12.00	General Current Expenditures & Maintenance
Total Tax Levy	12.00	

Ad Valorem tax collections were found to be under the limitations of Sections 27-39-320 to 27-39-329, Miss. Code annotated (1972), as follows:

\$	- Base year		\$ 1,222,026	Taxes collected 2021-2022
	- Less: Applicable to Debt Service		-	Less: Applicable to Debt Service
	-		1,222,026	
	- 10 % Increase		14,268	Homestead Exemption
			-	Less: Applicable to Debt Service
			14,268	
\$	-		*	\$ (1,236,294) Under (Over) Limitation

*Note: Fiscal 2022 was the first year the City collected ad valorem tax, therefore, no base year exist, so the Under (Over) limitation is not applicable.

CITY OF GLUCKSTADT, MISSISSIPPI

STATISTICAL INFORMATION

**CITY OF GLUCKSTADT, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended September 30, 2022**

	Total Outstanding G/O Debt	Bonds/Notes Subject To 15% Limitation	Bonds/Notes Subject To 20% Limitation
<u>OUTSTANDING GENERAL OBLIGATION DEBT:</u>			
Total Outstanding General Obligation Debt	-	\$ -	\$ -
<u>AUTHORIZED DEBT LIMIT:</u>			
Assessed Value for the fiscal year ended September 30, 2022	\$ 107,401,651		
	@15%	16,110,248	
	@20%		21,480,330
Present Debt (Subject to 15% and 20% Limitation, respectively)		-	-
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		\$ 16,110,248	\$ 21,480,330

LIMITATION OF INDEBTEDNESS - SECTION 21-33-303 AS AMENDED

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

CITY OF GLUCKSTADT, MISSISSIPPI

SPECIAL REPORTS

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

Honorable Mayor and Board of Aldermen
City of Gluckstadt
Gluckstadt, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of Gluckstadt, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2023.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Gluckstadt, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 30, 2023, included within this document.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

November 30, 2023

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PRIVATE COMPANIES PRACTICE SECTION

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

Honorable Mayor and Board of Aldermen
City of Gluckstadt
Gluckstadt, Mississippi

We have audited the financial statements of the governmental activities and each major fund of the City of Gluckstadt, Mississippi, as of and for the fiscal year ended September 30, 2022, which collectively comprise the City of Gluckstadt, Mississippi's basic financial statements and have issued our report thereon dated November 30, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 the City's compliance with these requirements was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general-purpose financial statements did not disclose any material instances of noncompliance with state laws and regulations.

This report is intended for the information and use of management, the Board of Aldermen, State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
November 30, 2023

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and Board of Aldermen
City of Gluckstadt
Gluckstadt, Mississippi

In planning and performing our audit of the financial statements of the City of Gluckstadt, Mississippi for the year ended September 30, 2022, we considered the City of Gluckstadt, Mississippi’s internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Gluckstadt, Mississippi’s financial reporting, we have performed some additional limited internal control and state legal compliance procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City’s compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 30, 2023, on the financial statements of the City of Gluckstadt, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, *Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified one item we considered as an internal control matter, that is an opportunity for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

2022-001.	<u>The City Clerk’s Office had Insufficient Separation of Duties.</u>
Repeat Finding	No
Criteria	An effective system of internal control includes adequate separation of duties.
Condition	The City was incorporated in June 2021. The City Clerk was hired in October 2021. During much of the fiscal year under audit, the City Clerk was the only individual employed by the City. Adequate separation of duties did not exist in the accounting functions.

Cause	The City's size interferes with the cost-benefit relationship in implementing separation of duties.
Effect	Failure to have adequate separation of duties could result in the loss or misappropriation of public funds.
Recommendation	The City should separate duties amongst the individuals involved in receipting and disbursing funds, recording transactions, and reconciling accounts.
Response	<p>Now that the City of Gluckstadt is more fully staffed, such separation of duties and responsibilities noted in the FY22 audit finding have been put in place through implementation of proper internal controls within the City Clerk's Office, as a corrective measure. The internal control system and established procedures will remain in effect going forward. Additionally, during the pertinent time period, when the City was still in its infancy and only had a few employees, the City was advised by both its city attorney and its urban and regional planning consultant, who regularly advises municipalities on financial matters, including the municipal budget preparation, administration, and amendments.</p> <p>As of the date of this letter, all departments have sufficient staff in place to comply with city internal control procedures and recommendations from your office.</p>

This report is intended solely for the information and use of management, the Board of Aldermen, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
 Certified Public Accountants
 Vicksburg, Mississippi
 November 30, 2023

CITY OF GLUCKSTADT, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

**CITY OF GLUCKSTADT, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2022**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.