

PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2024

NEW ISSUE-BOOK-ENTRY ONLY

**UNDERLYING RATING – Moody’s: “Aa3”
(See “RATING” herein)**

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Series 2024 Bonds (as defined herein) is excludable from gross income for federal tax purposes pursuant to Section 103 of the Code (as defined herein), and such interest is not a specific preference item for purposes of the federal alternative minimum tax; however such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternate minimum tax imposed on such corporations. Such exclusion is conditioned on continuing compliance with certain tax covenants of the Issuer (as defined below) and the City (as defined below). In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, interest on the Series 2024 Bonds is exempt from all income taxation in the State of Mississippi. See “TAX MATTERS” herein and APPENDIX D - FORM OF OPINION OF BOND COUNSEL hereto.

\$7,500,000*

**MISSISSIPPI DEVELOPMENT BANK
SPECIAL OBLIGATION BONDS, SERIES 2024
(CITY OF HATTIESBURG, MISSISSIPPI
PUBLIC IMPROVEMENT GENERAL OBLIGATION BOND PROJECT)**

Dated: Date of Delivery

DUE May 1, as shown on inside front cover

The Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project) (the “**Series 2024 Bonds**”), are being issued by the Mississippi Development Bank (the “**Issuer**”), will be dated the date of delivery thereof and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover. The Series 2024 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York (“**DTC**”). Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2024 Bonds will not receive physical delivery of certificates representing their interests in the Series 2024 Bonds. Interest on the Series 2024 Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2024*. So long as DTC or its nominee is the Registered Owner of the Series 2024 Bonds, interest, together with the principal of and redemption premium, if any, on the Series 2024 Bonds will be paid directly to DTC by Hancock Whitney Bank, Ridgeland, Mississippi, as Trustee under the Indenture, all as defined and more fully described herein under the caption, “DESCRIPTION OF THE SERIES 2024 BONDS – Book-Entry-Only System.”

The Series 2024 Bonds are issued by the Issuer for the principal purpose of providing funds for the purchase of the City Bond (as defined herein) being issued by the City of Hattiesburg, Mississippi (the “**City**”) and paying the costs of borrowing, as more fully described in this Official Statement.

The Series 2024 Bonds are subject to redemption prior to maturity as more fully described herein. See “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption.”

THE SERIES 2024 BONDS ARE LIMITED AND SPECIAL OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE TRUST ESTATE OF THE ISSUER PLEDGED THEREFOR UNDER THE INDENTURE, INCLUDING THE CITY BOND AND PAYMENTS DERIVED THEREFROM, AS MORE FULLY DESCRIBED HEREIN. THE SERIES 2024 BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE ISSUER, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF UNDER THE CONSTITUTION AND LAWS OF THE STATE OF MISSISSIPPI, OR A PLEDGE OF THE FULL FAITH AND CREDIT, TAXING POWER OR MORAL OBLIGATION OF THE ISSUER, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF; PROVIDED, HOWEVER, THAT THE CITY BOND IS SECURED BY THE FULL FAITH AND CREDIT AND TAXING POWER OF THE CITY. THE SOURCES OF PAYMENT OF, AND SECURITY FOR, THE SERIES 2024 BONDS ARE MORE FULLY DESCRIBED HEREIN. THE ISSUER HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2024 Bonds are offered subject to the final approval of the legality thereof by Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Balch & Bingham LLP, Jackson, Mississippi, its counsel, and for the City by Moran M. Pope III, Esquire, Hattiesburg, Mississippi. Municipal Advisors of Mississippi, Inc., Gulfport, Mississippi, serves as the Municipal Advisor to the Issuer in connection with the sale and issuance of the Series 2024 Bonds. The Series 2024 Bonds are expected to be available in definitive form for delivery on or about May 22, 2024*.

RAYMOND JAMES®

The date of this Official Statement is _____, 2024.

* Preliminary, subject to change.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

SERIES 2024 BONDS

MATURITY SCHEDULE¹

Year of Maturity (May 1)	Principal Amount ¹	Interest Rate	Yield	CUSIP ¹
2025	\$440,000			
2026	445,000			
2027	465,000			
2028	490,000			
2029	515,000			
2030*	540,000			
2031*	565,000			
2032*	595,000			
2033*	625,000			
2034*	655,000			
2035*	685,000			
2036*	720,000			
2037*	760,000			

¹ The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2024 Bonds only, and the Issuer, the City and the Underwriter does not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2024 Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part of the Series 2024 Bonds.

*Priced to a call date of May 1, 2029.

¹ Preliminary, subject to change.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITY OTHER THAN THE ORIGINAL OFFERING OF THE SERIES 2024 BONDS IDENTIFIED ON THE COVER HEREOF. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2024 BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSION OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE SERIES 2024 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. INFORMATION HEREIN HAS BEEN OBTAINED FROM THE ISSUER, THE CITY, DTC AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITER.

UPON ISSUANCE, THE SERIES 2024 BONDS WILL NOT BE REGISTERED BY THE ISSUER UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE ISSUER (TO THE EXTENT DESCRIBED HEREIN), WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2024 BONDS FOR SALE.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE ISSUER AND THE PURCHASERS OR HOLDERS OF THE SERIES 2024 BONDS. ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE REASONABLE, BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE PRICES AT WHICH THE SERIES 2024 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS OF THE STATE, THE UNITED STATES OF AMERICA, AND THE CITY THE INCLUSION IN THIS OFFICIAL

STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE ISSUER, THE CITY OR THE UNDERWRITER THAT SUCH FORECASTS, PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS "EXPECTS," "FORECASTS," "PROJECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE ISSUER AND THE CITY. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE ISSUER DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE ISSUER'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2024 BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY FROM SUCH WEBSITE.

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OFFICIAL STATEMENT

\$7,500,000*

**MISSISSIPPI DEVELOPMENT BANK
SPECIAL OBLIGATION BONDS, SERIES 2024
(CITY OF HATTIESBURG, MISSISSIPPI PUBLIC IMPROVEMENT GENERAL
OBLIGATION BOND PROJECT)**

INTRODUCTION

The purpose of this Official Statement, including its APPENDICES, is to set forth certain information concerning the sale and issuance by the Mississippi Development Bank (the "**Issuer**") of its Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project) (the "**Series 2024 Bonds**"), issued in the aggregate principal amount of \$7,500,000*.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and all APPENDICES hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Issuer was established in 1986 as a separate body corporate and politic of the State of Mississippi (the "**State**") for the public purposes set forth under the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the "**Issuer Act**"). The Issuer is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power. The Issuer is governed by a Board of Directors composed of nine (9) members.

Pursuant to the Issuer Act, the purpose of the Issuer is to assist "local governmental units," as defined in the Issuer Act to be (i) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State of Mississippi, (ii) the State of Mississippi or any agency thereof, (iii) the institutions of higher learning of the State of Mississippi, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under state law, such as the City, through programs of purchasing the bonds, notes or evidences of indebtedness of such local governmental units under agreements between such local governmental units and the Issuer. The entity described in APPENDIX A (the "**City**") is such a local governmental unit.

Sources of Payment and Security for the Series 2024 Bonds

The Series 2024 Bonds will be issued by and under and secured by an Indenture of Trust, dated the date of delivery (the "**Indenture**"), by and between the Issuer and Hancock Whitney Bank, in Ridgeland, Mississippi, as Trustee (the "**Trustee**"). The principal of, redemption premium, if any, and interest on any and all of the Series 2024 Bonds, together with any additional bonds or refunding bonds (the "**Refunding Bonds**") that may be authorized and issued by the Issuer under the Indenture on a parity

* Preliminary, subject to change.

with the Series 2024 Bonds (collectively, the "**Bonds**"), are payable from those revenues and funds of the Issuer which, together with the general obligation bond issued by the City (the "**City Bond**"), as defined and described herein, pursuant to Sections 21-33-301 et seq., Mississippi Code of 1972, as amended (the "**City Bond Act**" and together with the Issuer Act, the "**Act**"), are pledged pursuant to the Indenture for the benefit of the owners of the Series 2024 Bonds without priority. The full faith and credit and taxing power of the State are not pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2024 Bonds. The Series 2024 Bonds are not a debt, liability, loan of the credit or pledge of the full faith and credit, moral obligation of the State or of any political subdivision; provided, however, that the City Bond is secured by the full faith and credit and taxing power of the City. The Issuer has no taxing power and has only those powers and sources of revenue set forth in the Issuer Act. The Series 2024 Bonds are issued and secured separately from any other obligations issued by the Issuer.

The Series 2024 Bonds are secured by the pledge of the Trust Estate established under the Indenture (the "**Trust Estate**"), defined to be (i) all cash and securities in the funds and accounts established by the Indenture (other than the Rebate Fund, as described herein) (the "**Funds**" and "**Accounts**") and the investment earnings thereon (other than the Rebate Fund) and all proceeds thereof (other than the Rebate Fund or any amounts which are transferred from such Funds and Accounts from time to time in accordance with the Indenture), (ii) the City Bond acquired and held by the Trustee pursuant to the Indenture, all the payments thereunder, and the earnings thereon and the proceeds thereof, and (iii) all funds, accounts and moneys hereinafter pledged to the Trustee as security by the Issuer. All Series 2024 Bonds will be secured equally and ratably by all of the foregoing. The sources of payment for the Series 2024 Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS," and "**APPENDIX C.**"

The principal of and interest on the City Bond are payable out of certain revenues as hereinafter defined. The following City Bond is scheduled to be purchased with proceeds of the Series 2024 Bonds: \$7,500,000 City of Hattiesburg, Mississippi Public Improvement General Obligation Bond, Series 2024 (the "**City Bond**"). The sources of payment on the City Bond are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS" and "**APPENDIX C.**"

Purpose of the Series 2024 Bonds

The Series 2024 Bonds are being issued pursuant to the Act to purchase the City Bond to provide funds to the City for any of (i) purchasing and installing water meters within the City and repairing, improving and extending the waterworks, gas, electric and other public utility plants or distribution systems or franchises; (ii) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; and (iii) for other authorized purposes under the City Bond Act, including funding capitalized interest, if applicable, and paying the costs of borrowing (together, the "**Project**").

Authority for Issuance

The Series 2024 Bonds are issued pursuant to the provisions of the Act and the Indenture.

Description of the Series 2024 Bonds

Redemption. The Series 2024 Bonds are subject to redemption as set forth hereinafter under the caption "DESCRIPTION OF THE SERIES 2024 BONDS -- Redemption."

Denominations. The Series 2024 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Registration, Transfers, and Exchanges. The Series 2024 Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Purchases of beneficial interests in the Series 2024 Bonds will be made in book entry only form. Purchasers of beneficial interests in the Series 2024 Bonds will not receive physical delivery of certificates representing their respective interests in the Series 2024 Bonds.

Payments. Interest on the Series 2024 Bonds is payable on May 1 and November 1 of each year, and, so long as DTC or its nominee is the Registered Owner of the Series 2024 Bonds, such interest, together with the principal of and redemption premium, if any, on the Series 2024 Bonds will be paid directly to DTC by the Trustee under the Indenture. The final disbursement of such payments to the Beneficial Owners of the Series 2024 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as more fully defined and described herein under the caption "DESCRIPTION OF THE SERIES 2024 BONDS -- Book-Entry-Only System."

For a more complete description of the Series 2024 Bonds and the basic documentation pursuant to which the Series 2024 Bonds are being issued, see the captions "DESCRIPTION OF THE SERIES 2024 BONDS," "REVENUES, FUNDS AND ACCOUNTS," and "OPERATION OF FUNDS AND ACCOUNTS," in this Official Statement.

Tax Matters

In the opinion of Butler Snow LLP, Ridgeland, Mississippi ("**Bond Counsel**"), under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2024 Bonds is excludable from gross income for federal tax purposes, with such exclusion conditioned upon continuing compliance with certain tax covenants of the Issuer and the City, and under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2024 Bonds is exempt from all income taxation in the State. Interest on the Series 2024 Bonds is not a specific preference item for purposes of federal alternative minimum taxes. For a more complete description of such opinion and certain other tax consequences incident to the ownership of the Series 2024 Bonds, see the captions "TAX MATTERS" herein. Also, see "**APPENDIX D**" for the proposed form of opinion of Bond Counsel.

Professionals Involved in the Offering

Hancock Whitney Bank, Ridgeland, Mississippi will act as Trustee under the Indenture for the Series 2024 Bonds. Municipal Advisors of Mississippi, Inc., Gulfport, Mississippi, is employed as Municipal Advisor to the Issuer (the "**Municipal Advisor**") with respect to the Series 2024 Bonds. Certain proceedings in connection with the issuance of the Series 2024 Bonds are subject to the approval of Bond Counsel. Certain legal matters will be passed upon for the Issuer by Balch & Bingham LLP, Jackson, Mississippi and for the City by Moran M. Pope III, Esquire, Hattiesburg, Mississippi. See the caption "LEGAL MATTERS" and "MISCELLANEOUS" in this Official Statement.

Offering and Delivery of the Series 2024 Bonds

Subject to the final approval of the legality thereof by Bond Counsel, the Series 2024 Bonds are expected to be available in definitive form for delivery on or about May 22, 2024*.

* Preliminary, subject to change.

Risks to the Owners of the Series 2024 Bonds

There are certain risks involved in the ownership of the Series 2024 Bonds which should be considered by prospective purchasers. The ability of the Issuer to pay principal of, redemption premium, if any, and interest on the Series 2024 Bonds depends primarily upon the receipt by the Issuer of City Bond payments (the "**City Bond Payments**") from the City participating in the program (the "**Program**") which is obligated to make such payments to the Issuer, together with investment earnings on certain amounts in the Funds and Accounts defined in and established under the Indenture. There can be no representation or assurance that the City will realize sufficient Revenues to make the required City Bond Payments. See the caption, "SECURITY AND SOURCES OF PAYMENT." Failure of the Issuer and/or the City to comply with certain tax covenants may also adversely affect the exempt status of the interest on all of the Series 2024 Bonds. See the caption "RISKS TO THE OWNERS OF THE SERIES 2024 BONDS" in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and certain information contained herein is subject to change.

Copies of other documents and information are available, upon request, and upon payment to the Issuer of a charge for copying, mailing, and handling, from Larry W. Mobley, Executive Director, Mississippi Development Bank, 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

NO DEALER, BROKER, SALESMAN OR OTHER REPRESENTATIVE OF THE UNDERWRITER OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2024 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE ISSUER, THE CITY, DTC AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

Format of Official Statement

There follows in this Official Statement a description of the security and sources of payment for the Series 2024 Bonds, the purposes and operation of the Issuer's program to be financed out of the proceeds of the Series 2024 Bonds, the Issuer, and summaries of certain provisions of the Series 2024 Bonds, the Indenture and certain provisions of the Act. All discussions of the Act and the Indenture are qualified in their entirety by reference to the Act, copies of which are available from the Issuer, and all

discussions of the Series 2024 Bonds are qualified in their entirety by reference to the definitive form and the information with respect to the Series 2024 Bonds contained in the Indenture. Certain information relating to the City is set forth in "**APPENDIX A - INFORMATION CONCERNING THE CITY**," certain financial information on the City is included in "**APPENDIX B - FINANCIAL INFORMATION OF THE CITY**," the proposed form of opinion of Bond Counsel with respect to the Series 2024 Bonds is set forth in "**APPENDIX D - FORM OF BOND COUNSEL OPINION**", and the form of the continuing disclosure certificate of the City is set forth in "**APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE**," and certain definitions used herein are set forth in "**APPENDIX E - CERTAIN DEFINITIONS**". Each of the APPENDICES to this Official Statement is an integral part of this Official Statement and should be read in its entirety by any and all owners or prospective owners of the Series 2024 Bonds.

Capitalized terms not defined herein shall have the definitions set forth in "**APPENDIX E - CERTAIN DEFINITIONS**."

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

General

The Series 2024 Bonds are payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Series 2024 Bonds. The Series 2024 Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the constitution of the State or a pledge of the full faith and credit and taxing power or moral obligation of the State or any political subdivision thereof; provided, however, that the City Bond is a general obligation of the City, as described herein. The Issuer has no taxing power. The sources of payment of, and security for, the Series 2024 Bonds are more fully described below.

Under the Indenture, the Series 2024 Bonds are secured by a pledge to the Trustee of the City Bond and all City Bond Payments, as described herein. In addition, the Indenture pledges to the payment of the Series 2024 Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture, except for the Rebate Fund, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund or from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Issuer to the Trustee as security under the Indenture, to the extent of any such pledge.

The City and the City Bond

From the proceeds of the Series 2024 Bonds, the Issuer intends to purchase and, upon purchase, will pledge to the Trustee the City Bond of the City, as described in "**APPENDIX C**."

Provisions for Payment of the City Bond

The City Bond will be a general obligation of the City. The City Bond Resolution provides that the City is unconditionally obligated to make payments secured by the full faith and credit of the City in an aggregate amount sufficient, with any other funds available therefor, for the payment in full of the principal of, premium, if any, and interest on all Series 2024 Bonds issued and Outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Issuer and the Trustee.

In the City Bond Resolution, the City covenants to levy a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of premium, if any, and the interest on the City Bond and any additional obligations of the City under the City Bond Resolution; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the 2024 Bond Fund, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the City Bond Resolution, including, but not limited to, a pledge of the revenues of combined water and sewer system of the City, which pledge shall be in addition to the pledge of the full faith and credit of the City. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are irrevocably pledged in the City Bond Resolution for the payment of the principal of, premium, if any, and interest on the City Bond and any additional obligations of the City as aforesaid as the same shall respectively mature and accrue, including, but not limited to, revenues of the natural gas system of the City and revenues of the combined water and sewer system of the City.

The City Bond will never, within the meaning of any constitutional or statutory limitation, be a debt, liability, or obligation of the State or any political subdivision of the State other than the City, and neither the full faith and credit nor taxing power or moral obligation of the State or any political subdivision thereof is pledged to the payment of the principal, premium, if any, and interest on the City Bond; provided, however, that the City Bond is a general obligation of the City. The City Bond initially issued under the City Bond Resolution shall be issued for the purposes of providing funds to finance costs of the (i) Project; and (ii) payment of costs of issuance of the Series 2024 Bonds and the City Bond.

The issuance of the City Bond shall be authorized by resolution of the Mayor and City Council of the City (the "**Governing Body**") adopted pursuant to the Act. See "**APPENDIX C**" for further description of the City Bond.

RISKS TO THE OWNERS OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be payable solely from the payments to be made by the Issuer under the Indenture. Pursuant to the Indenture, such payments are limited to City Bond Payments payable by the City on the City Bond pursuant to the City Bond Resolution. No reserve fund has been established for the payment of debt service on the Series 2024 Bonds or the City Bond. Purchasers of the Series 2024 Bonds are advised of certain risk factors with respect to the City Bond.

In addition, purchasers of the Series 2024 Bonds are advised of certain additional information in connection with the City as set forth in "APPENDIX A" and "APPENDIX B."

City Bond

The ability of the Issuer to pay principal of, redemption premium, if any, and interest on the Series 2024 Bonds depends primarily upon the receipt by the Issuer of City Bond Payments from the City which is obligated under the City Bond Resolution to make such payments to the Issuer, together with earnings on the amounts in the Funds and Accounts created under the Indenture sufficient to make such payments. There is no Indenture Fund or Account which is required to contain amounts to make up for any deficiencies in the event of one or more defaults by the City in making such City Bond Payments, and there is no source from which the General Fund will be replenished except the City Bond Payments and investment income on moneys in the Funds and Accounts; and further, no reserve fund is created in the Indenture or the City Bond Resolution to pay debt service on the Series 2024 Bonds or the City Bond.

Tax Covenants

The Issuer has covenanted under the Indenture that it will comply with certain requirements under the Internal Revenue Code of 1986, as amended (the "**Code**") to ensure the continuing excludability from gross income for federal income tax purposes of interest on the Series 2024 Bonds. Failure by the Issuer to comply with such covenants could cause the interest on the Series 2024 Bonds to be taxable retroactive to the date of issuance of the Series 2024 Bonds. Further, the City has covenanted in the City Bond Resolution that it will comply with certain requirements under the Code to ensure the continuing excludability from gross income for federal income tax purposes of interest on the Series 2024 Bonds. Failure by the City to comply with such requirements could cause the interest on the Series 2024 Bonds to be taxable retroactive to the date of issuance of the Series 2024 Bonds. See also "TAX MATTERS" herein.

Remedies

The remedies available to the Trustee, to the Issuer or to the owners of the Series 2024 Bonds upon an "event of default" under the Indenture or under the terms of the City Bond purchased by the Issuer are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The pledge of the full faith and credit and taxing power of the City for payment of the City Bond granted by the Governing Body in the City Bond Resolution may be limited by a number of factors, including the ability to collect levied taxes. Under current law, such a pledge and assignment as attempted to be effected by the City Bond Resolution may be further limited by the following: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) prohibitions against assignment set forth in federal statutes; (d) constructive trusts, equitable liens or other

rights which might be impressed or conferred by any state or federal court in the exercise of equitable jurisdiction; (e) the Bankruptcy Code (as hereinafter defined) affecting taxes and other revenues of the City received within 90 days preceding and after any effectual institution of bankruptcy, liquidation or reorganization proceedings by or against the City; (f) rights of third parties in revenues converted to cash and not in the possession of the Trustee; and (g) sales, liens and/or pledges made by the City. If an "event of default" does occur, it is uncertain that the Trustee could successfully obtain an adequate remedy at law or in equity.

The City is a "Municipality" as that term is defined in Title 11 of the United States Code (the "**Bankruptcy Code**"). Section 109(c) of the Bankruptcy Code prescribes the conditions and circumstances under which a Municipality may file a petition for relief under the Bankruptcy Code. As a debtor, a Municipality may only file for relief pursuant to Chapter 9 of the Bankruptcy Code ("**Chapter 9**"). Pursuant to Section 303(a) of the Bankruptcy Code, no creditor or judgment holder of a Municipality may file a Chapter 9 petition on behalf of a Municipality.

Pursuant to Section 109(c)(2) of the Bankruptcy Code, before a Municipality may file a petition under Chapter 9 of the Bankruptcy Code, a Municipality must be specifically authorized by (a) state law or (b) a governmental officer or organization empowered to authorize such a filing. Accordingly, before a Municipality in the State may file for Chapter 9 protection, it must have specific authority granted to it. Currently, there is no State statute that prescribes, authorizes or otherwise contains authorization for any Municipality to file for Chapter 9 protection, or delegates such authority to a governmental officer or organization. As such, in order for a Municipality of the State, including the City, to file for Chapter 9 relief, the Municipality must obtain specific authority from the State Legislature.

The State Legislature is comprised of the Senate and the House of Representatives. The Senate is composed of 52 members, and the House of Representatives consists of 122 members. Each member of each chamber is elected to a four-year term. In the State, the Legislature convenes annually on the first Tuesday after the first Monday each January. Regular sessions of the State Legislature last 90 days in all years of an administration except for the first session after a new governor has been elected, when a 125-day session is held.

In order to obtain specific authority from the State Legislature to file for relief pursuant to Chapter 9, a Municipality would have to request both houses of the State Legislature during the annual session of the State Legislature or a special session of the State Legislature called for such purpose to approve a bill authorizing the Municipality to file for relief pursuant to Chapter 9 and such bill would have to be signed into law by the Governor of the State. There is no appeal process or any other proceeding under current State law that the Municipality may pursue if such requested specific authority is not granted by the State Legislature.

In the event the City were to become a debtor under the United States Bankruptcy Code, payments under the City Bond may be stayed or under certain circumstances may be subject to avoidance or disgorgement and the interest of the Trustee in such payments may not extend to payments required after the commencement of such bankruptcy case or within 90 days prior thereto. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code, the remedies provided in the Indenture and the City Bond Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America.

Furthermore, if a bankruptcy court concludes that the Trustee has "adequate protection," it may enter orders affecting the security of the Trustee, including orders providing for the substitution, subordination and sale of the security of the Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Trustee if the Trustee is provided with the benefit of its original lien or the "indubitable equivalent." Thus, in the event of the bankruptcy of the City, the amount realized by the Trustee may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the City Bond Resolution, the City Bond or related documents that make bankruptcy and related proceedings by the City an "event of default" thereunder. All of these events would adversely affect the payment of debt service on the Series 2024 Bonds.

Failure to Compel the Levy of Taxes on the City Bond

The City Bond will be a general obligation of the City payable as to principal and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to rate or amount upon the taxable property within the geographical limits of the City; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the 2024 Bond Fund (as defined in the City Bond Resolution), or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the City Bond Resolution, including, but not limited to, a pledge of the revenues of the combined water and sewer system of the City, which pledge shall be in addition to the pledge of the full faith and credit of the City. The City, when necessary, will levy annually a special tax upon all taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of and the interest of the City Bond as the same falls due.

The qualified electors of the State of Mississippi voted in a general election held on November 7, 1995, to amend the Mississippi Constitution of 1890 (the "**Constitution**") to add the following new Section 172A (the "**Amendment**"):

SECTION 172A. Neither the Supreme Court nor any inferior court of this state shall have the power to instruct or order the state or any political subdivision thereof, or an official of the state or any political subdivision, to levy or increase taxes.

The Amendment does not affect the underlying obligation to pay the principal of and interest on the City Bond as it matures and becomes due, nor does it affect the obligation to levy a tax sufficient to accomplish that purpose. However, even though it appears that the Amendment was not intended to affect remedies of a holder of the City Bond in the event of a payment default, it potentially prevents such holder from obtaining a writ of mandamus to compel the levying of taxes to pay the principal of and interest on the City Bond in a Court of the State of Mississippi. It is not certain whether the Amendment would affect the right of a Federal Court to direct the levy of a tax to satisfy a contractual obligation. Other effective remedies are available to the holder of the City Bond in the event of a payment default with respect to the City Bond. For example, such holder can seek a writ of mandamus to compel the City to use any legally available moneys to pay the debt service on the City Bond, and if such writ of mandamus is issued and public officials fail to comply with such writ, then such public officials may be held in contempt of court. In addition, pursuant to Mississippi Constitution §175, all public officials who are guilty of willful neglect of duty may be removed from office.

Certain information relating to the City is set forth in “**APPENDIX A - INFORMATION ON THE CITY**” and certain financial information on the City is included in “**APPENDIX B - FINANCIAL INFORMATION OF THE CITY.**”

Cyber Security Management

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cyber security threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “**Systems Technology**”). As a recipient and provider of sensitive information, the City may be the target of cyber security incidents that could result in adverse consequences to the City and its Systems Technology, requiring a response action to mitigate the consequences. The City has in place daily backup processes to help mitigate the eventuality of these risks. The City has structured their “technology” environment based upon best practice Zero Trust standards to mitigate these risks.

Cyber security incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. The City has implemented certain controls, including data and network security measures, malware protection, security configuration, website filtering and protection, and user training, to mitigate the risk of cyber security breaches from internal sources or activities. The City has personnel policies in place for the City’s computer systems and networks detailing the security of the systems by only designated personnel and password securities in place by user.

DESCRIPTION OF THE SERIES 2024 BONDS

General Description

The Series 2024 Bonds are issuable under the Indenture as fully registered bonds. When issued, the Series 2024 Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2024 Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof (see the heading, “Book-Entry-Only System” under this caption).

The Series 2024 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside front cover page of this Official Statement. Interest on the Series 2024 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing November 1, 2024. Interest will be calculated on the basis of a 360-day year consisting of twelve thirty-day months.

Each Series 2024 Bond will be dated the day of delivery. If any Series 2024 Bond is authenticated on or prior to the day of delivery, it will bear interest from such date. Each Series 2024 Bond authenticated after the day of delivery, will bear interest from the most recent date on which interest was payable (the “**Interest Payment Date**”) and has been paid on or prior to the date of authentication of such Series 2024 Bond, unless such Series 2024 Bond is authenticated after the fifteenth day of the calendar month preceding an Interest Payment Date (the “**Record Date**”) and on or prior to the next following Interest Payment Date, in which case such Series 2024 Bond will bear interest from such following Interest Payment Date.

So long as DTC or its nominee is the Registered Owner of the Series 2024 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2024 Bonds will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the “**DTC Participants**”) will be the sole responsibility of DTC,

and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2024 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, "Book-Entry-Only System" under this caption.

If the Series 2024 Bonds are no longer in a book-entry-only system, the principal of the Series 2024 Bonds will be payable upon maturity or redemption at the principal corporate trust office of the Trustee in Ridgeland, Mississippi, and interest on the Series 2024 Bonds will be paid by check of the Trustee dated the due date and mailed or delivered on or before the Business Day prior to each Interest Payment Date to the Registered Owners of record as of the close of business on the most recent Record Date or, at the written election of the Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2024 Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the Registered Owner or by deposit into the account of the Registered Owner if such account is maintained by the Trustee.

Book-Entry-Only System

Unless and until the book-entry-only system has been discontinued, the Series 2024 Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be initially issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2024 Bond will be issued for each maturity of the Series 2024 Bonds and will be deposited with DTC or pursuant to DTC's FAST registration procedures.

The information provided under this caption has been provided by DTC. No representation has been made by the Issuer, the City or the Original Purchasers as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership

interest of each actual purchaser of each Series 2024 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond Documents. For example, Beneficial Owners of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2024 Bonds to be redeemed.

Neither DTC nor Cede & Co., (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the

responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates in definitive form will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer, the City and the Original Purchaser believe to be reliable, but neither the Issuer, the City nor the Original Purchaser take any responsibility for the accuracy thereof.

So long as Cede & Co. is the registered holder of the Series 2024 Bonds as nominee of DTC, references herein to the Holders, holders, owners or Registered Owners of the Series 2024 Bonds mean Cede & Co. and not the Beneficial Owners of the Series 2024 Bonds.

THE ISSUER, THE TRUSTEE, THE CITY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS (A) PAYMENTS OF PRINCIPAL OF, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2024 BONDS; (B) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2024 BONDS; OR (C) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2024 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE CITY, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, REDEMPTION PRICE OF, OR INTEREST ON THE SERIES 2024 BONDS; (C) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2024 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Redemption

Optional Redemption. The Series 2024 Bonds (or any portions thereof in integral multiples of \$5,000 each) maturing on or after May 1, 2030, are subject to redemption in whole or in part, in principal amounts and maturities selected by the Issuer on any date on or after May 1, 2029, at par, plus accrued interest to the date of redemption. Under the Indenture, selection of Series 2024 Bonds to be redeemed within a maturity will be made by lot by the Trustee. In accordance with DTC's standard practices and its agreement with the Issuer, DTC and the DTC Participants will make this selection so long as the Series 2024 Bonds are in book-entry form.

In the event less than all of the Series 2024 Bonds are to be redeemed, the principal amount and maturity to be redeemed shall be selected by the Bank, and the Trustee, in its sole discretion, shall select the Series 2024 Bonds to be redeemed by lot within a selected maturity, provided that Series 2024 Bonds shall be redeemed only in whole multiples of \$5,000.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2024 Bonds (or any portions thereof in integral multiples of \$5,000 each) to be redeemed (which may be a conditional notice of redemption), will be given by the Trustee at least 30 days but not more than 45 days prior to the date fixed for redemption by mailing a copy of the redemption notice by first class mail, postage prepaid, to the Registered Owner of each Series 2024 Bond to be redeemed at the address shown on the registration records. Failure to mail such notice to any particular owner of Series 2024 Bonds, or any defect in the notice mailed to any such owner of Series 2024 Bonds, will not affect the validity of the call for the redemption of any other Series 2024 Bonds. No call notices will be delivered in connection with any scheduled mandatory sinking fund redemption. So long as DTC or its nominee is the Registered Owner of the Series 2024 Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2024 BOND -- Book-Entry-Only System."

Redemption Payments. The Trustee will apply funds deposited with the Trustee by the Issuer in an amount sufficient to pay the Redemption Price of the Series 2024 Bonds, or portions thereof called, together with accrued interest thereon to the redemption date. After the redemption date, if proper notice of redemption by mailing has been given and sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Series 2024 Bonds that have been called.

APPLICATION OF THE PROCEEDS OF THE SERIES 2024 BONDS

The proceeds of sale of the Series 2024 Bonds which is equal to \$____,000 will be applied as follows:

Sources of Funds

Series 2024 Bond Proceeds	\$
Original Issue Premium	\$
Total Sources of Funds	\$

Uses of Funds

Deposit to General Fund, Purchase Account for Purchase of the City Bond	\$
Deposit to the General Fund, Bond Issuance Expense Account	
Total Uses of Funds	\$

THE MISSISSIPPI DEVELOPMENT BANK

General

The Issuer was created in 1986 and is organized and existing under and by virtue of the Issuer Act as a separate body corporate and politic for the public purposes set forth in the Issuer Act. The Issuer is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power.

The Issuer is granted under the Issuer Act the power to borrow money and issue its bonds in such principal amounts as it shall deem necessary to provide funds to accomplish a public purpose or purposes of the State provided for under the Issuer Act, including purchasing bonds, notes or evidences of indebtedness, such as the City Bond, from local governmental units, such as the City.

Organization and Membership of the Issuer

The Issuer is governed by a nine-member Board of Directors. The members of the Board of Directors are elected by the members of the Mississippi Business Finance Corporation ("**MBFC**") at the time and place fixed by MBFC's bylaws. Appointments are for terms of one year. The members of the Board of Directors are as follows:

NAME	OCCUPATION	TERM*
Michael Boerner	Architect	08/01/23 – 07/31/24
Carolyn Boteler	Owner, TempStaff	08/01/23 – 07/31/24
Noel Daniels	Owner, Noel Daniels Motor Company	08/01/23 – 07/31/24
Merle Flowers	Real Estate	08/01/23 – 07/31/24
William L. Freeman, Jr.	Retired Bank President	08/01/23 – 07/31/24
Bobby James	Operations Manager, Atmos Energy	08/01/23 – 07/31/24
Colby Jordan	Director of Public Relations, The Cirlot Agency	08/01/23 – 07/31/24
William D. Sones	Bank Chairman	08/01/23 – 07/31/24
Mark Wiggins	Retired Business Owner	08/01/23 – 07/31/24

* Members of the Board of Directors of the Issuer serve until reappointed or new directors are appointed and approved.

The operations of the Issuer are administered by Larry W. Mobley, EDFP, Executive Director and Treasurer. Mr. Mobley is a graduate of California State University, Chico, California with a Bachelor of Science in Industrial Engineering Technology and the University of Southern Mississippi, Hattiesburg, Mississippi with a Master of Science in Business and Economic Development.

Prior Bonds of Issuer

The purpose of the Issuer is to foster and promote, in accordance with the Issuer Act, the provision of adequate markets and facilities for the borrowing of funds for public purposes by any Local Governmental Units. As of April 1, 2024, the Issuer has previously issued bonds for various purposes

totaling in principal approximately \$9,955,699,402. Of such amount, approximately \$2,879,023,343.57 was outstanding as of April 1, 2024.

The full faith and credit and taxing power of the State and the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on any of the bonds issued or planned for issuance by the Issuer; and all such bonds are not a debt, liability, loan of the credit or pledge of the full faith and credit and taxing power of the State or the Issuer.

The Issuer is presently considering the issuance under the Issuer Act of additional special obligation bonds for other purposes authorized under the Issuer Act.

REVENUES, FUNDS AND ACCOUNTS

Creation of Funds and Accounts

The Indenture establishes the following special Funds and Accounts to be held by the Trustee:

1. General Fund - comprised of the following:
 - (a) General Account
 - (b) Purchase Account
 - (c) Redemption Account
 - (d) Bond Issuance Expense Account

2. Rebate Fund

Deposit of Net Proceeds of the Series 2024 Bonds, Revenues and Other Receipts

The Trustee will deposit the net proceeds from the sale of the Series 2024 Bonds as follows:

- (a) To the Bond Issuance Expense Account of the General Fund, the amount of \$ _____ to pay a portion of the costs of issuance of the Series 2024 Bonds and the City Bond;

- (b) To the Purchase Account of the General Fund, the sum of \$ ____,000 to be used to purchase the City Bond, and

The Trustee will deposit Revenues and other receipts (except the proceeds of the Series 2024 Bonds, interest earnings on any amounts in the Rebate Fund and moneys received by the Issuer from the sale or redemption prior to maturity of the City Bond) into the General Account of the General Fund based on the amount due under the City Bond Resolution for the City Bond, and will deposit any moneys received from the sale or redemption prior to maturity of City Bond in to the Redemption Account of the General Fund.

OPERATION OF FUNDS AND ACCOUNTS

General Fund

The Trustee will disburse the amounts held in the General Account for the following purposes, and, in the event of insufficient funds to make all of such required disbursements, in the following order of priority:

(a) On or before four (4) Business Days prior to any Interest Payment Date, to the Registered Owners such amounts as may be necessary to pay the principal and interest coming due on the Series 2024 Bonds on such Interest Payment Date.

(b) As necessary and in accordance with the Indenture, such amounts as may be necessary to pay any Program Expenses of the Issuer for the Series 2024 Bonds.

(c) The amounts to be transferred to the Rebate Fund as provided in the Arbitrage Rebate Agreement and Section 6.09 of the Indenture.

(d) After making all required payments under subparagraphs (a) through (c) above, the Trustee shall make a determination of the amounts reasonably expected to be received in the form of City Bond Payments in the succeeding twelve (12) months and shall transfer all monies in the General Account, which, together with such expected receipts for the succeeding 12 months are in excess of the amounts needed to pay principal and interest on the Series 2024 Bonds within the immediately succeeding twelve month period, to the City at the request of the City with the prior written approval of the Issuer.

Bond Issuance Expense Account. Upon receipt of invoices or requisitions acceptable to the Trustee, the Trustee will disburse the amounts held in the Bond Issuance Expense Account for the payment or reimbursement of the costs related to the authorization, sale, validation and issuance of the Series 2024 Bonds and the purchase and validation of the City Bond, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, municipal advisory fees and expenses, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Series 2024 Bonds, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing. On the date which is thirty (30) days after the date of issuance of the Series 2024 Bonds, any amounts remaining in the Bond Issuance Expense Account will be transferred to the General Account.

Purchase Account. Upon submission of duly authorized written requisitions of an authorized officer of the Issuer stating that all requirements for purchases under the Act and the Indenture have been or will be met, the Trustee will disburse the amounts held in the Purchase Account for the purchase of the City Bond with said moneys to be applied to the issuance of the Series 2024 Bonds as more fully described under the heading "Deposit of Net Proceeds of the Series 2024 Bonds, Revenues and Other Receipts".

Redemption Account. The Trustee will deposit in the Redemption Account all moneys received upon the sale or redemption prior to maturity of the City Bond and will disburse the funds in the Redemption Account to redeem Series 2024 Bonds of such maturity or maturities as directed by an Authorized Officer if such Series 2024 Bonds are then subject to redemption.

Rebate Fund

Upon the direction of the Issuer and in accordance with the arbitrage rebate agreement or similar document regarding the expenditures and investments of the proceeds of the Series 2024 Bonds provided by the Issuer under the Indenture (the "**Arbitrage Rebate Agreement**"), the Trustee will deposit amounts for the benefit of the Issuer from the General Account in the General Fund into the Rebate Fund and will deposit into the Rebate Fund all income from investments in the Rebate Fund. In the event and to the extent that amounts in the Rebate Fund exceed the amounts required to be rebated to the United States of

America, the Trustee will transfer such excess amounts to the General Account in the General Fund upon the direction of the Issuer in accordance with the Arbitrage Rebate Agreement.

Not later than 60 days after five years following the date of delivery of the Series 2024 Bonds, and at intervals of every five years thereafter, the Trustee shall, upon the written request of the Issuer in accordance with the Arbitrage Rebate Agreement, pay to the United States of America one hundred percent (100%) of the amount required to be paid to the United States of America as of such payment date. Not later than 60 days following the retirement of all of the Series 2024 Bonds, upon the written request of the Issuer the Trustee will pay to the United States of America one hundred percent (100%) of the amount to be paid to the United States of America. Each payment to the United States of America will be accompanied by a statement of the Issuer summarizing the determination of the amount of such payment, together with copies of any reports originally filed with the Internal Revenue Service with respect to the Series 2024 Bonds.

With respect to the Rebate Fund, the Issuer may direct the Trustee to proceed other than as set forth in the Indenture and described above by delivering to the Trustee a new Arbitrage Rebate Agreement accompanied by an Opinion of Bond Counsel to the effect that compliance with such memorandum will not adversely affect the excludability from gross income for federal income tax purposes of the interest on the Series 2024 Bonds.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Series 2024 Bonds outstanding under the Indenture, all required rebates to the United States of America and the fees, charges and expenses of the Trustee will be distributed to the City, except as required by the Indenture regarding payment to holders of non-presented Series 2024 Bonds.

Investment of Funds

Any moneys held as part of any Fund or Account created under or pursuant to the Indenture and the Rebate Fund shall be invested or reinvested by the Trustee as continuously as reasonably possible in such Investment Securities as may be directed in writing by the Issuer. All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and, except as provided in the Indenture, all income and profits on such investments, other than from moneys on deposit in the Rebate Fund or any Account created thereunder, shall be deposited as received in the General Account. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds and Accounts may not be commingled for the purpose of investment or deposit. The Trustee and the Issuer agree that all investments, and all instructions of the Issuer to the Trustee with respect thereto shall be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Series 2024 Bonds to be arbitrage bonds as defined in Section 148 of the Code. Any investment losses shall be charged to the Fund or Account in which moneys used to purchase such investment had been deposited. For so long as the Trustee is in compliance with the provisions of Section 8.01 of the Indenture, the Trustee shall not be liable for any investment losses. Moneys in any Fund or Account shall be invested in Investment Securities with a maturity date, or a redemption date which shall coincide as nearly as practicable with times at which moneys in such Funds or Accounts will be required for the purposes thereof. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid. All investment income from the assets held in any Fund or

Account, except for the Rebate Fund and any Accounts created thereunder, will be added to the General Account.

The Issuer has certified in the Indenture to the owners of the Series 2024 Bonds from time to time Outstanding that moneys on deposit in any Fund or Account in connection with the Series 2024 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2024 Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Series 2024 Bonds to lose the exclusion from gross income for federal income tax purposes.

THE SERIES 2024 BONDS AS LEGAL INVESTMENTS

The Series 2024 Bonds shall be legal investments in which all public officers and public bodies of this State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest funds, including capital, in their control or belonging to them. The Series 2024 Bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivisions of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

LITIGATION

There is not now pending or, to the Issuer's knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2024 Bonds or prohibiting the Issuer from purchasing the City Bond with the proceeds of such Series 2024 Bonds or in any way contesting or affecting the validity of the Series 2024 Bonds, any proceedings of the Issuer taken with respect to the sale or issuance thereof or the pledge or application of any moneys or security provided for the payment of the Series 2024 Bonds. Neither the creation, organization nor existence of the Issuer nor the title of any of the present Directors nor other officers of the Issuer to their respective offices is being contested.

There is not now pending or, to the knowledge of the City, threatened any litigation restraining or enjoining the sale, issuance, execution or delivery of the City Bond or prohibiting the City from selling the City Bond to the Issuer or in any way contesting or affecting the validity of the City Bond, any proceedings of the City taken with respect to the sale or issuance thereof or the pledge or application of any moneys or security provided for the payment of the City Bond.

TAX MATTERS

General

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, pursuant to Section 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax; however such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternate minimum tax imposed on such corporations. The opinion of Bond Counsel is based on certain certifications, covenants and representations of the Issuer and the City and is conditioned on continuing compliance therewith.

In the opinion of Bond Counsel, interest on the Series 2024 Bonds is exempt from all income taxation in the State of Mississippi under existing laws, regulations, rulings and judicial decisions. The opinion addresses only the exemption of interest on the Series 2024 Bonds under the income tax laws of the State of Mississippi and does not address the tax treatment of the Series 2024 Bonds in any other state or jurisdiction.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2024 Bonds as a condition to the excludability from gross income of interest on the Series 2024 Bonds for federal tax purposes. Non-compliance with such requirements by the Issuer or the City may cause interest on the Series 2024 Bonds to be includable in gross income for federal income tax purposes retroactive to their date of issue irrespective of the date on which such noncompliance occurs. Should the Series 2024 Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2024 Bonds would be materially and adversely affected.

The Indenture and the City Bond Resolution include covenants that (a) the Issuer and the City will not take or fail to take any action with respect to the Series 2024 Bonds if such action or omission would result in the loss of the excludability from gross income for federal income tax purposes of interest on the Series 2024 Bonds, under Section 103 of the Code, and neither the Issuer nor the City will act in any manner which would adversely affect such excludability; (b) the Issuer and the City will not make any investment or do any other act or thing during the period that the Series 2024 Bonds are Outstanding which would cause the Series 2024 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and (c) if required by the Code, the Issuer and the City will rebate any necessary amounts to the United States of America. It is not an "event of default" under the Indenture if interest on the Series 2024 Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code.

Although Bond Counsel has rendered an opinion that interest on the Series 2024 Bonds is excludable from federal gross income and that the Series 2024 Bonds are exempt from all State of Mississippi income tax, the accrual or receipt of interest on the Series 2024 Bonds may otherwise affect a bondholder's federal income tax, Mississippi or other state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2024 Bonds. Bond Counsel expresses no opinion regarding any other such federal or state tax consequences. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2024 Bonds.

Original Issue Premium Bonds

The Series 2024 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "**Premium Bonds**"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be

recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Original Issue Discount Bonds

The Series 2024 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "**Discount Bonds**"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the "adjusted issue price" of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2024 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2024 Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself

affect or alter the excludability of interest on the Series 2024 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2024 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2024 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2024 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2024 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2024 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2024 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2024 BONDS.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2024 Bonds by the Issuer are subject to the approval of Bond Counsel whose approving opinion will be delivered concurrently with the delivery of Series 2024 Bonds. Certain legal matters will be passed upon for the Issuer by its counsel, Balch & Bingham LLP, Jackson, Mississippi and for the City by its counsel, Moran M. Pope III, Esquire, Hattiesburg, Mississippi.

Butler Snow LLP, Ridgeland, Mississippi, is also serving as bond counsel for the City in connection with the issuance and sale of the City Bond.

The remedies available to the Trustee, to the Issuer or to the owners of the Series 2024 Bonds upon an Event of Default under the Indenture or under the terms of the City Bond purchased by the Issuer are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and under the City Bond may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America.

RATING

Moody's Investors Services, Inc. ("**Moody's**") has assigned an underlying rating of "Aa3" to the Series 2024 Bonds. Information on the rating may be obtained from the Executive Director of the Issuer or the City Clerk of the City. Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained only from said rating agency. The rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds.

PENSION PLAN

The City has no pension plan or retirement plan for employees. City employees are members of and contribute to the Mississippi Public Employees' Retirement System (PERS), a cost-sharing, multiple employer retirement system administered by the State for the benefit of its local governments and State personnel. Benefit provisions are established by State statute and may be amended from time to time only by the State Legislature.

In June 2012, the Government Accounting Standards Board issued Statement No. 68, Accounting and Financial Reporting for Pensions ("**GASB-68**"). The objective of GASB-68 is to improve accounting and financial reporting of government pensions. Also, GASB-68 improves information provided by government employers about financial support for pensions that is provided by other entities. Requirements of GASB-68 are effective for financial statements whose fiscal year begins after June 15, 2014 (Fiscal Year 2015 for the City).

PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. On June 26, 2018, the PERS Board of Trustees voted to increase the employer contribution rate from 15.75 to 17.40 percent, effective July 1, 2019. However, the employer contribution rate is scheduled to increase to 22.40% of annual compensation by phasing in over the next three fiscal years (19.40% of annual compensation beginning July 1, 2024, 21.40% of annual compensation beginning July 1, 2025, and 22.40% of annual compensation beginning July 1, 2026). The City contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$4,405,518, \$4,317,268 and \$4,334,297, respectively, which equaled the required contributions for each year.

As of September 30, 2022, the City reported a liability of \$89,712,276 for its proportionate share of the net pension liability. See Page 22 in the City's 2022 Audited Financial Statements included in "APPENDIX B - Financial Information Concerning the City.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Effective with the fiscal year ended September 30, 2018 audit, the City will be required to apply GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* ("**GASB 75**"), to its audited financial statements. GASB 75 changes accounting and financial reporting for OPEB. Fund level statements, including the General Fund statements, will not be impacted by the GASB 75 reporting.

INDEPENDENT AUDITORS

The audited financial statements of the City for the year ended September 30, 2022 included in this Official Statement as APPENDIX B, have been audited by TMH, CPA and Consulting Firm, Hattiesburg, Mississippi ("**TMH**"), as stated in the report appearing therein (the "**audit report**").

The City has not requested and will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. TMH, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. TMH, also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

The City will execute a continuing disclosure agreement (the "**Disclosure Certificate**") at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds and the City has covenanted in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access ("**EMMA**") system: (i) annually, certain financial information and operating data, as described in the Disclosure Certificate; and (ii) timely notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as APPENDIX F.

The City has previously entered into continuing disclosure undertakings with respect to bonds it has issued or for which it is the "obligated person" within the meaning of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The City has reviewed the last five years of filings and continuing disclosure undertakings with respect to any outstanding bonds within the meaning of the Rule. Submission deadlines are not consistent for the various continuing disclosure undertakings. Some submission deadlines have proven to be unrealistic given the time required for independent auditors to complete the City's audited financial statements.

With respect to certain issues, audited financial statements for fiscal years 2019 through 2024 and unaudited financial statements for fiscal years 2019 through 2024 were not available at the time of filing and therefore were not timely filed on EMMA as required by the prior undertakings, however, notices of failure to file the audited financial statements and unaudited financial statements for fiscal years 2019 through 2024 were filed. Without a determination as to materiality, there may have been instances in which some tables included in the City's prior continuing disclosure undertakings were not included in every filing on EMMA. In addition, some of the past filings required of the City may not have been filed under all outstanding CUSIPs and may have been misfiled under the wrong CUSIP or under the wrong heading within the CUSIP.

The City adopted policies and procedures on November 4, 2014 (the "**Policy**") to ensure timely filing of its Annual Report, together with any required Accompanying Information. The City has hired a dissemination agent to file the City's required Annual Report, together with any required Accompanying Information.

For a summary of the City's undertaking, see **APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE** attached hereto.

MUNICIPAL ADVISOR

The Issuer has retained the firm of Municipal Advisors of Mississippi, Inc., as Municipal Advisor to the Issuer in connection with the issuance of the Series 2024 Bonds. In such capacity the Municipal Advisor has provided recommendations and other financial guidance to the Issuer and the City with respect to the preparation of documents, the preparation for the sale of the Series 2024 Bonds and the time of the sale, market conditions and other factors related to the sale of the Series 2024 Bonds.

Although the Municipal Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the Issuer and the City's records and from other sources which are believed to be reliable, including financial records of the City and other entities, which records may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any information obtained from sources other than the Issuer and the City. Any summaries or excerpts of statutes, ordinances, resolutions or other documents do not purport to be complete statements of the same and reference is made to such original sources in all respects.

UNDERWRITING

The Series 2024 Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed, subject to certain conditions, to purchase all of the Series 2024 Bonds from the Issuer at a purchase price of \$ _____, which is equal to the principal amount thereof plus an original issue premium of \$ _____ and minus the Underwriter's discount of \$ _____. The Underwriter is obligated to purchase all the Series 2024 Bonds, if any are purchased, the obligation to make such purchases being subject to certain terms and conditions set forth in the Bond Purchase Agreement with respect to the Series 2024 Bonds, the approval of certain legal matters by counsel and certain other conditions.

VALIDATION

Prior to issuance, the Series 2024 Bonds will be validated before the Chancery Court of the First Judicial District of Hinds County, Mississippi, as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended. Prior to issuance, the City Bond will be validated before the Chancery Court of Forrest County, Mississippi, as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended.

MISCELLANEOUS

The Issuer's offices are located at 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

All quotations from, and summaries and explanations of, the Act, the Indenture and the City Bond Resolution contained in this Official Statement do not purport to be complete, and reference is made to each such document or instrument for full and complete statements of its provisions. The attached APPENDICES are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in reasonable quantity of the Act, the Indenture, the City Bond Resolution and the supplemental materials furnished to the Issuer by the City may be obtained upon written request to the Issuer.

Neither any advertisement of the Series 2024 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2024 Bonds. So far as any statements are

made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the Issuer. The Issuer will provide copies of this Official Statement to be distributed to the purchasers of the Series 2024 Bonds.

MISSISSIPPI DEVELOPMENT BANK

By: _____
Executive Director

APPENDIX A
INFORMATION ON THE CITY

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**APPENDIX A - ECONOMIC AND DEMOGRAPHIC INFORMATION
CITY OF HATTIESBURG, MISSISSIPPI**

General Description

The City of Hattiesburg, Mississippi (the "**City**"), the county seat of Forrest County, Mississippi (the "**County**"), is located in the southeast section of the County. The City, founded in 1882 by Captain William H. Hardy, pioneer lumberman and civil engineer, was incorporated in 1884 with a population of approximately 400. Originally called Twin Forks and later Gordonville, Captain Hardy gave the City its final name of Hattiesburg in honor of his wife Hattie. Known as the "Hub City," the City is located at the intersections of Interstate 59 and U.S. Highways 49, 98 and 11 and is centrally located less than 100 miles from the State of Mississippi (the "**State**") capital of Jackson, the Mississippi Gulf Coast, New Orleans, Louisiana and Mobile, Alabama.

Population

The population of the City has been recorded as follows:

1990	2000	2010	2022 Estimate
45,232	44,779	45,989	48,455

SOURCE: Census Data at website: www.census.gov; May 2024.

Government

The City operates under a Mayor-Council form of government. The City Council consists of five members, each elected by respective voting precincts or wards. The Mayor is full-time and is elected at large. The current Mayor and City Council members, elected for concurrent four-year terms, are as follows:

Name	Position	Position Held Since
Toby Barker	Mayor	July, 2017
Jeffrey George	Ward 1 Councilman	July, 2017
Deborah Denard Delgado	Ward 2 Councilwoman	July, 2001
Carter Carroll	Ward 3 Councilman	October, 2000
Dave Ware	Ward 4 Councilman	July, 2021
Nicholas Brown	Ward 5 Councilman	July, 2017

Transportation

The Illinois Central Gulf Railroad, Norfolk-Southern Railway, Amtrak and Mid-South Rail Corporation provide rail service to the City. Fifteen motor freight carriers, twelve of which have terminal facilities in the City, are authorized to serve the City. The nearest commercial airport is the Pine Belt Regional Airport, twelve miles distant, served by three commercial airlines. Hattiesburg Airport is located five miles from the City.

The Port of Gulfport (the "Port"), located seventy-three miles from the City, is North America's second largest handler of tropical fruit, the largest poultry exporter to Russia, and offers containerized refrigeration. The Port is a shipping channel with a depth of 36 feet and 5,800 feet of commercial berthing space and is maintained by the United States Corps of Engineers.

Per Capita Income

Year	County	Mississippi	United States	County as % of U.S.
2022	42,294	46,370	65,470	65%
2021	42,985	46,577	64,430	67%
2020	40,128	42,513	59,153	68%
2019	36,496	39,157	55,547	66%
2018	36,860	37,624	53,309	69%

SOURCE: Bureau of Economic Analysis, *Regional Economic Accounts – Per Capita Personal Income*, (data last updated November 2023). May 2024.

Retail Sales

State Fiscal Year Ended June 30	Amount
2023	\$2,380,200,942
2022	2,307,176,161
2021	2,173,949,763
2020	1,924,053,189
2019	1,953,302,890

SOURCE: Annual Reports for each fiscal year, Mississippi Department of Revenue's website: www.dor.ms.gov; Information available as of May 2024.

Major Employers

The following is a partial listing of major employers in the City, their products or services and their approximate number of employees:

Employer	Employees	Product/Service
Forrest General Hospital	3,553	Hospital
University of Southern Mississippi	2,300	Education
Hattiesburg Clinic	2,218	Medical clinic
Camp Shelby	1,200	Military base
Lamar County School District	1,300	Education
Merit Health-Wesley Medical Center	1,222	Hospital
Maximus	1,700	Health and human service program administration
Mar-Jac Poultry	1,305	Poultry processor
Channel Control Merchants, Inc.	1,050	Retail inventory management
Hattiesburg Public School District	750	Education
City of Hattiesburg	717	Government

SOURCE: Area Development Partnership website www.theadp.com. “Top Employers” information available as of May 2024.

Unemployment Statistics of the County

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Annual Average
2018	4.5	4.8	4.3	4.3	4.6	5.6	5.4	4.8	4.2	4.1	4.1	4.6	4.6
2019	5.3	5.1	5.0	4.8	5.1	6.4	6.7	5.8	5.1	4.6	4.7	4.5	5.2
2020	5.1	5.1	6.7	13.5	11.1	10.6	9.8	7.7	7.6	6.4	6.4	6.4	8.0
2021	7.1	6.7	6.2	6.0	6.2	7.2	6.3	5.5	4.7	4.0	3.4	3.3	5.5
2022	4.5	4.1	3.4	3.4	3.7	4.5	4.4	3.8	3.6	3.3	3.3	3.1	3.8
2023	3.3	3.1	3.0	2.5	2.9	3.9	3.7	3.7	2.9	2.6	2.4	--	3.1

SOURCE: Mississippi Department of Employment Security: Labor Market Data at website: www.mdes.ms.gov; January 2024.

Employment Statistics

	2018	2019	2020	2021	2022
RESIDENCE BASED EMPLOYMENT					
I. Civilian Labor Force	33,130	33,220	32,520	33,330	33,320
II. Unemployed	1,530	1,760	2,600	1,850	1,250
Rate	4.6	5.3	8.0	5.6	3.8
III. Employed	31,600	31,460	29,920	31,480	32,070
ESTABLISHMENT BASED EMPLOYMENT					
I. Manufacturing	3,620	3,840			
II. Non-manufacturing	39,280	38,990			
A. Agriculture, Forestry, Fishing & Hunting	10	50			
B. Mining	30	20			
C. Utilities	490	480			
D. Construction	1,470	1,440			
E. Wholesale Trade	1,370	1,290			
F. Retail Trade	3,840	3,960			
G. Transportation & Warehousing	2,150	1,900			
H. Information	290	290			
I. Finance & Insurance	1,090	1,140			
J. Real Estate, Rental & Leasing	490	490			
K. Prof., Scientific & Technical Service	790	810			
L. Management of Companies & Entertainment	930	840			
M. Administrative Support & Waste Management	3,380	2,990			
N. Educational Services	690	670			
O. Health Care & Social Assistance	5,650	5,820			
P. Arts, Entertainment & Recreation	370	370			
Q. Accommodation & Food Service	4,210	4,380			
R. Other Services (except Public Administration)	640	600			
S. Government	11,390	11,450			
Education	4,580	4,610			
III. Total Nonagricultural Employment	42,900	42,830			

SOURCE: Mississippi Department of Employment Security (“MDES”): Annual Averages: Labor Force and Establishment Based Employment 2011-2019, Labor Market Information Department at website: www.mdes.ms.gov; Last revision date of information May 2021. Annual Averages 2020 Forward, released May 2023, are limited to “Residence Based Amounts” and MDES no longer provides “Establishment Based Employment” data. Information available as of January 2024.

Educational Facilities

The Hattiesburg Public School District (the "District") serves the entire City. The District currently operates nine (9) schools and employs approximately 800 people.

Enrollment figures for the District for the current scholastic year and the four preceding years are as follows:

Scholastic Year	Enrollment
2023-2024	3,746
2022-2023	3,667
2021-2022	3,631
2020-2021	3,698
2019-2020	3,852

SOURCE: Hattiesburg Public School District and Mississippi Assessment and Accountability Reporting System, Office of Research and Statistics, Mississippi, Department of Education; information available as of May 2024.

TAX INFORMATION

Assessed Valuation⁴

Fiscal Year	Real Property	Personal Property⁵	Public Utility Property	Total⁶
2023	363,673,223	151,667,821	28,547,363	543,888,407
2022	345,091,110	149,896,551	26,043,424	521,031,085
2021	341,303,348	138,481,689	29,898,627	509,683,664
2020	335,374,023	139,961,227	26,869,460	502,204,710
2019	334,837,350	129,670,013	24,577,429	489,084,792

SOURCE: Office of City Chief Financial Officer; May 2024.

Assessed valuations above are based upon the following assessment ratios:

- (a) Real and personal property (excluding single-family, owner-occupied residential real property and motor vehicles, respectively), fifteen percent (15%) of true value;
- (b) Single-family, owner-occupied residential real property, ten percent (10%) of true value;
- (c) Motor vehicles and public utility property, thirty percent (30%) of true value.

The 1986 Session of the Mississippi Legislature adopted House Concurrent Resolution No. 41 (the "Resolution"), pursuant to which there was proposed an amendment to the Mississippi Constitution of 1890 (the "Amendment"). The Amendment provided, *inter alia*, that the assessment ratio of any one class of property shall not be more than three times the assessment ratio on any other class of property.

The Amendment set forth five classes of property and the assessment ratios which would be applicable thereto upon the adoption of the Amendment. The assessment ratios set forth in the Amendment are identical to those established by Section 27-35-4, Mississippi Code of 1972, as it existed prior to the Amendment, except that the assessment ratio for single-family, owner-occupied residential real property under the Amendment is set at ten percent (10%) of true value as opposed to fifteen percent (15%) of true value under previously existing law.

The assessed valuation figures above do include property exempt from all City ad valorem tax for a period of up to ten years, primarily for new or expanded manufacturing facilities. Set forth below is a schedule of the assessed valuation of such exempt property which will become subject to City ad valorem tax in the next ten years:

Exempt Property	Current Assessed Valuation	Date Exemption Ends
Resinall	8,701,603.00	12/31/2032
Kohler Co	79,691,444.00	12/31/2032
York Int.	247,556.00	12/31/2032
Green Bay Co.	644,287.00	12/31/2032
Georgia Pacific	9,227,246.00	12/31/2032
Western Containers	1,999,468.00	12/31/2032
WIS-Pak	823,391.00	12/31/2032
MS Tank	932,075.00	12/31/2032

SOURCE: Office the City Clerk; May 2024.

⁴ The total assessed valuation is approved in September proceeding the fiscal year of the City and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 2023 are collected starting in January 2024 for the 2023-24 fiscal year budget of the City.

⁵ Personal property includes the assessed valuation for mobile homes and automobiles.

⁶ Total assessed values include exempt properties.

Procedure for Property Assessments

The Tax Assessor of Forrest County assesses all real and personal property subject to taxation in the County, including property in the City, except motor vehicles and property owned by public service corporations, both of which are required by law to be assessed by the Mississippi Department of Revenue.

Section 21-33-9, Mississippi Code of 1972, as amended, provides that the governing authorities of a municipality which is located within a county having completed a county-wide reappraisal approved by the Mississippi Department of Revenue and which has been furnished a true copy of that part of the County assessment roll containing the property located within a municipality as provided in Section 27-35-167, Mississippi Code of 1972, as amended, shall adopt such assessment rolls for its assessment purposes. The City is utilizing the assessment rolls of the County.

The City may not correct or revise such assessment rolls except for the purpose of conforming the municipal assessment roll to corrections or revisions made to the County assessment roll. All objections to the municipal assessment roll may be heard by the Board of Supervisors of the County at the time and in the manner that objections to the County assessment roll are heard. The Board of Supervisors shall notify, in writing, the Governing Body and the Tax Assessor of the City of any corrections or revisions made by it to the part of the County assessment roll adopted as the municipal assessment roll.

Tax Levy per \$1,000 Valuation⁷

GENERAL PURPOSES	Year in Which Taxes Levied				
	2023-24	2022-23	2021-22	2020-21	2019-20
General Fund	41.65	41.65	40.82	41.35	41.83
Parks & Recreation Fund	2.00	2.00	2.00	2.00	2.00
Bond & Interest Fund	5.00	5.00	5.00	4.50	4.00
Police & Fireman Pension Fund	2.53	2.03	2.86	2.83	2.85
Mass Transit	.50	.50	.50	.50	.50
Library	1.85	1.95	1.95	1.95	1.95
Sub-total:	53.13	53.13	53.13	53.13	53.13
SCHOOL DISTRICT:					
District Maintenance	58.33	58.33	58.33	58.33	56.60
Bond & Interest Fund	4.12	4.19	4.45	4.45	4.75
School Shortfall Note	.00	.00	.00	.00	.00
School Notes & Certificates of Indebtedness	2.61	3.00	2.74	2.74	2.19
Costs of Collection	.56	.56	.56	.56	.56
Sub-total:	66.08	66.08	66.08	66.08	64.10
TOTAL LEVY:	119.21	119.21	119.21	119.21	117.23

SOURCE: Office the Chief Financial Officer; May 2024.

⁷ Tax levy figures are given in mills.

Ad Valorem Tax Collections⁸

Fiscal Year Ended September 30	Amount Budgeted	Amount Collected	Difference Over/(Under)
2023	19,600,000	20,294,125	694,125
2022	19,260,000	19,321,953	61,953.41
2021	23,371,912	23,895,177	523,265
2020	21,802,500	22,264,992	462,492
2019	21,192,600	21,471,300	278,700

SOURCE: Office of the Chief Financial Officer; May 2024.

Procedure for Tax Collections

The Governing Body is required to levy a special tax upon all of the taxable property within the geographical limits of the City each year sufficient to provide for the payment of the principal of and interest on the City's general obligation bonds. If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes bear interest at the rate of one percent (1%) per month or fractional part thereof from the delinquent date to the date of payment of such taxes. When enforcement officers take action to collect delinquent taxes, other fees, penalties and costs may accrue. Both real property and personal property are subject to public tax sale.

Section 21-33-63, Mississippi Code of 1972, as may be amended from time to time, and related statutes provide that after the fifteenth day of February and after the fifteenth day of August in each year, the tax collector for each municipality shall advertise all lands in such municipality on which all the taxes due and in arrears have not been paid, as well as all land liable for sale on the first Monday of April or the third Monday of September following, as the case may be.

Reappraisal of Property and Limitation on Ad Valorem Levies

Senate Bill No. 2672, General Laws of Mississippi, Regular Session 1980, codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972 (the "Reappraisal Act"), provides that all real and personal property in the State shall be appraised at true value and assessed in proportion to true value. To ensure that property taxes do not increase dramatically as the counties complete reappraisals, the Reappraisal Act provides for the limit on increase in tax revenues discussed below.

The statute limits ad valorem tax levies by the City subsequent to October 1, 1980, to a rate which will result in an increase in total receipts of not greater than ten percent (10%) over the previous year's receipts, excluding revenue from ad valorem taxes on any newly constructed properties, any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year. This limitation does not apply to levies for the payment of the principal of and the interest on general obligation bonds issued by the City or to certain other specified levies. The limitation may be increased only if the proposed increase is approved by a majority of those voting in an election held on such question.

On August 20, 1980, the Mississippi Supreme Court rendered its decision in State Tax Commission v. Fondren, 387 So.2d 712, affirming the decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, wherein the Mississippi Department of Revenue (formerly the State Tax Commission) was enjoined from accepting and approving assessment rolls from any county in the State for the tax year 1983 unless the Mississippi Department of Revenue equalized the assessment rolls of all of the counties. Due to the intervening

⁸ The figures shown for the Ad Valorem Tax Collections chart is based upon the following budgeted funds of the City: General Fund, Parks & Recreation Fund, Bond & Interest Fund and Mass Transit Fund.

passage of the Reappraisal Act, the Supreme Court reversed that part of the lower court's decree ordering the assessment of property at true value (although it must still be appraised at true value), holding instead that assessed value may be expressed as a percentage of true value. Pursuant to the Supreme Court modification of the Chancellor's decree, on November 15, 1980, the Mississippi Department of Revenue filed a master plan to assist counties in determining true value. On February 7, 1983, the Chancery Court granted an extension until July 1, 1984, of its previous deadline past which the Mississippi Department of Revenue could not accept and approve tax rolls from counties which had not yet reappraised. The City has completed reappraisal.

Homestead Exemption

The Mississippi Homestead Exemption Law of 1946 reduces the local tax burden on homes qualifying by law and substitutes revenues from other sources of taxation on the State level as a reimbursement to the local taxing units for such tax loss. Provisions of the homestead exemption law determine qualification, define ownership and limit the amount of property that may come within the exemption. The exemption is not applicable to taxes levied for the payment of the Bonds, except as hereinafter noted.

Those homeowners who qualify for the homestead exemption and who have reached the age of sixty-five (65) years on or before January 1 of the year for which the exemption is claimed, service-connected, totally disabled American veterans who were honorably discharged from military service and those qualified as disabled under the federal Social Security Act are exempt from any and all ad valorem taxes on qualifying homesteads not in excess of \$7,500 of assessed value thereof.

The tax loss resulting to local taxing units from properly qualified homestead exemptions is reimbursed by the Mississippi Department of Revenue. Beginning with the 1984 supplemental ad valorem tax roll and for each roll thereafter, no taxing unit shall be reimbursed an amount in excess of one hundred six percent (106%) of the total net reimbursement made to such taxing unit in the next preceding year.

Ten Largest Taxpayers

Ten of the largest taxpayers in the City for fiscal year ending 2023 are as follows:

Taxpayer	Assessed Valuation	Taxes Collected
WESLEY HEALTH SYSTEM	\$5,929,200.00	\$959,524.76
HATTIESBURG CLINIC	4,999,385.00	\$905,138.69
TURTLE CREEK LIMITED PARTNERSHIP	4,872,642.00	\$788,539.65
TCSC LLC	4,724,873.00	\$774,075.93
THE MET APARTMENTS	4,604,729.00	\$754,392.75
RESERVE AT PARK PLACE III LLC	3,431,564.00	\$562,193.12
CROSS CREEK LLC	3,459,305.00	\$559,819.32
NPRC TWIN OAKS LLC	3,369,752.00	\$552,066.47
THE LAKES AT TURTLE CREEK	2,966,461.00	\$481,220.70
PARKWEST III APARTMENTS LLC	2,819,228.00	\$461,874.21
Totals:	\$41,177,139.00	\$6,798,845.60

SOURCE: Office of the City Clerk; May 2024.

DEBT INFORMATION

Legal Debt Limit Statement

(As of May 1, 2024)

	15% Limit	20% Limit
Authorized Debt Limit (Last Completed Assessment for Taxation - \$543,888,407)	\$81,583,261	\$108,777,681
Present Debt Subject to Debt Limits	51,080,178	51,080,178
LESS THIS OFFERING ⁹	(-0-)	(7,500,000)
Margin for Further Debt Under Debt Limits	30,503,083	43,580,178

Statutory Debt Limits

The City is subject to a general statutory debt limitation under which no municipality in the State may incur general obligation bonded indebtedness in an amount which will exceed fifteen percent (15%) of the assessed value of the taxable property within such municipality according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such fifteen percent (15%) 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 the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a municipality 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 twenty percent (20%) of the assessed value of the taxable property within such municipality.

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

⁹ The 2024 Bonds are not subject to the 15% debt limitation. The City is pledging, in addition to the general obligation pledge, revenues of the water and sewer system of the City for the payment of the Series 2024 Bonds.

Outstanding General Obligation Bonded Debt

(As of May 1, 2024)

Issue	Date of Issue	Outstanding Principal
General Obligation Water & Sewer Bonds	10/01/10	1,630,000
General Obligation Bonds	3/07/19	29,245,000
General Obligation Note	12/03/19	869,178
General Obligation Bonds	8/25/20	15,150,000
General Obligation Bonds	11/03/22	4,186,000
Total		\$51,080,178

Outstanding Revenue Bonded Debt

(As of May 1, 2024)

Issue	Date of Issue	Principal Outstanding
Promissory Note (Hattiesburg, Mississippi Combined Water and Sewer System Refunding and Construction Project) ¹⁰	12/19/13	4,800,000
Taxable Combined Water and Sewer System Revenue Refunding Bonds, Series 2021	3/18/21	34,055,000
Convention Promotion Tax Revenue Bonds, Series 2023	6/22/23	7,500,000
Total		\$46,355,000

SOURCE: Office of the Chief Financial Officer.

Revenue bonds are payable as to principal and interest solely out of and secured by a pledge of the revenue to be derived from the operations of the facilities financed with the proceeds of such bonds and any other sum which may be received from or in connection with such facilities. Such bonds and the interest thereon are limited obligations of the City and shall never constitute nor give rise to any pecuniary liability of the City or a charge against its general credit or taxing powers.

¹⁰ Loan from the Mississippi Development Bank secured by a promissory note under a loan agreement between the Mississippi Development Bank and the City payable from (i) any legally available revenues of the City, and (ii) certain tax monies as described in the Loan Agreement. The promissory note and loan agreement secure the Mississippi Development Bank \$28,000,000 Special Obligation Bonds, Series 2013 (Hattiesburg, Mississippi Combined Water and Sewer System Refunding and Construction Project), dated December 19, 2013.

Other Outstanding Long-Term Debt

(As of May 1, 2024)

Issue	Date of Issue	Outstanding Principal
Tax Increment Limited Obligation Bonds (Chauvet Square Project Phase II)	5/01/2007	690,000
Tax Increment Limited Obligation Bonds (Southern Pointe Phase II)	4/10/2014	1,075,000
Taxable Tax Increment Limited Obligation Bonds, Series 2015 (Hattiesburg Clinic Midtown District Project)	12/01/2015	459,000
Certificates of Participation (Hattiesburg, MS Lease Purchase Project) Series 2015	12/29/2015	3,895,000
Taxable Tax Increment Limited Obligation Bonds (The Ridge at Turtle Creek Project) Series 2015 A	12/30/2015	691,000
Taxable Tax Increment Limited Obligation Bonds (Midtown Market Project) Series 2015 B	12/30/2015	119,000
Taxable Tax Increment Limited Obligation Bonds, Series 2016 (Whispering Pines Retirement Community Project)	8/10/2016	1,834,000
Taxable Tax Increment Limited Obligation Bonds, Series 2019 (Cross Creek Multifamily Project)	2/01/2019	370,000
Taxable Tax Increment Limited Obligation Bonds, Series 2019 (Elam Arms Project)	11/26/2019	2,539,000
Taxable Tax Increment Limited Obligation Bonds, Series 2020 (Hardy South Planet Fitness Project)	4/01/2020	586,389
Taxable Note, Series 2020	6/02/2020	206,000
Total		\$12,464,389

SOURCE: Office of the Chief Financial Officer.

Annual Debt Service Requirements

FY Ending September 30	General Obligation Bonds		
	Principal	Interest	Total
2024	3,337,863.00	2,338,859.03	5,676,722.03
2025	3,064,178.00	2,129,075.31	5,193,253.31
2026	2,645,000.00	2,017,446.27	4,662,446.27
2027	2,741,000.00	1,912,390.02	4,653,390.02
2028	1,365,000.00	1,830,950.02	3,195,950.02
2029	1,430,000.00	1,773,656.89	3,203,656.89
2030	1,495,000.00	1,713,473.76	3,208,473.76
2031	1,560,000.00	1,648,162.51	3,208,162.51
2032	1,345,000.00	1,591,231.26	2,936,231.26
2033	1,400,000.00	1,536,156.26	2,936,156.26
2034	1,470,000.00	1,469,256.26	2,939,256.26
2035	1,540,000.00	1,399,056.26	2,939,056.26
2036	1,615,000.00	1,325,431.26	2,940,431.26
2037	1,690,000.00	1,248,256.26	2,938,256.26
2038	1,760,000.00	1,175,793.76	2,935,793.76
2039	1,830,000.00	1,108,503.13	2,938,503.13
2040	1,900,000.00	1,036,200.00	2,936,200.00
2041	1,980,000.00	958,600.00	2,938,600.00
2042	2,060,000.00	877,800.00	2,937,800.00
2043	2,145,000.00	793,700.00	2,938,700.00
2044	2,230,000.00	706,200.00	2,936,200.00
2045	2,330,000.00	605,218.75	2,935,218.75
2046	2,450,000.00	489,525.00	2,939,525.00
2047	2,570,000.00	367,937.50	2,937,937.50
2048	2,700,000.00	240,193.75	2,940,193.75
2049	2,830,000.00	106,062.50	2,936,062.50
2050	935,000.00	18,700.00	953,700.00
Total	\$54,418,041.00	\$32,417,835.76	\$86,835,876.76

General Obligation Bonded Debt

Issue	Fiscal Year Ended September 30				
	2023	2022	2021	2020	2019
General Obligation Water & Sewer Bonds (10/01/10)	1,825,000	2,010,000	2,190,000	2,360,000	2,525,000
General Obligation Pool Loan Refunding Bonds (11/03/15)	-0-	-0-	845,000	1,810,000	2,745,000
General Obligation Water & Sewer Refunding Bonds (11/24/15)	380,000	1,035,000	1,665,000	2,275,000	2,865,000
General Obligation Refunding Bonds (8/18/16)	-0-	-0-	-0-	1,470,000	2,916,000
General Obligation Bonds (3/7/19)	29,850,000	29,850,000	29,850,000	29,850,000	29,850,000
General Obligation Note (12/03/19)	1,713,041	2,532,326	3,327,746	4,100,000	-0-
General Obligation Bonds (8/25/20)	15,150,000	15,150,000	15,150,000	15,150,000	-0-
General Obligation Bonds (11/03/22)	5,500,000	-0-	-0-	-0-	-0-
Totals:	\$54,418,041	\$49,337,326	\$51,787,746	\$57,775,000	\$40,901,000

Debt Ratios

FY Ended September 30	General Obligation Debt	General Obligation Debt to Assessed Value
2023	\$54,418,041	10.01%
2022	49,337,326	9.47
2021	51,787,746	10.16
2020	57,775,000	11.50
2019	40,901,000	8.36

APPENDIX B
FINANCIAL INFORMATION FOR THE CITY

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**FINANCIAL STATEMENT FOR FISCAL YEAR
ENDED SEPTEMBER 30, 2022**

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OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

CITY OF HATTIESBURG, MISSISSIPPI

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended September 30, 2022

CITY OF HATTIESBURG, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

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CITY OF HATTIESBURG, MISSISSIPPI

AUDITED FINANCIAL STATEMENTS AND SPECIAL REPORTS YEAR ENDED SEPTEMBER 30, 2022

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CITY OF HATTIESBURG, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
YEAR ENDED SEPTEMBER 30, 2022**

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CITY OF HATTIESBURG, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
YEAR ENDED SEPTEMBER 30, 2022**

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INTRODUCTORY SECTION (UNAUDITED)

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MAYOR
Toby Barker

COUNCIL - WARD ONE
Jeffrey George

COUNCIL - WARD TWO
Deborah Denard Delgado

COUNCIL - WARD THREE
Carter Carroll

COUNCIL - WARD FOUR
Dave Ware

COUNCIL - WARD FIVE
Nicholas Brown

June 28, 2023

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

The Department of Administration is pleased to submit the Audited Financial Statements and Special Reports of the City of Hattiesburg, Mississippi, prepared in accordance with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2022. These accompanying financial statements are prepared and presented in conformity with GASB Statement No 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The format, which includes Government-wide and Major Fund presentations, provides citizens, investors and creditors, grantor agencies, and other interested parties with reliable financial information about the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, and we believe the report is accurate in all material respects.

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

Profile of Government

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

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

Current Economic Conditions

Hattiesburg ended the fiscal year with revenue increases in both sales tax and property taxes. Property tax revenue increased 3.6% over the prior year. Combined sales tax revenue consisting of general sales taxes, special sales taxes and internet sales taxes saw a significant increase of 11.2% from FY 2021. Revenue from the internet sales tax is used for infrastructure improvements, and the amount is expected to increase as the tax is more widely enforced with online vendors. For FY 2022, revenue from internet sales taxes was up 90.42% from FY 2021.

The General Fund's ending fund balance increased 26.3% from FY 2021. The increase was due to increases in revenues, such as the aforementioned increase in sales taxes, and decreases in expenditures.

2022 was another year of uniqueness, with the continuing yet waning impact of the COVID-19 Pandemic, inflationary constraints and supply chain issues. Local businesses were challenged to continue to alter their methods of providing goods and services in order to remain in compliance with the mandates, deal with rising costs and issues with obtaining goods. Elected officials struggled with these issues as well, with rising prices and delays in obtaining inventory led to difficulties in being able to provide services to their constituents.

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

Future Economic Outlook

Many projects were begun in Fiscal Year 2022 including the Hall Avenue East Overpass, Jaycee Park and the Hardy Street roundabout. Infrastructure improvements in the Midtown District continued and plans for re-routing traffic around the Forrest General Hospital campus moved forward. Other major transportation improvements, such as Hardy Street and Lamar Boulevard, that began in the prior fiscal year, have been completed. The second phase of the \$45 Million bond issuance was completed in August 2020, and this provided the funds necessary for the Hall Avenue East Overpass construction near the Public Safety Complex in this fiscal year, as well as the Hall Avenue West Overpass near Broadway Drive which began in FY 2023. These infrastructures will greatly improve traffic flow and connectivity with the eastern and western sections of the City, improving commuting and emergency response times.

Financial and Budgetary Information

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

The Mayor and Council established the goal and desire to reduce and eventually eliminate the structural spending deficit in the General Fund. For several years, the City's expenditure budget has exceeded the revenue budget. This can be detrimental to building a strong fund balance. Based upon today's economy, it is recommended that the City seek to have a \$7 Million to \$8 Million ending cash balance. Mayor Barker was able to present a budget for FY 2022 to the council with projected new revenue equaling new expenditures, thereby accomplishing the objective of eliminating the structural spending deficit.

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

Enterprise Funds

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

Debt Administration

The City maintains the Municipal Bond and Interest Fund to retire debt associated with general obligation bonds. The funding source comes from levy and collection of ad valorem property taxes. Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed value. As of September 30, 2022, the City's remaining margin for further debt issuance stands at \$25,501,861. The City was able to correct many findings in previous audits and, as a result was able to secure the Aa3 bond rating with the issuance of \$29,850,000 in general obligation bonds in December 2018. That rating was maintained with issuance of \$15,150,000 general obligation bonds in August 2020. These two bond issues complete the \$45 Million bond issuance planned for the Public Safety Complex and overpass construction in the eastern section of the City.

Risk Management

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


Independent Auditors

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

Acknowledgments

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

Sincerely,

A handwritten signature in black ink, appearing to read "Malcolm G. Berch", written over a horizontal line.

Malcolm G. Berch
Chief Financial Officer



MAYOR
Toby Barker

COUNCIL - WARD ONE
Jeffrey George

COUNCIL - WARD TWO
Deborah Denard Delgado

COUNCIL - WARD THREE
Carter Carroll

COUNCIL - WARD FOUR
Dave Ware

COUNCIL - WARD FIVE
Nicholas Brown

PUBLIC OFFICIALS

TOBY BARKER
MAYOR

COUNCIL MEMBERS

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hattiesburg, Mississippi, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Deficit Fund Balances

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further

- 6 -



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PHONE: 601.736.3449
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Gulfport, MS 39501-2968

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Gulfport, MS 39502-0548

PHONE: 228.864.1779
FAX: 228.864.3850

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

described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hattiesburg, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Hattiesburg, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hattiesburg, Mississippi's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedules 1 through 8, including related notes, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hattiesburg, Mississippi's basic financial statements. Schedules 9 through 25 and Schedule 26, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost*

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

Cost Principles, and Audit Requirements for Federal Awards (supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

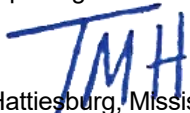
The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of the City of Hattiesburg, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hattiesburg, Mississippi's internal control over financial reporting and compliance.



Hattiesburg, Mississippi
June 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Year Ended September 30, 2022

The Discussion and Analysis of the City of Hattiesburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the City's financial statements in conjunction with the transmittal letter in order to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 were as follows:

- Total net position for 2022 increased \$19,507,320, or 13.31% from 2021 including a prior period adjustment of \$166,816.
- Total assets of governmental activities increased \$23,728,346 or 9.04% from 2021.
- Total liabilities of governmental activities increased \$22,444,603 or 14.57% from 2021.
- In total, equity in cash and cash equivalents of governmental activities increased \$3,981,807, or 7.13% from 2021.
- Total book value of capital assets for governmental activities increased \$16,873,998, or 9.89% from fiscal year 2021.

Using this Annual Financial Report:

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

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

Reporting the City of Hattiesburg as a Whole:

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answer this question.

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

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

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

Changes to Net Revenue

Net Revenues exceeded expenses by \$19,340,504 in 2022. For 2021, Net Revenues exceeded expenses by \$26,076,623. This amounts to a decrease in Net Revenue in 2022 of \$6,736,119 from 2021. There are a number of factors affecting this decrease in Net Revenues:

- Overall expenses increased \$6,419,679 from FY 2021 for governmental activities.
- General revenues and transfers decreased \$2,905,929 primarily due to fewer projects being completed and transferred from the component unit.

Revenues

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

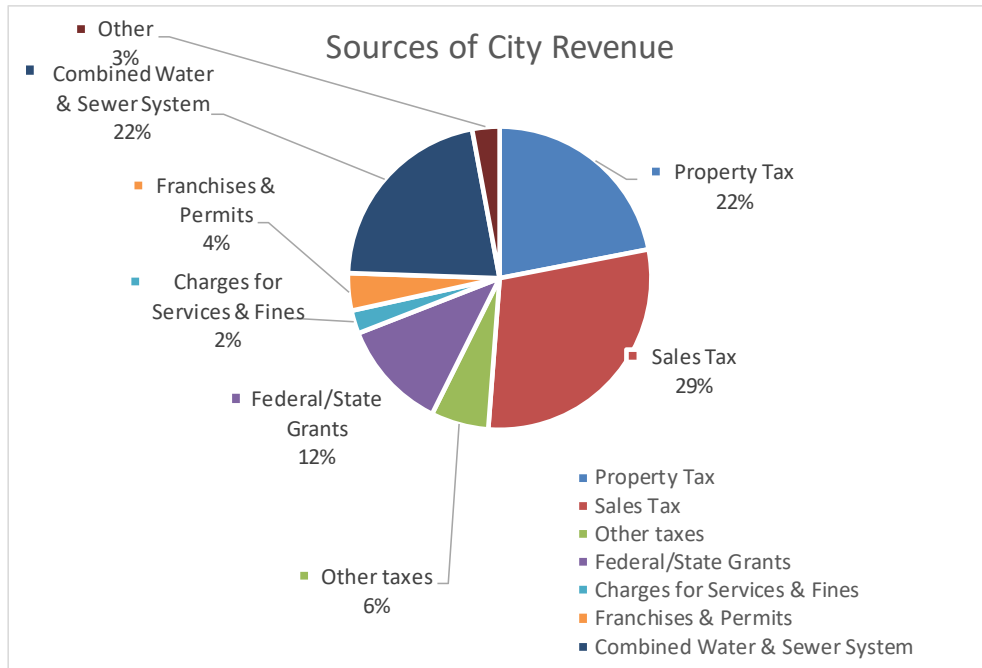
Property Tax - One of the major sources of revenue for the City, at 21.93% of total revenues, property tax revenue, increased \$781,403 from FY 2021. Adjustments to property values based on home sales and new construction contributed to the increase in total property valuations.

Sales Tax - An equally significant component of City revenue is sales tax, at 29.23% of total revenue. Sales tax revenue decreased \$1,833,015 from FY 2021. This represents a 5.07% decrease, which is slightly less than average primarily due to inflationary concerns.

The Mississippi Legislature passed a bill in 2019 that authorized the City to levy an additional tax on hotels, motels, and restaurants to be used to promote tourism and parks and recreation, and additionally to distribute a portion to the University of Southern Mississippi to be used for improvements to their athletic facilities. This tax was effective only if 60.00% of the qualified electors voted in favor of the tax. The referendum passed and collection of the additional 1.00% tax began on July 1, 2021, effective for a three-year period, after which it must be renewed by new legislation and referendum. The amount of \$3,482,968 was received in FY 2022, half of which was remitted to the University for their projects, as per the legislation. The portion retained by the City was used for projects such as tennis court upgrades, upgrades to a building donated to the City for a Community Arts Center, splash pads, Jaycee park and other ballfield improvements, and improvements to various parks throughout the City.

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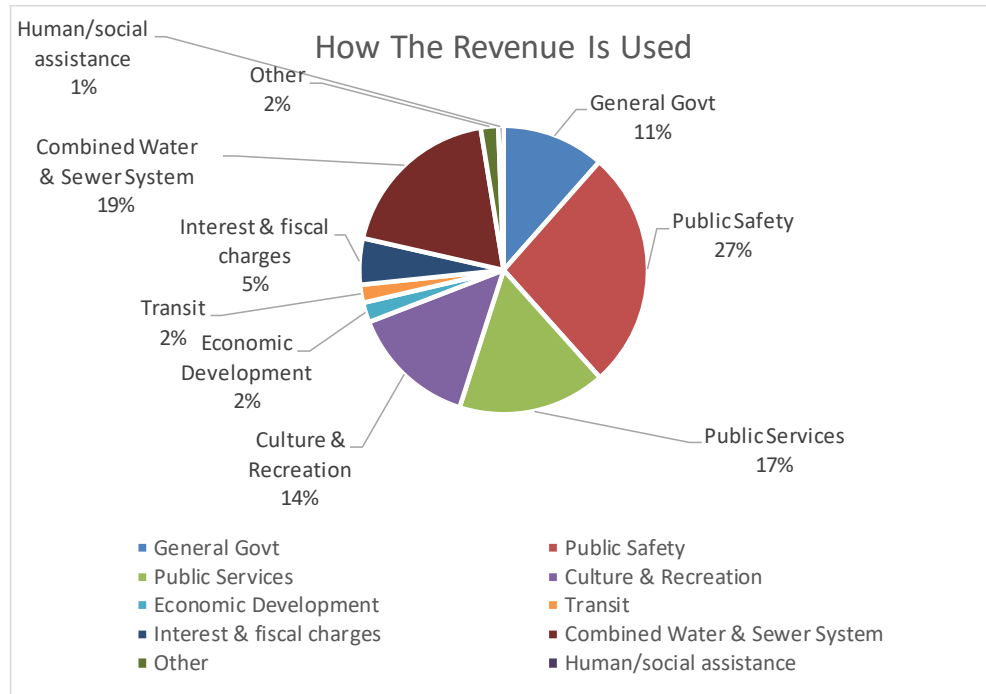
Water & Sewer - The City's Combined Water & Sewer System comprises a significant portion of the total revenues, and its revenues are used almost exclusively for water & sewer system maintenance and improvements.



Expenses

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

(See Chart on Next Page)



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

Governmental Funds:

Information about the City's major governmental funds begins with items presented on the Governmental Funds Balance Sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$89,528,112 and expenditures of \$100,204,969, exclusive of other financing sources and uses.

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

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

The General Fund is the primary governmental operating fund, containing expenditures for general government, public safety, public services, other services, mass transit, culture and recreation, human/social assistance and economic development. The general fund accounts 71.77% of total revenues and 64.09% of total expenses.

Total expenditures for the General Fund increased by \$9,177,296, or 16.67% from FY 2021. The General Fund's ending fund balance increased by \$4,590,927, or 26.27% from FY 2021.

Proprietary Funds:

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

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

Operating expenses for the system increased by \$52,145 or 0.28% in FY 2022. This nominal increase is the result of differences in materials costs required for the various water and sewer line repairs.

Operating revenues increased by \$1,599,057 or 6.75% in FY 2022. Revenue increases were due primarily to rate increases that were implemented in 2022.

The City of Hattiesburg as a Whole:

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for FY 2022.

Table 2 shows the changes in net position for the year ended September 30, 2022.

The most significant changes in the information included in Table 1 are reflected in the *Assets, Liabilities and Deferred Inflows of Resources* sections. The increase in Capital Assets from FY 2021 of \$17,704,634 is due to the completion of the Public Safety Complex and the construction of the Hall Avenue East Overpass. The increase in net pension liability from FY 2021 of \$24,551,346 is Hattiesburg's share of liability of the Public Employees Retirement System, from information provided by the Retirement System in their annual financial report. The decrease in long-term liabilities, outstanding payable after one year is due to the payoff of some Water & Sewer Revenue bonds.

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**TABLE 1
CITY OF HATTIESBURG'S NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 98,664,130	\$ 91,809,782	\$ 17,918,051	\$ 44,118,831	\$ 116,582,181	\$ 135,928,613
Capital assets, net	187,520,081	170,646,083	121,855,194	121,024,558	309,375,275	291,670,641
Total assets	286,184,211	262,455,865	139,773,245	165,143,389	425,957,456	427,599,254
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	9,590,602	4,663,413	768,250	395,486	10,358,852	5,058,899
Related to OPEB	2,013,636	2,326,017	170,423	195,289	2,184,059	2,521,306
Prepaid bond insurance	290,804	209,484	380,047	405,427	670,851	614,911
Total deferred outflows of resources	11,895,042	7,198,914	1,318,720	996,202	13,213,762	8,195,116
LIABILITIES						
Long-term liabilities, outstanding:						
Due within one year	3,308,652	3,984,580	5,824,517	10,992,278	9,133,169	14,976,858
Payable after one year	73,054,727	75,217,677	46,092,200	71,781,560	119,146,927	146,999,237
Other liabilities	5,552,986	4,230,499	4,243,764	3,361,151	9,796,750	7,591,650
Net pension liability	83,959,537	60,891,537	5,752,739	4,269,393	89,712,276	65,160,930
Total OPEB liability	10,647,900	9,754,906	857,489	781,911	11,505,389	10,536,817
Total liabilities	176,523,802	154,079,199	62,770,709	91,186,293	239,294,511	245,265,492
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	644,696	16,523,591	-	970,034	644,696	17,493,625
Related to OPEB	2,695,951	2,942,872	228,171	247,079	2,924,122	3,189,951
Related to contracts	-	-	341,989	397,029	341,989	397,029
Related to grants	6,437,898	-	-	-	6,437,898	-
Related to lease revenue	225,409	-	-	-	225,409	-
Unearned revenues - property taxes	23,220,000	22,873,000	-	-	23,220,000	22,873,000
Total deferred inflows of resources	33,223,954	42,339,463	570,160	1,614,142	33,794,114	43,953,605
NET POSITION						
Net investment in capital assets	113,644,022	93,576,562	70,132,697	66,705,055	183,776,719	160,281,617
Restricted	18,415,828	29,950,066	11,495,267	11,136,726	29,911,095	41,086,792
Unrestricted	(43,728,353)	(50,290,511)	(3,876,868)	(4,502,625)	(47,605,221)	(54,793,136)
Total net position	\$ 88,331,497	\$ 73,236,117	\$ 77,751,096	\$ 73,339,156	\$ 166,082,593	\$ 146,575,273

**TABLE 2
CITY OF HATTIESBURG'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 2,912,260	\$ 3,283,403	\$ 25,286,827	\$ 23,687,770	\$ 28,199,087	\$ 26,971,173
Operating grants and contributions	4,738,050	11,008,590	-	356,025	4,738,050	11,364,615
Capital grants and contributions	8,480,701	744,993	322,567	-	8,803,268	744,993
Total program revenues	16,131,011	15,036,986	25,609,394	24,043,795	41,740,405	39,080,781
General revenues:						
Property taxes	25,755,700	24,974,297	-	-	25,755,700	24,974,297
Other taxes	46,205,049	42,507,267	-	-	46,205,049	42,507,267
Grants and contributions not restricted to specific programs	223,005	35,384	-	-	223,005	35,384
Other general revenues	2,954,621	5,726,710	464,188	276,011	3,418,809	6,002,721
Total general revenues	75,138,375	73,243,658	464,188	276,011	75,602,563	73,519,669
Total revenues	91,269,386	88,280,644	26,073,582	24,319,806	117,342,968	112,600,450
PROGRAM EXPENSES						
General government	11,296,096	8,893,046	-	-	11,296,096	8,893,046
Public safety	26,353,567	24,956,253	-	-	26,353,567	24,956,253
Public services	16,242,403	16,226,202	-	-	16,242,403	16,226,202
Other services	1,921,637	1,792,825	-	-	1,921,637	1,792,825
Mass transit	1,969,988	2,343,864	-	-	1,969,988	2,343,864
Culture and recreation	13,918,797	12,163,054	-	-	13,918,797	12,163,054
Human/social assistance	584,345	626,487	-	-	584,345	626,487
Water & Sewer	-	-	18,532,482	18,480,336	18,532,482	18,480,336
Economic development	2,181,782	1,037,317	-	-	2,181,782	1,037,317
Interest and fiscal charges	2,830,886	2,840,774	2,261,973	2,243,984	5,092,859	5,084,758
Total program expenses	77,299,501	70,879,822	20,794,455	20,724,320	98,093,956	91,604,142

**TABLE 2
CITY OF HATTIESBURG'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Increase (decrease) in net position before inclusion of transfers	\$ 13,969,885	\$ 17,400,822	\$ 5,279,127	\$ 3,595,486	\$ 19,249,012	\$ 20,996,308
Transfers In (Out)	958,679	5,904,315	(867,187)	(824,000)	91,492	5,080,315
<i>Increase (decrease) in net position after inclusion of transfers</i>	14,928,564	23,305,137	4,411,940	2,771,486	19,340,504	26,076,623
Net position - Beginning	73,236,117	50,698,376	73,339,156	70,447,126	146,575,273	121,145,502
Prior period adjustment	166,816	(767,396)	-	120,544	166,816	(646,852)
Net position - Beginning, as restated	73,402,933	49,930,980	73,339,156	70,567,670	146,742,089	120,498,650
Net position - Ending	\$ 88,331,497	\$ 73,236,117	\$ 77,751,096	\$ 73,339,156	\$ 166,082,593	\$ 146,575,273

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General Fund Budgetary Highlights

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

The 2022 budget of the General Fund realized an increase in ending fund balance of \$4,453,135.

In June 2022, the City was given a Aa3 bond rating that will allow the City to continue to refinance old debt and issue new debt as need arises.

Other significant expenditures for FY 2022 included paving throughout the City, new sidewalks in various sections of the City (especially near schools), upgrading of major traffic corridors, Hardy Street roundabout, infrastructure improvements on Lamar Boulevard (to accommodate increased traffic flow due to construction of a major banking facility), as well as continuation of infrastructure improvements considered more routine in nature.

From a budgetary point of view, the City's original General Fund revenue budget for FY 2022 totaled \$54,861,348 (exclusive of projected beginning cash at October 1, 2021 of \$12.5 million). The final revenue budget totaled \$56,155,142, with actual revenue collections of \$56,819,936 (101.18% collected). Amendments to the General Fund budget were attributable mostly to state grant awards.

The original FY 2022 budget for General Fund expenditures was \$55,061,348, and the final amended total was \$62,918,530. Actual expenditures totaled \$52,366,801 (83.23% of budget expended). The unexpended budget total of \$10,551,729 is mostly attributable to unexpended personnel costs for unfilled positions, unexpended grant funds, and unexpended funds for capital purchases which were not completed prior to the end of the fiscal year.

Capital Assets and General Long-Term Obligations

Capital Assets

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

**Table 3
Capital Assets (Net of Depreciation)**

	<u>2022</u>	<u>2021</u>
Land and construction in progress	\$ 48,571,835	\$ 73,537,209
Buildings and improvements	67,487,637	41,527,294
Machinery and equipment	5,023,634	5,587,295
Infrastructure	182,111,311	171,018,843
Intangible right-to-use assets	6,180,858	-
Total	<u>\$ 309,375,275</u>	<u>\$ 291,670,641</u>

The decrease in the “Land and construction in progress” category is the result of completion of the Public Safety Complex as well as other major street improvements throughout the city. The increase to Building and Improvements is due to completion of construction of the Public Safety Complex. The increase in improvements is the completion of major street improvements. The decrease to Machinery and Equipment is the result of depreciation on existing assets.

General Long-Term Debt Obligations

At September 30, 2022, the City of Hattiesburg had \$48,006,231 in outstanding General Obligation Bonds and Notes subject to the City’s overall general obligation debt limitations. The City’s overall legal debt margin at September 30, 2022 was calculated to be \$73,508,092. This number is based on the City’s most current property tax rolls in conjunction with existing general obligation debt. In addition to traditional general obligation debt, certain debt issues are secured by tax interceptor agreements with the State of Mississippi. Tax Increment Financing Bonds are secured by the incremental increase in property taxes at various taxing districts. The City has opted to maintain a margin of at least \$10 million as a matter of policy. Table 4 summarizes the total outstanding long-term debt obligations of the City.

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

	<u>2022</u>	<u>2021</u>
Governmental Funds		
General obligation bonds	\$ 45,000,000	\$ 45,845,000
Limited obligation tax increment financing bonds	10,093,039	11,078,724
Certificates of participation	4,345,000	4,550,000
Economic development limited obligation bonds	113,208	134,771
Notes from direct borrowings and direct placements	3,006,231	3,728,621
Leases payable	6,180,858	-
Capital leases	-	6,394,377
Unamortized premium	5,137,723	5,338,028
Claims and judgments	449,250	499,250
Subtotal governmental funds	<u>74,325,309</u>	<u>77,568,771</u>
Proprietary Fund		
General obligation bonds	2,860,000	3,675,000
Revenue bonds	48,697,000	78,642,000
Unamortized bond premium	165,497	210,881
Subtotal proprietary fund	<u>51,722,497</u>	<u>82,527,881</u>
Compensated Absences	<u>2,232,290</u>	<u>1,879,443</u>
Total Long-Term Obligations	<u><u>\$ 128,280,096</u></u>	<u><u>\$ 161,976,095</u></u>

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

Current Financial Related Activities:

Combined sales tax collections, a major source of revenue for the General Fund, have been a strong indicator of the local economy, showing an approximate 8.70% increase in FY 2022. This is also slightly above the average rate of increase when looking at the history of collections over the period of several years. Hattiesburg has a diverse economy, driven by regional medical facilities, two universities, and a major military training installation south of the city limits. Efforts to bring sporting events and tournaments to the city have been successful, contributing to this revenue.

Property tax values did, in fact, increase from 2021 valuations, and this resulted in a 3.13% increase in property tax revenues for FY 2022. There was a strong real estate market in Hattiesburg during 2022, reflecting the federal and local economies. A decreasing supply of homes available for sale contributed to the increase in home values.

Contacting the City of Hattiesburg:

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

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BASIC FINANCIAL STATEMENTS

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Net Position
September 30, 2022**

	PRIMARY		GOVERNMENT	Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents - unrestricted	\$ 18,429,609	\$ 9,300,852	\$ 27,730,461	\$ 713,088
Cash and cash equivalents - restricted	41,433,885	1,607,980	43,041,865	10,238,467
Cash with fiscal agent - restricted	310,230	5,018,682	5,328,912	-
Sales tax receivable	6,193,093	-	6,193,093	1,095,551
Property taxes receivable	23,789,721	-	23,789,721	-
Accounts receivable - Water and Sewer (net of allowance for doubtful accounts of \$4,813,104)	-	1,984,608	1,984,608	-
Accounts receivable - Solid Waste Services	213,452	-	213,452	-
Intergovernmental receivable	3,329,270	-	3,329,270	69,914
Fines receivable (net of allowance for doubtful accounts of \$22,238,924)	3,189,389	-	3,189,389	-
Lease receivable	225,409	-	225,409	25,870
Other receivables	1,525,113	7,667	1,532,780	-
Internal balances	1,738	(1,738)	-	-
Due from other agencies	11,226	-	11,226	-
Inventory - food and beverage	-	-	-	151,860
Inventory - gas and oil	11,995	-	11,995	-
Capital assets not being depreciated: Land and construction in progress	47,604,397	967,438	48,571,835	5,459,754
Capital assets, net of accumulated depreciation:				
Buildings and improvements	67,353,841	133,796	67,487,637	13,103,541
Machinery and equipment	4,159,970	863,664	5,023,634	930,660
Infrastructure	62,221,015	119,890,296	182,111,311	-
Intangible right-to-use assets	6,180,858	-	6,180,858	67,024
Total assets	286,184,211	139,773,245	425,957,456	31,855,729
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	9,590,602	768,250	10,358,852	-
Related to OPEB	2,013,636	170,423	2,184,059	-
Prepaid bond insurance	290,804	380,047	670,851	-
Total deferred outflows of resources	11,895,042	1,318,720	13,213,762	-

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

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Net Position
September 30, 2022**

	PRIMARY		GOVERNMENT	Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	\$ 2,365,397	\$ 1,655,615	\$ 4,021,012	\$ 205,336
Accrued wages and benefits	1,806,470	112,766	1,919,236	176,590
Other liabilities	129,374	55,605	184,979	-
Due to other agencies	349,331	-	349,331	-
Accrued expenses	372,316	-	372,316	-
Accrued interest	530,098	613,069	1,143,167	-
Other liabilities	-	198,729	198,729	-
Non-current liabilities:				
Portion due or payable within one year:				
General obligation bonds	-	850,000	850,000	-
Revenue bonds	-	4,900,000	4,900,000	-
Unamortized bond premium	187,148	45,384	232,532	-
Limited obligation tax increment financing bonds	1,035,766	-	1,035,766	-
Certificates of participation	220,000	-	220,000	-
Unamortized certificate of participation premium	13,158	-	13,158	-
Economic development limited obligation bonds	21,563	-	21,563	-
Notes from direct borrowings and direct placements	984,243	-	984,243	-
Leases payable	476,885	-	476,885	32,686
Compensated absences	305,711	29,133	334,844	-
Claims and judgments	64,178	-	64,178	-
Portion due or payable after one year:				
General obligation bonds	45,000,000	2,010,000	47,010,000	-
Revenue bonds	-	43,797,000	43,797,000	-
Unamortized bond premium	4,766,375	120,113	4,886,488	-
Limited obligation tax increment financing bonds	9,057,273	-	9,057,273	-
Certificates of participation	4,125,000	-	4,125,000	-
Unamortized certificate of participation premium	171,042	-	171,042	-
Economic development limited obligation bonds	91,645	-	91,645	-
Notes from direct borrowings and direct placements	2,021,988	-	2,021,988	-
Leases payable	5,703,973	-	5,703,973	34,338
Compensated absences	1,732,359	165,087	1,897,446	186,962
Claims and judgments	385,072	-	385,072	-
Net pension liability	83,959,537	5,752,739	89,712,276	-
Total OPEB liability	10,647,900	857,489	11,505,389	-
Customer meter deposits	-	1,607,980	1,607,980	-
Total liabilities	176,523,802	62,770,709	239,294,511	635,912

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

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Net Position
September 30, 2022**

	PRIMARY		GOVERNMENT	Component Unit
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	\$ 644,696	\$ -	\$ 644,696	\$ -
Related to OPEB	2,695,951	228,171	2,924,122	-
Related to contracts	-	341,989	341,989	-
Related to grants	6,437,898	-	6,437,898	-
Related to lease proceeds	-	-	-	3,328,388
Related to lease revenue	225,409	-	225,409	25,870
Special event revenue	-	-	-	400,046
Unearned revenue - property taxes	23,220,000	-	23,220,000	-
Total deferred inflows of resources	33,223,954	570,160	33,794,114	3,754,304
NET POSITION				
Net investment in capital assets	113,644,022	70,132,697	183,776,719	19,493,955
Restricted for:				
Debt service	7,674,336	8,039,394	15,713,730	-
Capital projects	10,741,492	3,455,873	14,197,365	849,078
Unrestricted	(43,728,353)	(3,876,868)	(47,605,221)	7,122,480
Total net position	\$ 88,331,497	\$ 77,751,096	\$ 166,082,593	\$ 27,465,513

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

EXHIBIT B

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Activities
Year Ended September 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 11,296,096	\$ -	\$ 348,890	\$ 8,225
Public safety	26,353,567	574,164	1,070,601	-
Public services	16,242,403	2,232,456	983,902	6,160,831
Other services	1,921,637	-	-	1,378,943
Mass transit	1,969,988	22,969	1,579,254	223,865
Culture and recreation	13,918,797	82,671	-	708,837
Human/social assistance	584,345	-	755,403	-
Economic development	2,181,782	-	-	-
Interest and fiscal charges	2,830,886	-	-	-
Total governmental activities	<u>77,299,501</u>	<u>2,912,260</u>	<u>4,738,050</u>	<u>8,480,701</u>
Business-Type Activities:				
Water and sewer system	18,532,482	25,286,827	-	322,567
Interest and fiscal charges	2,261,973	-	-	-
Total business-type activities	<u>20,794,455</u>	<u>25,286,827</u>	<u>-</u>	<u>322,567</u>
Total primary government	<u>\$ 98,093,956</u>	<u>\$ 28,199,087</u>	<u>\$ 4,738,050</u>	<u>\$ 8,803,268</u>
COMPONENT UNIT:				
Hattiesburg Convention Commission	\$ 10,383,658	\$ 5,734,920	\$ -	\$ -
Total component unit	<u>\$ 10,383,658</u>	<u>\$ 5,734,920</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales taxes
- Franchise taxes and other licenses and permits
- Special sales tax
- Internet sales tax

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Other local sources (uses)

Miscellaneous

Gain (loss) on sale of assets

TRANSFERS:

- Transfers, component unit
- Transfers, net

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED

Prior period adjustment

NET POSITION - BEGINNING, AS ADJUSTED

NET POSITION - ENDING

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (10,938,981)		\$ (10,938,981)	
(24,708,802)		(24,708,802)	
(6,865,214)		(6,865,214)	
(542,694)		(542,694)	
(143,900)		(143,900)	
(13,127,289)		(13,127,289)	
171,058		171,058	
(2,181,782)		(2,181,782)	
(2,830,886)		(2,830,886)	
<u>(61,168,490)</u>		<u>(61,168,490)</u>	
-	\$ 7,076,912	7,076,912	
-	(2,261,973)	(2,261,973)	
-	<u>4,814,939</u>	<u>4,814,939</u>	
<u>(61,168,490)</u>	<u>4,814,939</u>	<u>(56,353,551)</u>	
			<u>\$ (4,648,738)</u>
			<u>(4,648,738)</u>
22,285,960	-	22,285,960	-
3,469,740	-	3,469,740	-
34,323,789	-	34,323,789	-
4,668,067	-	4,668,067	-
3,474,217	-	3,474,217	6,703,788
3,738,976	-	3,738,976	-
223,005	-	223,005	-
151,528	99,014	250,542	10,433
2,295,430	-	2,295,430	-
480,409	371,237	851,646	1,755
27,254	(6,063)	21,191	-
91,492	-	91,492	(91,492)
867,187	(867,187)	-	-
<u>76,097,054</u>	<u>(402,999)</u>	<u>75,694,055</u>	<u>6,624,484</u>
14,928,564	4,411,940	19,340,504	1,975,746
73,236,117	73,339,156	146,575,273	25,489,767
166,816	-	166,816	-
<u>73,402,933</u>	<u>73,339,156</u>	<u>146,742,089</u>	<u>25,489,767</u>
<u>\$ 88,331,497</u>	<u>\$ 77,751,096</u>	<u>\$ 166,082,593</u>	<u>\$ 27,465,513</u>

CITY OF HATTIESBURG, MISSISSIPPI

**Balance Sheet - Governmental Funds
September 30, 2022**

	<u>General Fund</u>	<u>Municipal Road and Bridge Fund</u>	<u>COVID Fiscal Recovery Fund</u>
ASSETS			
Cash and cash equivalents	\$ 16,428,037	\$ -	\$ -
Cash and cash equivalents - restricted	-	3,270,104	12,875,808
Cash with fiscal agent - restricted	-	-	-
Due from other funds	3,214,611	-	-
Sales tax receivable	2,758,889	-	-
Intergovernmental receivables	261,615	321,407	-
Fines receivable (net of allowance for doubtful accounts of \$22,238,924)	3,189,389	-	-
Other receivables	1,096,983	12,605	-
Lease receivable	-	-	-
Property taxes receivable	19,970,173	-	-
Due from other agencies	11,226	-	-
Inventory - gas and oil	11,995	-	-
Advances to other funds	300,000	-	-
Prepaid insurance	290,804	-	-
	<u>\$ 47,533,722</u>	<u>\$ 3,604,116</u>	<u>\$ 12,875,808</u>
Total assets			
LIABILITIES			
Accounts payable	\$ 856,641	\$ 719,427	\$ -
Due to other funds	19,071	2,295,000	-
Due to other governments	62,280	-	-
Accrued wages and benefits	1,663,631	-	-
Other liabilities	72,652	12,038	-
Advances from other funds	-	-	-
Total liabilities	<u>2,674,275</u>	<u>3,026,465</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	19,600,000	-	-
Unavailable revenue - lease revenue	-	-	-
Unavailable revenue - grants	-	-	6,437,897
Unavailable revenue - fines	3,189,389	-	-
Total deferred inflows of resources	<u>22,789,389</u>	<u>-</u>	<u>6,437,897</u>
FUND BALANCES			
Nonspendable:			
Inventories	11,995	-	-
Prepaid expenses	290,804	-	-
Long-term interfund advance	300,000	-	-

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,001,572	\$ 18,429,609
11,168,884	14,119,089	41,433,885
162,499	147,731	310,230
-	20,809	3,235,420
-	291,877	3,050,766
-	292,048	875,070
-	-	3,189,389
-	-	1,109,588
-	225,409	225,409
-	3,646,834	23,617,007
-	-	11,226
-	-	11,995
-	-	300,000
-	-	290,804
<u>\$ 11,331,383</u>	<u>\$ 20,745,369</u>	<u>\$ 96,090,398</u>
\$ 589,891	\$ 199,439	\$ 2,365,398
-	583,500	2,897,571
-	145,939	208,219
-	142,839	1,806,470
-	417,000	501,690
-	300,000	300,000
<u>589,891</u>	<u>1,788,717</u>	<u>8,079,348</u>
-	3,620,000	23,220,000
-	225,409	225,409
-	-	6,437,897
-	-	3,189,389
<u>-</u>	<u>3,845,409</u>	<u>33,072,695</u>
-	-	11,995
-	-	290,804
-	-	300,000

CITY OF HATTIESBURG, MISSISSIPPI

**Balance Sheet - Governmental Funds
September 30, 2022**

	<u>General Fund</u>	<u>Municipal Road and Bridge Fund</u>	<u>COVID Fiscal Recovery Fund</u>
FUND BALANCES (Cont.)			
Restricted:			
Public safety:			
Fire protection	\$ -	\$ -	\$ -
Law enforcement	-	-	-
Public services	-	-	-
Mass transit	-	-	-
Debt service	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	6,437,911
Committed:			
Culture and recreation	-	-	-
Assigned:			
General government	141,371	-	-
Public safety	403,045	-	-
Public services	70,771	577,651	-
Economic development	106,025	-	-
Other services	580	-	-
Unassigned	20,745,467	-	-
Total fund balances	<u>22,070,058</u>	<u>577,651</u>	<u>6,437,911</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 47,533,722</u>	 <u>\$ 3,604,116</u>	 <u>\$ 12,875,808</u>

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 892,685	\$ 892,685
-	995,270	995,270
-	1,934,174	1,934,174
-	1,211,836	1,211,836
-	7,674,336	7,674,336
300,000	1,567,266	1,867,266
10,441,492	267,539	17,146,942
-	970,123	970,123
-	-	141,371
-	-	403,045
-	-	648,422
-	-	106,025
-	-	580
-	(401,986)	20,343,481
<u>10,741,492</u>	<u>15,111,243</u>	<u>54,938,355</u>
<u>\$ 11,331,383</u>	<u>\$ 20,745,369</u>	<u>\$ 96,090,398</u>

CITY OF HATTIESBURG, MISSISSIPPI

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
September 30, 2022**

Total <i>fund balances</i> for governmental funds (Exhibit C)		\$ 54,938,355
Total <i>net position</i> reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 31,006,098	
Construction in progress	16,598,299	
Buildings and improvements, net of \$37,430,895 accumulated depreciation	67,353,841	
Machinery and equipment, net of \$35,778,204 accumulated depreciation	4,159,970	
Infrastructure, net of \$110,790,997 accumulated depreciation	62,221,015	
Intangible right-to-use assets, net of \$463,672 accumulated depreciation	<u>6,180,858</u>	
Total capital assets		187,520,081
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred revenue in the funds.		3,189,389
Receivables not received within thirty days of year end are not reported in the funds.		6,062,107
Deferred outflows related to pensions and OPEB are not reported in the funds:		
Related to pensions	9,590,602	
Related to OPEB	<u>2,013,636</u>	
Total deferred outflows		11,604,238

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

CITY OF HATTIESBURG, MISSISSIPPI

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
September 30, 2022**

Deferred inflows related to pensions and OPEB are
not reported in the funds:

Related to pensions	\$ (644,696)	
Related to OPEB	<u>(2,695,951)</u>	
Total deferred inflows		\$ (3,340,647)

Payables not paid within thirty days of year end are
not reported in the funds.

(141,112)

Long-term liabilities applicable to the City's governmental
activities are not due and payable in the current period and
accordingly are not reported as fund liabilities. Interest on
long-term debt is not accrued in the governmental funds, but
rather is recognized as an expenditure when due. All
liabilities - both current and long-term - are reported in the
statement of net position. Balances for these liabilities
at September 30, 2022 are:

Accrued interest on bonds and notes	(530,098)	
General obligation bonds	(45,000,000)	
Limited obligation tax increment financing bonds	(10,093,039)	
Economic development limited obligation bonds	(113,208)	
Unamortized premiums on bonds	(4,953,523)	
Certificates of participation	(4,345,000)	
Unamortized premiums on certificates of participation	(184,200)	
Notes from direct borrowings and direct placements	(3,006,231)	
Leases payable	(6,180,858)	
Compensated absences	(2,038,070)	
Claims and judgments	(449,250)	
Net pension liability	(83,959,537)	
Total OPEB liability	<u>(10,647,900)</u>	
Total long-term liabilities		<u>(171,500,914)</u>

Total net position of governmental activities (Exhibit A)

\$ 88,331,497

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2022**

	General Fund	Municipal Road and Bridge Fund	COVID Fiscal Recovery Fund
REVENUES			
General property taxes	\$ 20,796,815	\$ -	\$ -
Sales tax collections	34,051,987	-	-
Special sales tax collections	-	-	-
Internet sales tax	-	-	-
Other taxes	14,831	-	-
Licenses and permits	4,471,382	-	-
Fines, forfeitures and penalties	778,853	-	-
Interest, rents and concessions	134,443	1,121	-
Intergovernmental revenues	1,028,233	7,173,697	-
Charges for services	2,373,857	-	-
Other revenues	604,201	-	-
Total revenues	64,254,602	7,174,818	-
EXPENDITURES			
Current:			
General government	17,530,040	-	-
Public safety	24,032,700	-	-
Public services	11,456,520	6,032,626	-
Other services	1,236,282	-	-
Mass transit	-	-	-
Culture and recreation	6,676,888	-	-
Human/social assistance	-	-	-
Economic development	2,181,782	-	-
Debt service:			
Principal payments	752,685	-	-
Interest and fiscal charges	358,860	-	-
Total expenditures	64,225,757	6,032,626	-
Excess (deficiency) of revenues over expenditures	28,845	1,142,192	-

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,699,876	\$ 25,496,691
-	-	34,051,987
-	3,482,968	3,482,968
-	3,738,976	3,738,976
-	-	14,831
-	-	4,471,382
-	19,077	797,930
61,471	42,643	239,678
509,836	5,128,175	13,839,941
-	391,685	2,765,542
-	23,985	628,186
571,307	17,527,385	89,528,112
-	-	17,530,040
5,237,650	122,974	29,393,324
5,932,064	2,336,888	25,758,098
-	1,313,754	2,550,036
-	1,882,615	1,882,615
-	7,336,148	14,013,036
-	522,631	522,631
-	-	2,181,782
-	2,695,486	3,448,171
-	2,566,376	2,925,236
11,169,714	18,776,872	100,204,969
(10,598,407)	(1,249,487)	(10,676,857)

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2022**

	General Fund	Municipal Road and Bridge Fund	COVID Fiscal Recovery Fund
<i>OTHER FINANCING SOURCES (USES)</i>			
Proceeds from leases	\$ 6,644,530	\$ -	\$ -
Proceeds from sale of capital asset	42,289	-	-
Transfers in	1,216,230	-	-
Transfers out	(3,434,430)	(321,407)	-
Other sources	93,463	-	-
	<hr/>	<hr/>	<hr/>
<i>Total other financing sources (uses)</i>	4,562,082	(321,407)	-
	<hr/>	<hr/>	<hr/>
<i>NET CHANGE IN FUND BALANCES</i>	4,590,927	820,785	-
	<hr/>	<hr/>	<hr/>
Fund balances – beginning	17,479,131	(243,134)	6,437,911
	<hr/>	<hr/>	<hr/>
Fund balances – ending	\$ 22,070,058	\$ 577,651	\$ 6,437,911
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Series 2019 and 2020 Bond Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 6,644,530
-	-	42,289
-	3,406,794	4,623,024
-	-	(3,755,837)
-	531	93,994
-	3,407,325	7,648,000
(10,598,407)	2,157,838	(3,028,857)
21,339,899	12,953,405	57,967,212
<u>\$ 10,741,492</u>	<u>\$ 15,111,243</u>	<u>\$ 54,938,355</u>

CITY OF HATTIESBURG, MISSISSIPPI

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022**

Net change in <i>fund balances</i> - governmental funds (Exhibit D)	\$ (3,028,857)
The change in <i>net position</i> reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$31,277,791) exceeded depreciation expense (\$8,844,764) in the current period.	
	22,433,027
Intergovernmental revenues are recognized on the full- accrual basis in the statement of activities for revenues received thirty days after year end. This is the amount of effect of the change in revenue.	
	1,675,080
Fine revenue deferred in the funds for the modified accrual basis during the current year decreased because prior year recognition would have been required in the statement of activities using the full-accrual basis of accounting.	
	(70,089)
Proceeds from issuance of long-term debt are reported in the governmental funds. However, in the statement of net position a long-term liability is recorded. Repayments of long-term debt are reported as expenses in the governmental funds but are recorded against the liability in the statement of net position. Thus, the change in net position differs from the change in fund balances by the net amount of the debt proceeds and repayments.	
	(2,682,687)

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

CITY OF HATTIESBURG, MISSISSIPPI

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022**

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following adjustments combine the net changes of the balances:

Compensated absences	\$ (404,584)	
Amortization of certificates of participation premium	13,157	
Amortization of bond premium	187,148	
Special sales tax payable	(31,960)	
Accrued interest on bonds and notes	58,699	
Combined adjustment		\$ (177,540)
Change related to pension deferred outflows and inflows and liabilities		(2,261,916)
Change related to other post employment benefit deferred outflows and liabilities		<u>(958,454)</u>
Change in <i>net position</i> of governmental activities (Exhibit B)		<u>\$ 14,928,564</u>

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

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Net Position - Proprietary Fund
September 30, 2022**

	<u>Combined Water and Sewer System</u>
<i>CURRENT ASSETS</i>	
Cash and cash equivalents - unrestricted	\$ 9,300,852
Cash with fiscal agent - restricted	5,018,682
Accounts receivable - trade (net of allowance for doubtful accounts of \$4,813,104)	1,984,608
Other receivables	7,667
Total current assets	<u>16,311,809</u>
<i>NONCURRENT ASSETS</i>	
Cash and cash equivalents - restricted	1,607,980
Capital assets	
Land	358,164
Construction in progress	609,274
Buildings and improvements, net	133,796
Machinery and equipment, net	863,664
Infrastructure, net	119,890,296
Total noncurrent assets	<u>123,463,174</u>
Total assets	<u>139,774,983</u>
<i>DEFERRED OUTFLOW OF RESOURCES</i>	
Related to pensions	768,250
Related to OPEB	170,423
Prepaid bond insurance	380,047
Total deferred outflows	<u>1,318,720</u>
<i>CURRENT LIABILITIES</i>	
Accounts payable	1,655,615
Accrued wages and benefits payable	112,766
Sales tax payable	55,605
Due to governmental funds	1,738
Accrued interest payable	613,069
Other liabilities	198,729
General obligation bonds - current	850,000
Revenue bonds - current	4,900,000
Unamortized bond premium - current	45,384
Compensated absences - current	29,133
Total current liabilities	<u>8,462,039</u>

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

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Net Position - Proprietary Fund
September 30, 2022**

	<u>Combined Water and Sewer System</u>
<i>NON-CURRENT LIABILITIES</i>	
General obligation bonds	\$ 2,010,000
Revenue bonds	43,797,000
Unamortized bond premium	120,113
Compensated absences	165,087
Net pension liability	5,752,739
Total OPEB liability	857,489
Customer meter deposits	1,607,980
Total non-current liabilities	<u>54,310,408</u>
<i>Total liabilities</i>	<u>62,772,447</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>	
Related to OPEB	228,171
Related to contracts	341,989
<i>Total deferred inflows</i>	<u>570,160</u>
<i>NET POSITION</i>	
Net investment in capital assets	70,132,697
Restricted for debt service	8,039,394
Restricted for capital projects	3,455,873
Unrestricted	<u>(3,876,868)</u>
<i>Total net position</i>	<u>\$ 77,751,096</u>

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

EXHIBIT F

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Revenues, Expenses, and Changes In Net Position -
Proprietary Fund
Year Ended September 30, 2022**

	<u>Combined Water and Sewer System</u>
OPERATING REVENUES	
Water charges	\$ 12,010,818
Sewer charges	13,016,414
Sewer connections	13,905
Turn-on fees	70,290
Taps	175,400
Total operating revenues	<u>25,286,827</u>
OPERATING EXPENSES	
Personnel services	3,062,652
Other services and charges	9,078,652
Supplies and expenses	1,900,992
Depreciation	4,284,262
Other operating expenses	205,924
Total operating expenses	<u>18,532,482</u>
OPERATING INCOME	<u>6,754,345</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	99,014
Gain (loss) on sale of assets	(6,063)
Interest expense	(2,261,973)
Intergovernmental revenue	322,567
Other revenues	371,237
Total non-operating revenues (expenses)	<u>(1,475,218)</u>
INCOME BEFORE TRANSFERS	5,279,127
Transfers in	27,636
Transfers out	(894,823)
Total transfers	<u>(867,187)</u>
CHANGE IN NET POSITION	4,411,940
NET POSITION - beginning	<u>73,339,156</u>
NET POSITION - ending	<u>\$ 77,751,096</u>

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

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Cash Flows - Proprietary Fund
Year Ended September 30, 2022**

	<u>Combined Water and Sewer System</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>	
Receipts from customers	\$ 25,664,731
Payments to suppliers and service providers	(10,302,355)
Payments to employees for salaries and benefits	(2,882,487)
Net cash provided by operating activities	<u>12,479,889</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i>	
Transfers from other funds	27,636
Transfers to other funds	(894,823)
Net cash used by noncapital financing activities	<u>(867,187)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>	
Principal payments - bonds and notes	(30,760,000)
Intergovernmental cash receipts	322,567
Acquisition and construction of capital assets	(5,120,961)
Other receipts	371,237
Interest paid on capital debt	(2,343,094)
Net cash provided by capital and related financing activities	<u>(37,530,251)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>	
Interest income	99,014
Net cash provided by investing activities	<u>99,014</u>
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>	(25,818,535)
<i>CASH AND CASH EQUIVALENTS - Beginning</i>	<u>41,746,049</u>
<i>CASH AND CASH EQUIVALENTS - Ending</i>	<u><u>\$ 15,927,514</u></u>
Displayed on Exhibit E as:	
Current Assets:	
Cash and cash equivalents - unrestricted	\$ 9,300,852
Cash with fiscal agent - restricted	5,018,682
Non-Current Assets:	
Cash and cash equivalents - restricted	<u>1,607,980</u>
	<u><u>\$ 15,927,514</u></u>

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

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Cash Flows - Proprietary Fund
Year Ended September 30, 2022**

	<u>Combined Water and Sewer System</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 6,754,345
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	4,284,262
Decrease (increase) in assets:	
Accounts receivable - trade	(397,417)
Other receivables	777,924
Deferred outflows related to pension	(372,764)
Deferred outflows related to OPEB	24,866
Prepaid insurance - bonds	25,380
Increase (decrease) in liabilities:	
Due from/to other governmental funds	1,738
Accounts payable	657,366
Other liabilities	198,729
Accrued wages and benefits payable	9,818
Sales tax payable	35,865
Compensated absences	(51,737)
Net pension liability	1,483,346
Total OPEB liability	75,578
Customer meter deposits	16,572
Deferred inflows related to pension	(970,034)
Deferred inflows related to OPEB	(18,908)
Deferred inflows related to contracts	(55,040)
Total adjustments	<u>5,725,544</u>
Net cash provided by operating activities	<u>\$ 12,479,889</u>

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

EXHIBIT H

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Fiduciary Net Position
September 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 250,495
Other receivables	605,736
Sales tax receivable	<u>80,028</u>
Total assets	<u><u>\$ 936,259</u></u>
LIABILITIES	
Due to other funds	\$ 375,933
Other liabilities	<u>7,212</u>
Total liabilities	<u><u>383,145</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>553,114</u>
Total net position	<u><u>553,114</u></u>
Total liabilities and net position	<u><u>\$ 936,259</u></u>

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

EXHIBIT I

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2022**

	Custodial Funds
ADDITIONS	
Property tax revenues	\$ 48,912,925
Sales tax revenues	1,034,076
Intergovernmental revenues	475,000
Interest	1,411
Total additions	<u>50,423,412</u>
DEDUCTIONS	
Payments of taxes to other funds	49,088,550
Administrative expense	67,984
Other expense	1,597,016
Total deductions	<u>50,753,550</u>
CHANGE IN FIDUCIARY NET POSITION	(330,138)
NET POSITION - BEGINNING	<u>883,252</u>
NET POSITION - ENDING	<u>\$ 553,114</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Information

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

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

B. Reporting Entity

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

Discretely presented component unit - The Hattiesburg Convention Commission (the Commission) is composed of a seven member board whose members are appointed by the Hattiesburg City Council. The purpose of the Commission is to promote conventions and tourism. The Commission has authority over all matters relating to the establishment, development, construction, furnishing, and equipping of convention and tourism related facilities. The Commission is primarily funded by a 2% sales tax on local food, beverage, and alcoholic beverage package retailer permits. The Commission is presented as a governmental fund type. Pursuant to component unit criteria guidelines, the Commission is presented as a discretely presented component unit based upon the budgetary oversight provided by the City in conjunction with other related criteria including, but not limited to, the City's ability to make board appointments and the Commission's status as a legally separate entity.

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWO

YEAR ENDED SEPTEMBER 30, 2022

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

C. Government-wide and Fund Financial Statements

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

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

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE THREE

YEAR ENDED SEPTEMBER 30, 2022

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund:

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE FOUR

YEAR ENDED SEPTEMBER 30, 2022

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

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE FIVE

YEAR ENDED SEPTEMBER 30, 2022

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer system enterprise fund are charges to customers for sales and services. The water and sewer system also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Deposits and Investments

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

To maximize interest earnings, the City's cash resources are combined to form a cash pool. Excluded from this pool is the cash of the Water and Sewer Bond and Interest Fund, Water and Sewer Revenue Fund, the Payroll Fund, the Police Forfeitures Fund, the Series 2019 and 2020 Bond Projects Fund, the 2003 TIF Bond and Interest Chauvet Square Fund, the 2007 TIF Bond and Interest Turtle Crossing Fund, the 2008 TIF Bond and Interest Lincoln Center Fund, the 2012 TIF Bond and Interest Kohl's Fund, the 2014 TIF Bond and Interest Southern Pointe Fund, the 2015-A TIF Bond and Interest Ridge at Turtle Creek Fund, the 2015-B TIF Bond and Interest Midtown Market Fund, the 2016 TIF Bond and Interest Whispering Pines Fund, the 2016 TIF Bond and Interest Hattiesburg Clinic Fund, 2019 TIF Bond and Interest Planet Fitness Fund, the 2019 TIF Elam Arms Midtown Bond and Interest Fund, the COVID Fiscal Recovery Grant, the Municipal Road and Bridge Fund, the Community Development Block Grant Fund for Entitlement and HOME Entitlement, the Special 1% Sales Tax Fund, Internet Sales Tax Fund, the 2019 Fire Station Construction Fund, the TIF Construction Fund, the Group Insurance Trust Fund and the Claims Fund.

Investments for the City and its component unit are reported at fair value.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE SIX

YEAR ENDED SEPTEMBER 30, 2022

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

Interfund Transactions and Balances

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

Receivables

All receivables for sales taxes and property taxes are considered collectible; therefore no reduction has been made for an allowance for these receivables. Fees paid in lieu of ad valorem taxes pursuant to separate agreements are recognized when collected or when probability of receipt is reasonably certain. Fines receivable is reported net of allowance for uncollectible accounts at September 30, 2022. Credits against fines are applied for any jail time served, community service, or electronic monitoring. Since any such credits are not known until actual events occur, the amounts of those credits cannot be reasonably estimated before they are earned. Therefore, future credits to be applied against existing fines receivable are not estimated or reflected in the City’s financial statements.

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE SEVEN

YEAR ENDED SEPTEMBER 30, 2022

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE EIGHT

YEAR ENDED SEPTEMBER 30, 2022

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

Pensions

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

Deferred Outflows/Inflows of Resources

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE NINE

YEAR ENDED SEPTEMBER 30, 2022

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

Compensated Absences

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

Leases

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

Long-Term Obligations

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TEN

YEAR ENDED SEPTEMBER 30, 2022

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

Net Position

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

Fund Balance Policies

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

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE ELEVEN

YEAR ENDED SEPTEMBER 30, 2022

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

F. Budgets and Budgetary Accounting

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

1. In August, the City's Chief Financial Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to September 15, the budget is legally enacted through the passage of an ordinance by the City Council. The budget may be subsequently amended by action of the City Council.
3. The City's Chief Financial Officer is authorized to transfer budgeted amounts within departments within the published expenditure categories; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. All funds, with the exception of Fiduciary Funds, are budgeted, including the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Proprietary Funds. These budgets are prepared on a cash basis, modified for encumbrances for goods and services which have not been received.

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

PAGE TWELVE

YEAR ENDED SEPTEMBER 30, 2022

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

G. Use of Estimates

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

H. Change in Accounting Standard

GASB Statement No. 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.

I. Recent Accounting Pronouncement

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which changes the treatment of the capitalization criteria and recognition of the subscription asset. The new standard is effective for the year ending September 30, 2023. The City is evaluating the effect the guidance will have on their financial statements and related disclosures.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTEEN
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 2 - PRIOR PERIOD ADJUSTMENT

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

<u>Explanation</u>	<u>Amount</u>
Exhibit B (Governmental Activities)	
<i>Change in Accounting Standard</i>	
To implement GASB 87 lease assets and lease liabilities.	\$ 166,816

NOTE 3 - DEPOSITS

Deposits - The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, *Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

The carrying amount of the City's deposits with financial institutions and petty cash reported in the government-wide statements was \$70,772,328 (exclusive of cash with fiscal agents disclosed below). The bank balance was \$76,380,057. The City's long standing, although not formally adopted, investment policy is based upon all bank accounts being fully collateralized (using the procedures described above) and interest-bearing with rates updated on a quarterly basis and benchmarked using verifiable appropriate federal funds rates. Interest is calculated using average balances and recorded monthly.

Custodial Credit Risk - Deposits - Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2022, the City's bank balance was not exposed to custodial credit risk because deposits are covered by the State Treasurer collateral pool.

Cash with Fiscal Agents - The carrying amount of the City's cash with fiscal agents held by financial institutions was \$5,328,912.

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

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE FOURTEEN
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 4 - CAPITAL ASSETS

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

	Primary Government				
	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 31,006,098	\$ -	\$ -	\$ -	\$ 31,006,098
Construction in progress	32,667,353	22,585,011	(38,654,065)	-	16,598,299
Total capital assets not being depreciated	<u>63,673,451</u>	<u>22,585,011</u>	<u>(38,654,065)</u>	<u>-</u>	<u>47,604,397</u>
Capital assets being depreciated:					
Buildings and improvements	78,211,735	34,299,728	(7,726,727)	-	104,784,736
Machinery and equipment	39,911,425	522,917	(502,798)	6,630	39,938,174
Infrastructure	167,132,343	5,879,669	-	-	173,012,012
Intangible right-to-use assets	-	6,644,530	-	-	6,644,530
Total capital assets being depreciated	<u>285,255,503</u>	<u>47,346,844</u>	<u>(8,229,525)</u>	<u>6,630</u>	<u>324,379,452</u>
Less accumulated depreciation for:					
Buildings and improvements	36,826,836	2,765,239	(2,161,180)	-	37,430,895
Machinery and equipment	35,158,087	1,122,804	(502,798)	111	35,778,204
Infrastructure	106,297,948	4,493,049	-	-	110,790,997
Intangible right-to-use assets	-	463,672	-	-	463,672
Total accumulated depreciation	<u>178,282,871</u>	<u>8,844,764</u>	<u>(2,663,978)</u>	<u>111</u>	<u>184,463,768</u>
Total capital assets being depreciated, net	<u>106,972,632</u>	<u>38,502,080</u>	<u>(5,565,547)</u>	<u>6,519</u>	<u>139,915,684</u>
Governmental activities capital assets, net	<u><u>\$ 170,646,083</u></u>	<u><u>\$ 61,087,091</u></u>	<u><u>\$ (44,219,612)</u></u>	<u><u>\$ 6,519</u></u>	<u><u>\$ 187,520,081</u></u>

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 - CAPITAL ASSETS (Cont.)

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 358,164	\$ -	\$ -	\$ 358,164
Construction in progress	9,505,594	4,917,838	(13,814,158)	609,274
Total capital assets not being depreciated	<u>9,863,758</u>	<u>4,917,838</u>	<u>(13,814,158)</u>	<u>967,438</u>
Capital assets being depreciated:				
Buildings and improvements	478,071	-	-	478,071
Machinery and equipment	10,035,483	203,123	(9,832)	10,228,774
Infrastructure	155,908,454	13,814,158	-	169,722,612
Total capital assets being depreciated	<u>166,422,008</u>	<u>14,017,281</u>	<u>(9,832)</u>	<u>180,429,457</u>
Less accumulated depreciation for:				
Buildings and improvements	335,676	8,599	-	344,275
Machinery and equipment	9,201,526	167,353	(3,769)	9,365,110
Infrastructure	45,724,006	4,108,310	-	49,832,316
Total accumulated depreciation	<u>55,261,208</u>	<u>4,284,262</u>	<u>(3,769)</u>	<u>59,541,701</u>
Total capital assets being depreciated, net	<u>111,160,800</u>	<u>9,733,019</u>	<u>(6,063)</u>	<u>120,887,756</u>
Business-type activities capital assets, net	<u>\$ 121,024,558</u>	<u>\$ 14,650,857</u>	<u>\$ (13,820,221)</u>	<u>\$ 121,855,194</u>

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE SIXTEEN
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 4 - CAPITAL ASSETS (Cont.)

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

Governmental Activities:

General government	\$ 588,895
Public safety	1,065,270
Public services – which includes the depreciation of infrastructure assets	4,794,098
Other services	624,348
Mass transit	693,648
Culture and recreation	1,041,552
Human/social assistance	36,953

Total depreciation expense - governmental activities \$ 8,844,764

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to/from various City funds at September 30, 2022, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Municipal road and bridge fund	\$ 2,295,000
General fund	Nonmajor governmental funds	583,500
General fund	Custodial fund	336,111
Nonmajor governmental funds	General fund	19,071
Nonmajor governmental funds	Combined Water and Sewer System	1,738
Total		<u><u>\$ 3,235,420</u></u>

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

Advances to/from other funds at September 30, 2022, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u><u>\$ 300,000</u></u>

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE SEVENTEEN
YEAR ENDED SEPTEMBER 30, 2022**

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

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

The composition of interfund transfers for the year ended September 30, 2022, is as follows:

Transfers out:	Transfers In:			Total
	General Fund	Other Governmental Funds	Combined Water and Sewer System	
General fund	\$ -	\$ 3,406,794	\$ 27,636	\$ 3,434,430
Municipal road and bridge fund	321,407	-	-	321,407
Combined water and sewer system	894,823	-	-	894,823
Total	\$ 1,216,230	\$ 3,406,794	\$ 27,636	\$ 4,650,660

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

NOTE 6 - AD VALOREM TAXES LEVIED FOR OTHER GOVERNMENTAL ENTITIES

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE EIGHTEEN
YEAR ENDED SEPTEMBER 30, 2022**

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

For the fiscal year 2022, the following ad valorem tax levies were made in accordance with the applicable statutory requirements and authorizations:

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

NOTE 7 - CLAIMS AND JUDGMENTS

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

To limit its exposure to risk under this self-insured program, the City maintains reinsurance which provides two separate stop loss coverages: specific and aggregate. These coverages are provided by an outside commercial carrier. For fiscal year 2022, the specific coverage begins when an individual participant's claim exceeds \$125,000, with unlimited maximum benefit per covered person. The aggregate policy covers all submitted claims in excess of the minimum aggregate deductible, which is the greater of \$5,834,783 or 95% of the annualized first monthly aggregate deductible. Maximum covered expenses of \$125,000 per covered person accumulate toward the unlimited maximum aggregate benefit.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE NINETEEN
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 7 - CLAIMS AND JUDGMENTS (Cont.)

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal year 2022:

Unpaid claims, beginning of fiscal year	\$ 287,050
Plus: Incurred claims (including IBNRs)	4,923,053
Less: Claims payments	<u>(4,837,787)</u>
Unpaid claims, end of fiscal year	<u><u>\$ 372,316</u></u>

Cash on deposit in the Group Insurance Fund at September 30, 2022 was \$350,047. Based on the above project of net unpaid claims in excess of cash on deposit, interfund receivables were established from the respective operating funds at September 30, 2022.

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

NOTE 8 - LEASES

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

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

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 - LEASES (Cont.)

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

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

As lessee:

The intangible right-to-use assets as of September 30, 2022, were as follows:

	<u>Balance</u> <u>October 1, 2021</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance</u> <u>September 30, 2022</u>
Equipment, net	\$ -	\$ 6,243,456	\$ 458,699	\$ 5,784,757
Land, net	-	215,725	3,935	211,790
Property, net	-	185,349	1,038	184,311
Total	\$ -	\$ 6,644,530	\$ 463,672	\$ 6,180,858

See Note 4 for further details regarding intangible right-to-use assets, which represents leased assets.

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

The lease obligations outstanding as of September 30, 2022, were as follows:

	<u>Discount</u> <u>Rate</u>	<u>Term</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Monthly</u> <u>Payment</u>	<u>Amount</u> <u>Outstanding</u>
Equipment	1.71% - 2.58%	48-192 months	Various	Various	\$ 295,429 A	\$ 5,784,757
Land	3.04%	40 years	10/1/2021	8/13/2059	9,613 B	211,790
Property	4.20%	25 years	6/1/2022	6/01/2047	1,000 C	184,311
Total						\$ 6,180,858

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-ONE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 - LEASES (Cont.)

- A. One of these leases includes a payment escalation that occurs every February 4th throughout the lease term. The other leases contain fixed payment amounts.
- B. This lease contains a variable payment adjustment based on the Consumer Price Index.
- C. This lease contains a variable payment adjustment that will be made upon completion of the project based on an appraisal of the property and this amount will remain in effect for the remaining first five-year term. A new appraisal will be completed at the beginning of each new five-year term to determine the lease payment for that period.

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 476,885	\$ 159,598
2024	494,888	147,355
2025	517,168	134,508
2026	543,190	121,004
2027	574,655	106,727
2028-2032	3,267,039	288,366
2033-2037	58,619	49,444
2038-2042	70,678	37,384
2043-2047	82,281	22,782
2048-2052	35,656	12,403
2053-2057	41,416	6,647
2058-2059	18,383	842
Total	\$ 6,180,858	\$ 1,087,060

As lessor:

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 - LEASES (Cont.)

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 11,530	\$ 6,590
2024	11,863	6,257
2025	12,240	5,880
2026	12,612	5,508
2027	12,994	5,126
2028-2032	71,109	19,491
2033-2037	82,595	8,005
2038	<u>10,466</u>	<u>105</u>
Total	<u>\$ 225,409</u>	<u>\$ 56,962</u>

NOTE 9 - LONG-TERM LIABILITIES

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City and have been issued for both governmental and business-type activities. The City has no special assessment bonds at September 30, 2022. Bonds are generally issued as serial bonds with essentially level principal and interest payments maturing each year with maturities that range from 5 to 30 years. Upon default, the Trustee shall notify the owners of all bonds then outstanding of such event of default by registered or certified mail, may pursue any available remedy at law or in equity or by statute to enforce the payment of principal of and interest on the bonds outstanding, and may declare the principal of and accrued interest on all bonds to be due and payable immediately.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-THREE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

General obligation bonds outstanding at September 30, 2022 are as follows:

General Obligation Bonds

<u>Governmental Activities:</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 9/30/22</u>
Public Improvements	2019	\$ 29,850,000	3.00 - 5.25%	2049	\$ 29,850,000
Public Improvements	2020	15,150,000	3.00 - 4.00%	2050	<u>15,150,000</u>
Total					<u><u>\$ 45,000,000</u></u>
<u>Business-type Activities:</u>					
Public Improvements	2011	\$ 3,600,000	2.60 - 3.70%	2031	\$ 1,825,000
Public Improvements	2016	4,605,000	2.00 - 3.00%	2024	<u>1,035,000</u>
Total					<u><u>\$ 2,860,000</u></u>

Limited Obligation Tax Increment Financing Bonds

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Limited obligation TIF bonds outstanding at September 30, 2022 are as follows:

Limited Obligation TIF Bonds

Governmental Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/22
Chauvet Square	2003	\$ 1,100,000	4.50 - 5.35%	2023	\$ 90,000
Chauvet Square	2007	1,400,000	4.50%	2027	755,000
Lincoln Center	2008	610,000	4.00%	2023	50,000
Turtle Creek Crossing	2011	400,000	5.68%	2025	75,000
Southern Pointe	2014	2,600,000	4.85%	2029	1,440,000
Hattiesburg Clinic - Midtown Project	2015	845,000	3.90 - 4.00%	2031	567,000
Ridge at Turtle Creek	2016	1,225,000	5.50%	2031	845,000
Midtown Market	2016	210,000	5.50%	2031	146,000
Whispering Pines	2016	3,021,000	4.00 - 4.75%	2031	2,024,000
Turtle Creek Phase III	2019	750,000	5.50%	2028	535,000
Elam Arms	2020	3,215,000	4.15%	2035	2,890,000
Planet Fitness	2020	768,000	3.00%	2036	676,039
Total					<u>\$ 10,093,039</u>

Certificates of Participation

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

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

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-FIVE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

There is an unamortized premium of \$184,200 which is not included in the principal in the following schedule:

Certificates of Participation

<u>Governmental Activities:</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 9/30/22</u>
Certificates of Participation	2016	\$ 5,300,000	3.00 - 5.00%	2036	<u>\$ 4,345,000</u>

Economic Development Limited Obligation Bonds

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

Limited obligation bonds and notes outstanding at September 30, 2022 are as follows:

Economic Development Limited Obligation Bonds

<u>Governmental Activities:</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 9/30/22</u>
MDB Limited Obligation Bonds	2009	\$ 2,937,000	2.90 - 6.00%*	2030	<u>\$ 113,208</u>

*Variable rate for MDB debt is adjusted weekly using the SIFMA Muni-Index plus 1.2%.

Notes from Direct Borrowings and Direct Placements

The City issues notes to provide funds for the acquisition and construction of major capital facilities. These notes from direct borrowings and direct placements are direct obligations and pledge the full faith and credit of the City and have been issued for governmental activities. Notes from direct borrowings and direct placements are generally issued with a five-year maturity. The City has no anticipation notes at September 30, 2022. Upon default, the notes from direct borrowings and direct placements become immediately due in full.

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Notes from direct borrowings and direct placements outstanding at September 30, 2022 are as follows:

Notes from Direct Borrowings/Direct Placements

Governmental Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/22
Fire truck	2018	\$ 439,502	2.83%	2025	\$ 169,030
Public Improvements	2019	494,000	1.52%	2025	304,875
Public Improvements	2019	4,100,000	1.82%	2025	2,532,326
Total					\$ 3,006,231

Business-type Activities (Water and Sewer) Revenue Bonds

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Bonds are generally issued as serial bonds with essentially level principal and interest payments maturing each year with maturities that range from 10 to 25 years. Revenue bonds outstanding at September 30, 2022 are as follows:

Revenue Bonds

Business-type Activities:	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/22
W&S Revenue Project, Series 2012	2012	\$ 12,500,000	2.50 - 5.00%	2024	\$ 1,260,000
W&S Refunding Bonds, Series 2013	2014	28,000,000	2.75 - 4.78%	2027	7,000,000
W&S Refunding Bonds, Series 2016	2016	25,000,000	3.03%	2023	2,605,000
W&S Refunding Bonds, Series 2021	2021	38,402,000	0.95% - 2.50%	2038	37,832,000
Total					\$ 48,697,000

Compensated Absences

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

Compensated absences at September 30, 2022 are as follows:

	Governmental Activities	Business-Type Activities	Primary Government
Accrued vacation pay	\$ 1,948,815	\$ 193,799	\$ 2,142,614
Accrued overtime pay	12,372	421	12,793
Accrued holiday pay	76,883	-	76,883
Total	\$ 2,038,070	\$ 194,220	\$ 2,232,290

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-EIGHT
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2022 are as follows:

Governmental Activities:	Balance September 30, 2021
Bonds and notes payable	
General obligation bonds	\$ 45,845,000
Unamortized premium on bonds	5,140,671
Limited obligation TIF bonds	11,078,724
Certificates of participation	4,550,000
Unamortized premium on certificates of participation	197,357
Economic development limited obligation bonds	134,771
Notes from direct borrowings and direct placements	3,728,621
Total bonds and notes payable	70,675,144
Capital leases	6,394,377
Leases payable	-
Compensated absences	1,633,486
Claims and judgments	499,250
Governmental activities long-term liabilities	\$ 79,202,257
Business-type Activities:	
Bonds and notes payable	
General obligation bonds	\$ 3,675,000
Revenue bonds	78,642,000
Unamortized premium on bonds	210,881
Total bonds and notes payable	82,527,881
Compensated absences	245,957
Business-type activities long-term liabilities	\$ 82,773,838

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<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2022</u>	<u>Due Within One Year</u>
\$ -	\$ (845,000)	\$ 45,000,000	\$ -
-	(187,148)	4,953,523	187,148
-	(985,685)	10,093,039	1,035,766
-	(205,000)	4,345,000	220,000
-	(13,157)	184,200	13,158
-	(21,563)	113,208	21,563
238,411	(960,801)	3,006,231	984,243
<u>238,411</u>	<u>(3,218,354)</u>	<u>67,695,201</u>	<u>2,461,878</u>
-	(6,394,377)	-	-
6,644,530	(463,672)	6,180,858	476,885
404,584	-	2,038,070	305,711
-	(50,000)	449,250	64,178
<u>\$ 7,287,525</u>	<u>\$ (10,126,403)</u>	<u>\$ 76,363,379</u>	<u>\$ 3,308,652</u>
\$ -	\$ (815,000)	\$ 2,860,000	\$ 850,000
-	(29,945,000)	48,697,000	4,900,000
-	(45,384)	165,497	45,384
-	(30,805,384)	51,722,497	5,795,384
-	(51,737)	194,220	29,133
<u>\$ -</u>	<u>\$ (30,857,121)</u>	<u>\$ 51,916,717</u>	<u>\$ 5,824,517</u>

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

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

Governmental Activities:

<u>Year Ending September 30,</u>	<u>G.O. Bonds</u>		<u>Limited Obligation TIF Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ 1,980,382	\$ 1,035,766	\$ 443,874
2024	605,000	1,965,256	1,023,049	397,344
2025	635,000	1,934,257	1,062,370	350,753
2026	1,040,000	1,896,131	1,091,731	302,403
2027	1,085,000	1,850,607	1,138,133	252,965
2028-2032	6,200,000	8,491,881	3,748,214	600,707
2033-2037	7,715,000	6,978,155	993,776	79,335
2038-2042	9,530,000	5,156,897	-	-
2043-2047	11,725,000	2,962,581	-	-
2048-2050	6,465,000	364,956	-	-
Total	\$ 45,000,000	\$ 33,581,103	\$ 10,093,039	\$ 2,427,381

<u>Year Ending September 30,</u>	<u>Certificates of Participation</u>		<u>Economic Development Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 220,000	\$ 185,450	\$ 21,563	\$ 1,935
2024	230,000	178,700	21,563	1,742
2025	240,000	171,650	21,563	1,567
2026	245,000	164,375	21,563	1,411
2027	260,000	154,200	21,563	1,270
2028-2032	1,555,000	558,037	5,393	635
2033-2036	1,595,000	146,588	-	-
Total	\$ 4,345,000	\$ 1,559,000	\$ 113,208	\$ 8,560

(Table Continued on Next Page)

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

<u>Year Ending September 30,</u>	<u>Notes from Direct Borrowings and Direct Placements</u>		<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 984,243	\$ 47,350	\$ 2,325,750	\$ 2,658,991
2024	1,012,712	28,809	2,956,502	2,571,851
2025	1,009,276	9,889	3,032,387	2,468,116
Total	\$ 3,006,231	\$ 86,048	\$ 63,006,728	\$ 37,662,092

<u>Year Ending September 30,</u>	<u>Claims and Judgments</u>		<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 64,178	\$ -	\$ 2,325,750	\$ 2,658,991
2024	64,178	-	2,956,502	2,571,851
2025	64,178	-	3,032,387	2,468,116
2026	64,178	-	2,462,472	2,364,320
2027	64,178	-	2,568,874	2,259,042
2028-2032	128,360	-	11,636,967	9,651,260
2033-2037	-	-	10,303,776	7,204,078
2038-2042	-	-	9,530,000	5,156,897
2043-2047	-	-	11,725,000	2,962,581
2048-2050	-	-	6,465,000	364,956
Total	\$ 449,250	\$ -	\$ 63,006,728	\$ 37,662,092

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-ONE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM LIABILITIES (Cont.)

Business-type Activities:

Year Ending September 30,	G.O. Bonds	
	Principal	Interest
2023	\$ 850,000	\$ 77,089
2024	585,000	56,104
2025	210,000	44,459
2026	220,000	38,159
2027	230,000	31,559
2028-2030	765,000	49,813
Total	\$ 2,860,000	\$ 297,183

Year Ending September 30,	Revenue Bonds		Total Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 4,900,000	\$ 1,890,009	\$ 5,750,000	\$ 1,967,098
2024	4,942,000	1,290,106	5,527,000	1,346,210
2025	5,080,000	749,235	5,290,000	793,694
2026	5,116,000	660,454	5,336,000	698,613
2027	2,304,000	590,859	2,534,000	622,418
2028-2032	12,726,000	2,204,850	13,491,000	2,254,663
2033-2037	9,768,000	1,104,475	9,768,000	1,104,475
2038-2039	3,861,000	92,338	3,861,000	92,338
Total	\$ 48,697,000	\$ 8,582,326	\$ 51,557,000	\$ 8,879,509

During the year ended September 30, 2022, interest expense paid for governmental activities and business-type activities totaled \$2,830,886 and \$2,261,973, respectively.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-TWO
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 10 - SCHEDULE OF STATUTORY DEBT LIMITATIONS

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

Presented in the schedule below are the calculations of the applicable statutory debt limitations as of September 30, 2022:

	<u>15.00% Test</u>	<u>20.00% Test</u>
Assessed value as of September 30, 2022 (\$490,053,946) times applicable percentage	[a] \$ 73,508,092	\$ 98,010,789
Present debt subject to debt limits as of September 30, 2022:		
Total bonds and notes other than water and sewer	58,212,478	58,212,478
Less: Bonds exempt from debt limitation calculations	(10,206,247)	(10,206,247)
Add: Water & Sewer debt other than revenue bonds	<u>N/A</u>	<u>2,860,000</u>
General obligation debt subject to applicable tests	[b] <u>48,006,231</u>	<u>50,866,231</u>
Margin for additional debt [a] minus [b]	<u>\$ 25,501,861</u>	<u>\$ 47,144,558</u>

NOTE 11 - TAX ABATEMENTS

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-THREE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 11 - TAX ABATEMENTS (Cont.)

<u>Category</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>	<u>Direct Employment Impact</u>	<u>Indirect Employment Impact</u>
Industrial expansion exemptions	\$ 1,522,092	4,315 jobs	4,385 jobs

The projected public investment for jobs impacted by industrial expansions is \$550 per direct job and \$268 per indirect job.

The economic impact information presented above was compiled by consultants contracted by the City and was prepared in conjunction with fiscal year 2022 tax abatement totals obtained from the Forrest County Tax Assessor's office. There were no tax abatement agreements for Lamar County properties in fiscal year 2022.

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

NOTE 12 - RELATED ORGANIZATION

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

Hattiesburg Tourism Commission - The Commission consists of seven members appointed by the Mayor and ratified by the City Council. Funding is from a special tax levied upon the gross proceeds from hotel and motel overnight room rentals. The City collects that tax and distributes it to the Tourism Commission. Amounts disbursed for the fiscal year ended September 30, 2022 totaled \$1,044,894.

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS PAGE THIRTY-FOUR YEAR ENDED SEPTEMBER 30, 2022

NOTE 13 - JOINT VENTURES

The City of Hattiesburg is a participant with Forrest County in a joint venture authorized by Section 57-31-1, *Mississippi Code of 1972 Annotated*, to operate the Forrest County Industrial Park Commission (FCIPC). The joint venture was created to develop and operate an industrial park complex for citizens of Forrest County and the City of Hattiesburg. During fiscal year 2021, the City contributed \$235,000 to the Forrest County Industrial Park Commission. The Commission is governed by a ten member board. The governing authorities of the City of Hattiesburg and the Forrest County Board of Supervisors each appoint five members. Each entity is obligated to provide equal funding for the ongoing financial support of the Commission. A separate financial statement of the Forrest County Industrial Park Commission can be obtained by contacting the Commission at Post Office Box 1898, Hattiesburg, Mississippi 39403.

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

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

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-FIVE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 15 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

At September 30, 2022, the City's 2012 TIF Bond and Interest Kohl's Fund, Airport Improvement Fund and Community Development Block Grant Fund reported deficit fund balances of \$1,249, \$381,694 and \$20,292, respectively, which are attributable to the cumulative effect of program expenditures in excess of grant reimbursements.

NOTE 16 - COMMITMENTS

Significant encumbrances at September 30, 2022, included \$1,572,555 for public services projects.

Commitments for construction projects in progress are as follows:

September 30, 2022	Amount
Airport improvements	\$ 29,353
Infrastructure projects	12,656,949
Economic development	10,690,893
Culture and recreation	3,773,797
Water and sewer projects	532,154
Commitments for construction projects in progress, end of fiscal year	\$ 27,683,146

NOTE 17 - CONTINGENCIES

USA Yeast Facility - During fiscal year 2015, the City completed construction of a wastewater pretreatment facility, or evaporator plant, for a manufacturing facility located within the City. Project costs were funded with CDBG Economic Development Grant funds along with private funds provided by the manufacturer. Under the terms of the grant agreement, the City has title to assets constructed with grant funds, and the manufacturing company owns the assets constructed with its funds. Pursuant to an agreement between the City and the company and to terms stated in the CDBG grant agreement, title to the facility, equipment and components transferred to the company upon expiration of the agreement on December 31, 2021. In conjunction with this project, the City has a ground lease for company property on which the evaporator plant is located. This lease requires payment of \$1 per year and expired December 31, 2021.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-SIX
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 17 - CONTINGENCIES (Cont.)

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

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

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS

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

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

Participating retirees make monthly contributions through premium payments based on coverage type. Monthly retiree contributions for single and family coverage for the fiscal year ended September 30, 2022 totaled \$388 and \$638, respectively. For the years ended September 30, 2022, 2021, and 2020, the City contributed \$276,053, \$259,815, and \$468,268, respectively, to the plan for expected payouts for retiree benefits, which represented 15.54%, 14.45%, and 28.00%, respectively, of the actuarially determined annual required contribution of \$1,776,553, \$1,797,653, and \$1,672,469, respectively. No amounts have been contributed to finance future medical benefits under the plan for either current or future retirees.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (Cont.)

Employees Covered by Benefit Terms - At September 30, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving	59
Active members	<u>561</u>
Total participants	<u><u>620</u></u>

Total OPEB Liability - The City's Total OPEB liability of \$11,505,389 was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021.

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

Inflation	3.00%
Salary increase	2.50% per annum
Discount rate	2.43%
Healthcare costs trends rate	6.25% graded uniformly to 5.50% over 3 years and following the 2021 Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075
Administrative costs	\$247 per member
Retirees' share of health benefit related cost	100% of health premiums

The discount rate was based on the S&P 500 High Grade 20 Year Rate Index as of September 30, 2021.

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-NINE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (Cont.)

Schedule of Changes in Total OPEB Liability - The change in Total OPEB liability for the year ended September 30, 2022 is as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 971,677
Interest	272,948
Benefit payments	<u>(276,053)</u>
Net change	968,572
Beginning Total OPEB Liability	<u>10,536,817</u>
Ending Total OPEB Liability	<u><u>\$ 11,505,389</u></u>

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

<u>1.00% Decrease</u> <u>1.43%</u>	<u>Current Discount Rate</u> <u>2.43%</u>	<u>1.00% Increase</u> <u>3.43%</u>
<u>\$ 13,030,943</u>	<u>\$ 11,505,389</u>	<u>\$ 10,211,751</u>

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

<u>1.00% Decrease</u> 5.25% to 4.50% over 3 years and following the Getzen model thereafter	<u>Current Rate</u> 6.25% to 5.50% over 3 years and following the Getzen model thereafter	<u>1.00% Increase</u> 7.25% to 6.50% over 3 years and following the Getzen model thereafter
<u>\$ 10,262,418</u>	<u>\$ 11,505,389</u>	<u>\$ 13,024,049</u>

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE FORTY
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (Cont.)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended September 30, 2022, the City recognized OPEB expense of \$1,039,990. The City reported deferred outflows of resources and deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,685,745	\$ -
Experience losses	498,314	2,924,122
Total	<u>\$ 2,184,059</u>	<u>\$ 2,924,122</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the total OPEB liability at September 30, 2022, will be recognized as an addition to or reduction of, respectively, OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 337,247	\$ 265,829
2024	337,247	265,829
2025	337,247	265,829
2026	337,247	265,829
2027	337,247	265,829
Thereafter	497,824	1,594,977
Total	<u>\$ 2,184,059</u>	<u>\$ 2,924,122</u>

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement Plans

Plan Descriptions - The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan (the Cost-Sharing Plan), which covers all eligible employees, except certain sworn and uniformed policemen and firemen who participate in the City of Hattiesburg Police and Fire Disability and Relief Fund (PFDR), also administered by PERS. Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PFDR Plan members consist of all full-time sworn and uniformed policemen and firemen who were employed by July 1, 1987. All full-time sworn and uniformed policemen and firemen employed after July 1, 1987, participate in the Cost-Sharing Plan. The PFDR Plan is affiliated with the Mississippi Municipal Retirement System (MRS), an agent multiple-employer defined benefit pension plan, and as of June 30, 2022, included no active members and 134 retirees and beneficiaries currently receiving benefits. Benefit provisions for both plans are established by State law and may be amended only by the State of Mississippi Legislature. The Plans' provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated* 25-11-1 et seq, and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Cost-Sharing Plan Benefits Provided - Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of the Cost-Sharing Plan before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of the Cost-Sharing Plan before July 1, 2011), plus 2.50% 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 the Cost-Sharing

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS PAGE FORTY-TWO YEAR ENDED SEPTEMBER 30, 2022

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

Plan before July 1, 2007). The Cost-Sharing Plan 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 3.00% 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 the Cost-Sharing Plan before July 1, 2011), with 3.00% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

PFDR Plan Benefits Provided - MRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Membership eligibility and benefit provisions are governed by the general laws of the State of Mississippi, as well as local and private legislation enacted by the Mississippi State Legislature. Statutes may only be amended by the Mississippi Legislature. The PFDR retirement allowance is payable under this plan to any member who retires and has completed at least 20 years of creditable service, regardless of age. The retirement benefits are calculated in an amount equal to 50% of the employee's average compensation, plus 1.70% of average compensation for each year of credited service over 20 with an aggregate amount not to exceed 66-2/3%. Annual cost-of-living (COLA) adjustments are made to allowances of all retirees and beneficiaries, as further described below. Disability and death benefits are also provided under the plan. Upon a member's termination for any reason before retirement, that member's accumulated contributions are refunded.

Cost-Sharing Plan Contributions - At September 30, 2022, PERS members were required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 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 years ended September 30, 2022, 2021 and 2020 were \$4,405,518, \$4,317,268, and \$4,334,297, respectively, equal to the required contributions each year.

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

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

In developing the annual required contribution shown in the following paragraphs, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on a closed basis as a level dollar amount over a remaining amortization period of twenty years. The asset valuation method used is a 5-year smoothed market method. The City has the option to set property tax rates to allow for extended contributions beyond 2022 under the funding policy adopted by the PERS Board of Trustees in February 2011. The millage rates certified as of June 30, 2022 for the fiscal years ending September 30, 2023 and September 30, 2024 are 2.03 mills and 2.53 mills, respectively. The actual tax levy set in 2021 for the pension fund for policemen and firemen for the year ended September 30, 2022 was 2.86 mills.

For the plan year ended June 30, 2022, contributions totaling \$137,686 (employer only, no active members) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2022. The employer's annual required contribution (ARC) as of June 30, 2022, was actuarially determined to be \$1,349,361.

Pension Liabilities and Pension Expense - At September 30, 2022, the City reported a liability of approximately \$89,712,275 for its proportionate share of the collective net pension liability (NPL) of the Cost-Sharing Plan and the net pension liability allocated to PFDR. The net pension liability (NPL) for both plans was measured as of June 30, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date for both the Cost-Sharing Plan and PFDR Plan.

The NPL recorded and the pension expense recognized by the City for the year ended September 30, 2022, were as follows:

	<u>Cost - Sharing Plan</u>	<u>PFDR</u>	<u>Total</u>
Net pension liability	<u>\$ 75,192,033</u>	<u>\$ 14,520,242</u>	<u>\$ 89,712,275</u>
Net pension expense	<u>\$ 6,180,517</u>	<u>\$ 786,116</u>	<u>\$ 6,966,633</u>

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

The NPL is the difference between the TPL and the pension plans' fiduciary net position (FNP). The TPL is the present value of the pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments. The FNP is determined on the same basis as that used by the pension plans. The City's proportion of the collective Cost-Sharing Plan NPL was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating PERS employers. At June 30, 2022, the City's proportion was 0.365326% as compared to its proportion measured at June 30, 2021 of 0.370199%, or a decrease of 0.004873%.

Sensitivity to the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The discount rate used to measure the TPL was 7.55% for both pension plans. The projection of cash flows used to determine the discount rate for the Cost-Sharing Plan assumed that plan member contributions will be made at the current contribution rate (9.00%) and that the 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 TPL.

The following presents the City's net pension liabilities calculated using the discount rate of 7.55%, as well as what the City's proportionate share of the net pension liabilities would be calculated using a discount rate that is 1-percentage point lower (6.55%) or 1-percentage point higher (8.55%) than the current rate:

	1.00% Decrease (6.55%)	Discount Rate (7.55%)	1.00% Increase (8.55%)
Cost-sharing plan net pension liability	<u>\$ 98,133,282</u>	<u>\$ 75,192,033</u>	<u>\$ 56,278,140</u>
PFDR plan net pension liability	<u>\$ 17,141,494</u>	<u>\$ 14,520,242</u>	<u>\$ 12,243,556</u>

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -
At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>September 30, 2022</u>	<u>Cost - Sharing Plan</u>	<u>PFDR</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 779,233	\$ -	\$ -
Net difference between projected and actual earnings on investments	3,159,562	645,160	-
Changes of assumptions	1,903,391	-	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	2,557,380	-	644,696
Employer contributions subsequent to the measurement date	<u>1,203,564</u>	<u>110,562</u>	<u>-</u>
Total	<u><u>\$ 9,603,130</u></u>	<u><u>\$ 755,722</u></u>	<u><u>\$ 644,696</u></u>

Deferred outflows of resources related to the Cost-Sharing Plan and PFDR resulting from City contributions subsequent to June 30, 2022 (the measurement date) were \$1,203,564 and \$110,562, respectively, and will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

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

<u>Year Ending September 30,</u>	<u>Cost - Sharing Plan</u>	<u>PFDR</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 2,458,162	\$ 161,290	\$ 161,174
2024	2,458,162	161,290	161,174
2025	2,192,845	161,290	161,174
2026	1,290,397	161,290	161,174
Total	<u>\$ 8,399,566</u>	<u>\$ 645,160</u>	<u>\$ 644,696</u>

No deferred inflows related to the Cost-Sharing Plan were reported in the year ended September 30, 2022. Recognition of pension-related deferred inflows and deferred outflows is reflected in changes in unrestricted net position.

Actuarial Assumptions - In determining employer contribution rates for the PFDR Plan, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20.00% of a year's excess or shortfall of expected return recognized each year for five years. The TPL as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

	<u>Cost - Sharing Plan</u>	<u>PFDR Plan</u>
Inflation	2.40%	2.75%
Investment rate of return (net of plan investment expense, including inflation)	7.55%	7.55%
Projected salary increases, including inflation	2.65% - 17.90%	3.00% - 4.50%

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

For both plans, the mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75 and 101.00% for ages above 77. For females, 84.00% of female rates up to age 72 and 100.00% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134.00% for males and 121.00% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97.00% for males and 100.00% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

The long-term expected rate of return on the Cost-Sharing Plan investments was determined using a lognormal 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 in the Cost-Sharing Plan are as follows:

<u>Investment 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
Total	<u>100.00%</u>	

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 19 - DEFINED BENEFIT PENSION PLANS (Cont.)

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

NOTE 20 - ASSET RETIREMENT OBLIGATION

The City has determined that based on the highly unlikely scenario of water and sewer services no longer being required across its service area and the numerous variables that would be involved with completely abandoning its plant facilities and waste water lagoon it is unable to feasibly determine the calculation of this liability as of September 30, 2022.

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED SEPTEMBER 30, 2022**

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT

Capital asset activity for the Hattiesburg Convention Commission (Commission) for the year ended September 30, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,445,386	\$ -	\$ -	\$ -	\$ 1,445,386
Construction in progress - Convention Center improvements	-	97,578	-	-	97,578
Construction in progress - The Lawn at Lake Terrace	-	35,800	-	-	35,800
Construction in progress - Eureka	26,247	43,279	-	-	69,526
Construction in progress - Zoo projects	292,995	39,898	(291,100)	(1,870)	39,923
Construction in progress - Osceola McCarty House Museum	17,845	-	-	-	17,845
Construction in progress - Smith Drug Store	88,613	142,973	(231,586)	-	-
Construction in progress - Water Park	-	3,751,826	-	1,870	3,753,696
Total capital assets not being depreciated	<u>1,871,086</u>	<u>4,111,354</u>	<u>(522,686)</u>	<u>-</u>	<u>5,459,754</u>

(Table Continued on Next Page)

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2022

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities (cont.):					
Capital assets being depreciated:					
Buildings and improvements	\$ 22,980,439	\$ 209,191	\$ -	\$ -	\$ 23,189,630
Furniture and fixtures	487,942	-	-	-	487,942
Equipment and vehicles	1,967,694	692,465	-	34,737	2,694,896
Intangible right-of-use assets	-	94,439	-	-	94,439
Assets acquired under capital lease	34,737	-	-	(34,737)	-
Total capital assets being depreciated	<u>25,470,812</u>	<u>996,095</u>	<u>-</u>	<u>-</u>	<u>26,466,907</u>
Less accumulated depreciation for:					
Buildings and improvements	9,604,579	481,510	-	-	10,086,089
Furniture and fixtures	441,906	1,857	-	-	443,763
Equipment and vehicles	1,657,547	116,131	-	34,737	1,808,415
Intangible right-of-use assets	-	27,415	-	-	27,415
Assets acquired under capital lease	34,737	-	-	(34,737)	-
Total accumulated depreciation	<u>11,738,769</u>	<u>626,913</u>	<u>-</u>	<u>-</u>	<u>12,365,682</u>
Total capital assets being depreciated, net	<u>13,732,043</u>	<u>369,182</u>	<u>-</u>	<u>-</u>	<u>14,101,225</u>
 Governmental activities capital assets, net	 <u>\$ 15,603,129</u>	 <u>\$ 4,480,536</u>	 <u>\$ (522,686)</u>	 <u>\$ -</u>	 <u>\$ 19,560,979</u>

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CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE FIFTY-ONE
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT (Cont.)

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

During the year ended September 30, 2022, the Commission contracted for certain capital projects. The Commission transferred completed construction projects totaling \$91,492 to the City, which are reflected in capital assets of the City as of September 30, 2022.

NOTE 22 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated and disclosed all material subsequent events through June 28, 2023, which is the date the financial statements were available to be issued as follows:

On November 3, 2022, the City issued General Obligation Bonds, Series 2022 in the amount of \$5,500,000 for cultural and recreational improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1
PAGE 1 OF 4

CITY OF HATTIESBURG, MISSISSIPPI

**Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2022**

	Original Budget	Final Budget
REVENUES		
Intergovernmental:		
Federal grants	\$ 1,231,197	\$ 2,033,023
State grants	298,150	433,994
State - shared revenue	24,021,063	24,021,063
General property taxes	19,260,000	19,260,000
Other taxes	21,000	21,000
Licenses and permits	4,484,808	4,484,808
Charges for services:		
Public safety	435,000	435,000
Sanitation	2,290,000	2,290,000
Fines and forfeitures	888,100	1,239,724
Miscellaneous	309,530	313,530
Non-revenue receipts	438,500	438,500
Total revenues	53,677,348	54,970,642
EXPENDITURES		
General government:		
Personnel	4,308,674	4,724,009
Supplies and expenses	194,515	207,915
Other services and charges	5,064,745	6,028,584
Capital outlays	31,000	34,342
Total general government	9,598,934	10,994,850
Police department:		
Personnel	11,723,398	11,724,428
Supplies and expenses	739,513	848,329
Other services and charges	647,798	1,178,559
Capital outlays	8,620	423,182
Total police department	13,119,329	14,174,498
Police and fire training:		
Personnel	41,950	49,660
Supplies and expenses	92,956	98,642
Other services and charges	64,645	67,645
Total police and fire training	199,551	215,947

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 299,436	\$ (1,733,587)
227,319	(206,675)
27,598,014	3,576,951
19,321,953	61,953
15,926	(5,074)
4,426,749	(58,059)
201,631	(233,369)
2,233,611	(56,389)
275,492	(964,232)
779,307	465,777
183,398	(255,102)
<u>55,562,836</u>	<u>592,194</u>
4,048,429	675,580
127,892	80,023
4,799,256	1,229,328
24,302	10,040
<u>8,999,879</u>	<u>1,994,971</u>
10,407,954	1,316,474
743,859	104,470
838,707	339,852
149,884	273,298
<u>12,140,404</u>	<u>2,034,094</u>
47,181	2,479
81,374	17,268
63,687	3,958
<u>192,242</u>	<u>23,705</u>

SCHEDULE 1
PAGE 2 OF 4

CITY OF HATTIESBURG, MISSISSIPPI

**Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>
<i>EXPENDITURES (Cont.)</i>		
Fire department:		
Personnel	\$ 9,145,877	\$ 9,150,567
Supplies and expenses	286,800	301,300
Other services and charges	295,034	298,934
Total fire department	<u>9,727,711</u>	<u>9,750,801</u>
Land development administration:		
Personnel	694,510	694,510
Supplies and expenses	28,855	28,855
Other services and charges	209,150	269,950
Total land development administration	<u>932,515</u>	<u>993,315</u>
Public safety contractual services:		
Personnel	373,300	373,300
Other services and charges	1,005,000	1,155,000
Total public safety contractual services	<u>1,378,300</u>	<u>1,528,300</u>
Public services:		
Personnel	6,027,446	6,156,976
Supplies and expenses	1,129,920	1,277,720
Other services and charges	4,994,616	5,362,516
Capital outlays	670,000	780,000
Total public services	<u>12,821,982</u>	<u>13,577,212</u>
Animal control:		
Personnel	137,660	137,660
Supplies and expenses	13,050	14,050
Other services and charges	185,550	185,550
Total animal control	<u>336,260</u>	<u>337,260</u>

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 8,482,372	\$ 668,195
271,571	29,729
285,487	13,447
<u>9,039,430</u>	<u>711,371</u>
574,912	119,598
24,509	4,346
242,553	27,397
<u>841,974</u>	<u>151,341</u>
209,333	163,967
1,068,198	86,802
<u>1,277,531</u>	<u>250,769</u>
5,254,945	902,031
1,118,560	159,160
4,874,803	487,713
557,365	222,635
<u>11,805,673</u>	<u>1,771,539</u>
101,049	36,611
11,041	3,009
166,287	19,263
<u>278,377</u>	<u>58,883</u>

SCHEDULE 1
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CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES (Cont.)		
Human/social assistance:		
Other services and charges	\$ 311,900	\$ 216,270
Total human/social assistance	<u>311,900</u>	<u>216,270</u>
Economic development:		
Other services and charges	305,000	4,113,000
Capital outlays	1,236,179	1,329,509
Total economic development	<u>1,541,179</u>	<u>5,442,509</u>
Airport:		
Supplies and expenses	17,650	17,650
Other services and charges	40,550	40,550
Total airport	<u>58,200</u>	<u>58,200</u>
Cemetery:		
Personnel	842,888	842,888
Supplies and expenses	80,650	80,650
Other services and charges	62,001	72,001
Capital outlays	61,200	61,200
Total cemetery	<u>1,046,739</u>	<u>1,056,739</u>
Parking garages:		
Personnel	62,040	62,040
Supplies and expenses	2,050	2,050
Other services and charges	54,350	48,350
Total parking garages	<u>118,440</u>	<u>112,440</u>

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

Actual	Variance with Final Budget Favorable (Unfavorable)
<u>\$ 200,906</u>	<u>\$ 15,364</u>
200,906	15,364
976,529	3,136,471
1,205,254	124,255
<u>2,181,783</u>	<u>3,260,726</u>
4,669	12,981
25,519	15,031
<u>30,188</u>	<u>28,012</u>
677,391	165,497
69,853	10,797
50,189	21,812
39,105	22,095
<u>836,538</u>	<u>220,201</u>
39,331	22,709
668	1,382
43,436	4,914
<u>83,435</u>	<u>29,005</u>

SCHEDULE 1
PAGE 4 OF 4

CITY OF HATTIESBURG, MISSISSIPPI

Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES (Cont.)		
Debt service:		
Principal payments	\$ 753,122	\$ 753,122
Interest payments	356,865	356,865
Pay agent fees	3,000	3,000
Total debt service	<u>1,112,987</u>	<u>1,112,987</u>
Total expenditures	<u>52,304,027</u>	<u>59,571,328</u>
Excess (deficiency) of revenues over expenditures	1,373,321	(4,600,686)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,184,000	1,184,500
Transfers out	<u>(2,757,321)</u>	<u>(3,347,202)</u>
Total other financing sources (uses)	<u>(1,573,321)</u>	<u>(2,162,702)</u>
NET CHANGE IN FUND BALANCES	(200,000)	(6,763,388)
Fund balances - beginning (Non-GAAP Budgetary Basis)	<u>12,500,000</u>	<u>14,472,933</u>
Fund balances - ending (Non-GAAP Budgetary Basis)	<u>\$ 12,300,000</u>	<u>\$ 7,709,545</u>
ADJUSTMENTS:		
To adjust for other receivables/accruals		
Fund balances - ending (GAAP Basis)		

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 754,554	\$ (1,432)
353,685	3,180
3,000	-
<u>1,111,239</u>	<u>1,748</u>
<u>49,019,599</u>	<u>10,551,729</u>
6,543,237	11,143,923
1,257,100	72,600
<u>(3,347,202)</u>	<u>-</u>
<u>(2,090,102)</u>	<u>72,600</u>
4,453,135	<u>\$ 11,216,523</u>
<u>14,472,933</u>	
18,926,068	
<u>3,143,990</u>	
<u>\$ 22,070,058</u>	

SCHEDULE 2

CITY OF HATTIESBURG, MISSISSIPPI

**Budgetary Comparison Schedule - COVID Fiscal Recovery Fund
Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental - Federal grant	\$ 6,437,500	\$ 6,437,910	\$ 6,437,911	\$ 1
Total revenues	<u>6,437,500</u>	<u>6,437,910</u>	<u>6,437,911</u>	<u>1</u>
EXPENDITURES				
Capital outlays	11,875,000	12,875,000	-	12,875,000
Total expenditures	<u>11,875,000</u>	<u>12,875,000</u>	<u>-</u>	<u>12,875,000</u>
Excess (deficiency) of revenues over expenditures	<u>(5,437,500)</u>	<u>(6,437,090)</u>	<u>6,437,911</u>	<u>12,875,001</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000,000)	-	-	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(6,437,500)	(6,437,090)	6,437,911	<u>\$ 12,875,001</u>
Fund balances - beginning (Non-GAAP Budgetary Basis)	<u>6,437,500</u>	<u>6,437,911</u>	<u>6,437,911</u>	
Fund balances - ending (Non-GAAP Budgetary Basis)	<u>\$ -</u>	<u>\$ 821</u>	12,875,822	
ADJUSTMENTS:				
To adjust for other receivables/accruals			<u>(6,437,911)</u>	
Fund balances - ending (GAAP Basis)			<u>\$ 6,437,911</u>	

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

SCHEDULE 3

CITY OF HATTIESBURG, MISSISSIPPI

**Budgetary Comparison Schedule - Municipal Road and Bridge Fund
Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Federal grants	\$ 1,925,974	\$ 1,925,974	\$ -	\$ (1,925,974)
State grants	3,289,511	3,289,511	4,758,140	1,468,629
State - shared revenue	1,820,000	1,820,000	1,770,803	(49,197)
Miscellaneous	-	-	1,122	1,122
Total revenues	<u>7,035,485</u>	<u>7,035,485</u>	<u>6,530,065</u>	<u>(505,420)</u>
EXPENDITURES				
Public services	1,776,288	1,798,288	1,099,698	698,590
Capital outlay	5,629,807	5,629,807	4,394,204	1,235,603
Total expenditures	<u>7,406,095</u>	<u>7,428,095</u>	<u>5,493,902</u>	<u>1,934,193</u>
Excess (deficiency) of revenues over expenditures	<u>(370,610)</u>	<u>(392,610)</u>	<u>1,036,163</u>	<u>1,428,773</u>
NET CHANGE IN FUND BALANCES	<u>(370,610)</u>	<u>(392,610)</u>	<u>1,036,163</u>	<u>\$ 1,428,773</u>
Fund balances - beginning (Non-GAAP Budgetary Basis)	<u>400,000</u>	<u>72,336</u>	<u>72,336</u>	
Fund balances - ending (Non-GAAP Budgetary Basis)	<u>\$ 29,390</u>	<u>\$ (320,274)</u>	1,108,499	
ADJUSTMENTS:				
To adjust for other receivables/accruals			<u>(530,848)</u>	
Fund balances - ending (GAAP Basis)			<u>\$ 577,651</u>	

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

SCHEDULE 4

CITY OF HATTIESBURG, MISSISSIPPI

**Schedule of the City's Proportionate Share of the Net Pension Liability - PERS
Last Ten Fiscal Years*
Year Ended September 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability (asset)	0.365326%	0.370199%	0.381271%
City's proportionate share of the net pension liability (asset)	\$ 75,192,033	\$ 54,717,178	\$ 73,815,249
Covered payroll	\$ 25,150,190	\$ 24,614,500	\$ 25,387,885
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.97%	222.30%	290.75%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

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

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

SCHEDULE 5

CITY OF HATTIESBURG, MISSISSIPPI

**Schedule of City Contributions
Public Employees' Retirement System - PERS
Last Ten Fiscal Years*
Year Ended September 30, 2022**

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

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

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

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

SCHEDULE 6

CITY OF HATTIESBURG, MISSISSIPPI

**Schedule of the City's Proportionate Share of the Net Pension Liability - PFDR
Last Ten Fiscal Years*
Year Ended September 30, 2022**

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

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

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

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

SCHEDULE 7

CITY OF HATTIESBURG, MISSISSIPPI

**Schedule of City Contributions
Mississippi Municipal Retirement Systems - PFDR
Last Ten Fiscal Years*
Year Ended September 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,344,603	\$ 1,377,105	\$ 1,378,508
Contributions in relation to the contractually required contribution	<u>(1,344,603)</u>	<u>(1,377,105)</u>	<u>(1,378,508)</u>
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	N/A	N/A	N/A
Contributions as a percentage of covered payroll**	N/A	N/A	N/A

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

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

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,392,033	\$ 1,512,066	\$ 1,334,243	\$ 1,346,542	\$ 1,626,692
<u>(1,392,033)</u>	<u>(1,512,066)</u>	<u>(1,334,243)</u>	<u>(1,346,542)</u>	<u>(1,626,692)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

SCHEDULE 8

CITY OF HATTIESBURG, MISSISSIPPI

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*
Year Ended September 30, 2022**

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - BUDGETARY COMPARISON SCHEDULES

A. Basis of Presentation:

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

B. Budget/GAAP Reconciliation:

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

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

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

NOTE 2 - PENSION SCHEDULES

A. Changes of Assumptions:

2015

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

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

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE TWO

YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

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

2019

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

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

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE THREE

YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

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

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

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

2021

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

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

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

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

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

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

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

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

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

CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE FOUR

YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.

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

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00% to 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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CITY OF HATTIESBURG, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE FIVE

YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 - OPEB SCHEDULES

A. Changes of Assumptions:

2017

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

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

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

2019

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

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

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

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

2021

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

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

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

B. Funding Policy:

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

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SUPPLEMENTARY INFORMATION

SCHEDULE 9

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2022**

	Special Revenue Funds (Schedule 11)	Debt Service Funds (Schedule 13)
ASSETS		
Cash and cash equivalents - unrestricted	\$ 2,001,572	\$ -
Cash and cash equivalents - restricted	5,627,224	7,542,242
Cash with fiscal agent - restricted	-	147,731
Due from other funds	23,179	-
Sales tax receivable	291,877	-
Intergovernmental receivables	292,048	-
Lease receivable	225,409	-
Property taxes receivable	1,238,971	2,407,863
	<u>\$ 9,700,280</u>	<u>\$ 10,097,836</u>
LIABILITIES		
Accounts payable	\$ 199,439	\$ -
Due to other funds	552,370	33,500
Due to other governments	145,939	-
Accrued wages and benefits	142,839	-
Other liabilities	417,000	-
Advances from other funds	300,000	-
Total liabilities	<u>1,757,587</u>	<u>33,500</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,230,000	2,390,000
Unavailable revenue - lease revenue	225,409	-
Total deferred inflows of resources	<u>1,455,409</u>	<u>2,390,000</u>
FUND BALANCES		
Restricted:		
Public safety:		
Fire protection	892,685	-
Law enforcement	48,829	-
Public services	1,934,174	-
Mass transit	1,211,836	-
Debt service	-	7,674,336
Culture and recreation	1,564,907	-
Economic development	266,716	-
Committed:		
Culture and recreation	970,123	-
Unassigned		
	(401,986)	-
Total fund balances	<u>6,487,284</u>	<u>7,674,336</u>
	<u>\$ 9,700,280</u>	<u>\$ 10,097,836</u>
Total liabilities, deferred inflows of resources, and fund balances		

See independent auditor's report.

Capital Project Funds (Schedule 15)	Total Nonmajor Governmental Funds (Exhibit C)
\$ -	\$ 2,001,572
949,623	14,119,089
-	147,731
-	23,179
-	291,877
-	292,048
-	225,409
-	3,646,834
<u>\$ 949,623</u>	<u>\$ 20,747,739</u>
\$ -	\$ 199,439
-	585,870
-	145,939
-	142,839
-	417,000
-	300,000
-	1,791,087
-	3,620,000
-	225,409
-	3,845,409
-	892,685
946,441	995,270
-	1,934,174
-	1,211,836
-	7,674,336
2,359	1,567,266
823	267,539
-	970,123
-	(401,986)
<u>949,623</u>	<u>15,111,243</u>
<u>\$ 949,623</u>	<u>\$ 20,747,739</u>

SCHEDULE 10

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended September 30, 2022**

	Special Revenue Funds (Schedule 12)	Debt Service Funds (Schedule 14)
REVENUES		
General property taxes	\$ 1,230,136	\$ 3,469,740
Special sales tax collections	3,482,968	-
Internet sales tax	3,738,976	-
Fines, forfeitures and penalties	19,077	-
Interest, rents and concessions	20,040	19,260
Intergovernmental revenues	4,408,981	719,194
Charges for services	391,685	-
Other revenues	23,490	495
Total revenues	<u>13,315,353</u>	<u>4,208,689</u>
EXPENDITURES		
Current:		
Public safety	122,974	-
Public services	2,318,888	-
Other services	1,288,814	24,940
Mass transit	1,882,615	-
Culture and recreation	7,336,148	-
Human/social assistance	522,631	-
Debt service:		
Principal payments	69,381	2,626,105
Interest and fiscal charges	6,494	2,559,882
Total expenditures	<u>13,547,945</u>	<u>5,210,927</u>
Excess (deficiency) of revenues over expenditures	(232,592)	(1,002,238)
OTHER FINANCING SOURCES (USES)		
Transfers in	3,340,387	66,407
Other sources	531	-
Total other financing sources (uses)	<u>3,340,918</u>	<u>66,407</u>
NET CHANGE IN FUND BALANCES	3,108,326	(935,831)
Fund balances - beginning	<u>3,378,958</u>	<u>8,610,167</u>
Fund balances - ending	<u>\$ 6,487,284</u>	<u>\$ 7,674,336</u>

See independent auditor's report.

Capital Project Funds (Schedule 16)	Total Nonmajor Governmental Funds (Exhibit D)
\$ -	\$ 4,699,876
-	3,482,968
-	3,738,976
-	19,077
3,343	42,643
-	5,128,175
-	391,685
-	23,985
<u>3,343</u>	<u>17,527,385</u>
-	122,974
18,000	2,336,888
-	1,313,754
-	1,882,615
-	7,336,148
-	522,631
-	2,695,486
-	2,566,376
<u>18,000</u>	<u>18,776,872</u>
(14,657)	(1,249,487)
-	3,406,794
-	531
<u>-</u>	<u>3,407,325</u>
(14,657)	2,157,838
<u>964,280</u>	<u>12,953,405</u>
<u>\$ 949,623</u>	<u>\$ 15,111,243</u>

SCHEDULE 11

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2022**

	<u>PARKS & RECREATION</u>	<u>MUNICIPAL FIRE PROTECTION</u>	<u>SPECIAL STREET</u>	<u>POLICE FORFEITURES</u>	<u>AIRPORT IMPROVEMENT</u>
ASSETS					
Cash and cash equivalents - unrestricted	\$ 930,750	\$ -	\$ -	\$ 27,300	\$ 184,283
Cash and cash equivalents - restricted	-	892,639	266,716	48,829	-
Due from other funds	-	46	-	864	-
Sales tax receivable	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-
Lease receivable	-	-	-	-	225,409
Property taxes receivable	992,162	-	-	-	-
Total assets	<u>\$ 1,922,912</u>	<u>\$ 892,685</u>	<u>\$ 266,716</u>	<u>\$ 76,993</u>	<u>\$ 409,692</u>
LIABILITIES					
Accounts payable	\$ 20,088	\$ -	\$ -	\$ -	\$ 15,977
Due to other funds	1,118	-	-	-	550,000
Due to other governments	-	-	-	-	-
Accrued wages and benefits	63,122	-	-	-	-
Other liabilities	1,350	-	-	28,164	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>85,678</u>	<u>-</u>	<u>-</u>	<u>28,164</u>	<u>565,977</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	985,000	-	-	-	-
Unavailable revenue - lease revenue	-	-	-	-	225,409
Total deferred inflows of resources	<u>985,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,409</u>
FUND BALANCES					
Restricted:					
Public safety:					
Fire protection	-	892,685	-	-	-
Law enforcement	-	-	-	48,829	-
Public services	-	-	-	-	-
Mass transit	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	266,716	-	-
Committed:					
Culture and recreation	852,234	-	-	-	-
Unassigned	-	-	-	-	(381,694)
Total fund balances	<u>852,234</u>	<u>892,685</u>	<u>266,716</u>	<u>48,829</u>	<u>(381,694)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,922,912</u>	<u>\$ 892,685</u>	<u>\$ 266,716</u>	<u>\$ 76,993</u>	<u>\$ 409,692</u>

See independent auditor's report.

MASS TRANSIT OPERATING	COMMUNITY CENTERS	CDBG FUND	SPECIAL 1% SALES TAX	INTERNET SALES TAX	GROUP INSURANCE	TOTAL
\$ 14,686	\$ 142,896	\$ 242,930	\$ 52,436	\$ 56,244	\$ 350,047	\$ 2,001,572
1,211,836	-	-	1,273,030	1,934,174	-	5,627,224
-	-	-	-	-	22,269	23,179
-	-	-	291,877	-	-	291,877
147,703	-	44,345	100,000	-	-	292,048
-	-	-	-	-	-	225,409
246,809	-	-	-	-	-	1,238,971
<u>\$ 1,621,034</u>	<u>\$ 142,896</u>	<u>\$ 287,275</u>	<u>\$ 1,717,343</u>	<u>\$ 1,990,418</u>	<u>\$ 372,316</u>	<u>\$ 9,700,280</u>
\$ 102,167	\$ 249	\$ 167	\$ 4,547	\$ 56,244	\$ -	\$ 199,439
735	337	154	26	-	-	552,370
-	-	-	145,939	-	-	145,939
61,296	9,251	7,246	1,924	-	-	142,839
-	15,170	-	-	-	372,316	417,000
-	-	300,000	-	-	-	300,000
164,198	25,007	307,567	152,436	56,244	372,316	1,757,587
245,000	-	-	-	-	-	1,230,000
-	-	-	-	-	-	225,409
245,000	-	-	-	-	-	1,455,409
-	-	-	-	-	-	892,685
-	-	-	-	-	-	48,829
-	-	-	-	1,934,174	-	1,934,174
1,211,836	-	-	-	-	-	1,211,836
-	-	-	1,564,907	-	-	1,564,907
-	-	-	-	-	-	266,716
-	117,889	-	-	-	-	970,123
-	-	(20,292)	-	-	-	(401,986)
1,211,836	117,889	(20,292)	1,564,907	1,934,174	-	6,487,284
<u>\$ 1,621,034</u>	<u>\$ 142,896</u>	<u>\$ 287,275</u>	<u>\$ 1,717,343</u>	<u>\$ 1,990,418</u>	<u>\$ 372,316</u>	<u>\$ 9,700,280</u>

SCHEDULE 12

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds
Year Ended September 30, 2022**

	PARKS & RECREATION	MUNICIPAL FIRE PROTECTION	SPECIAL STREET	POLICE FORFEITURES	AIRPORT IMPROVEMENT
REVENUES					
General property taxes	\$ 982,084	\$ -	\$ -	\$ -	\$ -
Special sales tax collections	-	-	-	-	-
Internet sales tax	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	19,077	-
Interest, rents and concessions	2,850	3,027	1,668	31	7,884
Intergovernmental revenues	506,660	615,950	77,979	-	859,511
Charges for services	62,027	95,652	-	-	-
Other revenues	600	-	-	-	15,401
Total revenues	1,554,221	714,629	79,647	19,108	882,796
EXPENDITURES					
Current:					
Public safety	-	60,411	-	62,563	-
Public services	-	-	-	-	-
Other services	-	-	-	-	1,288,814
Mass transit	-	-	-	-	-
Culture and recreation	3,217,546	-	-	-	-
Human/social assistance	-	-	-	-	-
Debt service:					
Principal payments	-	69,381	-	-	-
Interest and fiscal charges	-	6,494	-	-	-
Total expenditures	3,217,546	136,286	-	62,563	1,288,814
Excess (deficiency) of revenues over expenditures	(1,663,325)	578,343	79,647	(43,455)	(406,018)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,768,984	-	-	-	250,000
Other sources	531	-	-	-	-
Total other financing sources (uses)	1,769,515	-	-	-	250,000
NET CHANGE IN FUND BALANCES					
	106,190	578,343	79,647	(43,455)	(156,018)
Fund balances - beginning	746,044	314,342	187,069	92,284	(225,676)
Fund balances - ending	\$ 852,234	\$ 892,685	\$ 266,716	\$ 48,829	\$ (381,694)

See independent auditor's report.

MASS TRANSIT OPERATING	COMMUNITY CENTERS	CDBG FUND	SPECIAL 1% SALES TAX	INTERNET SALES TAX	GROUP INSURANCE	TOTAL
\$ 248,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,230,136
-	-	-	3,482,968	-	-	3,482,968
-	-	-	-	3,738,976	-	3,738,976
-	-	-	-	-	-	19,077
2,067	773	896	171	673	-	20,040
1,635,588	-	613,293	100,000	-	-	4,408,981
213,362	20,644	-	-	-	-	391,685
613	-	1,949	4,927	-	-	23,490
<u>2,099,682</u>	<u>21,417</u>	<u>616,138</u>	<u>3,588,066</u>	<u>3,739,649</u>	<u>-</u>	<u>13,315,353</u>
-	-	-	-	-	-	122,974
-	-	-	-	2,318,888	-	2,318,888
-	-	-	-	-	-	1,288,814
1,882,615	-	-	-	-	-	1,882,615
-	817,916	-	3,300,686	-	-	7,336,148
-	-	522,631	-	-	-	522,631
-	-	-	-	-	-	69,381
-	-	-	-	-	-	6,494
<u>1,882,615</u>	<u>817,916</u>	<u>522,631</u>	<u>3,300,686</u>	<u>2,318,888</u>	<u>-</u>	<u>13,547,945</u>
217,067	(796,499)	93,507	287,380	1,420,761	-	(232,592)
434,533	850,523	36,347	-	-	-	3,340,387
-	-	-	-	-	-	531
<u>434,533</u>	<u>850,523</u>	<u>36,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,340,918</u>
651,600	54,024	129,854	287,380	1,420,761	-	3,108,326
<u>560,236</u>	<u>63,865</u>	<u>(150,146)</u>	<u>1,277,527</u>	<u>513,413</u>	<u>-</u>	<u>3,378,958</u>
<u>\$ 1,211,836</u>	<u>\$ 117,889</u>	<u>\$ (20,292)</u>	<u>\$ 1,564,907</u>	<u>\$ 1,934,174</u>	<u>\$ -</u>	<u>\$ 6,487,284</u>

SCHEDULE 13

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Balance Sheet - Nonmajor Debt Service Funds
September 30, 2022**

	2019 TIF BOND AND INTEREST PLANET FITNESS	CITY BOND AND INTEREST	2014 TIF BOND AND INTEREST SOUTHERN POINTE	2003 TIF BOND AND INTEREST CHAUVET SQUARE	2007 TIF BOND AND INTEREST TURTLE CROSSING
ASSETS					
Cash and cash equivalents - restricted	\$ 136,071	\$ 4,943,411	\$ 364,518	\$ 216,660	\$ 244,516
Cash with fiscal agent - restricted	-	-	-	-	-
Property taxes receivable	-	2,407,863	-	-	-
Total assets	\$ 136,071	\$ 7,351,274	\$ 364,518	\$ 216,660	\$ 244,516
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	2,390,000	-	-	-
Total deferred inflows of resources	-	2,390,000	-	-	-
FUND BALANCES					
Restricted:					
Debt service	136,071	4,961,274	364,518	216,660	244,516
Total fund balances	136,071	4,961,274	364,518	216,660	244,516
Total liabilities, deferred inflows of resources, and fund balances	\$ 136,071	\$ 7,351,274	\$ 364,518	\$ 216,660	\$ 244,516

See independent auditor's report.

2008 TIF BOND AND INTEREST LINCOLN CENTER	2012 TIF BOND AND INTEREST KOHL'S	2016 TIF BOND AND INTEREST WHISPERING PINES	2016 TIF BOND AND INTEREST HATTIESBURG CLINIC	2015-A TIF BOND AND INTEREST RIDGE AT TURTLE CREEK	2015-B TIF BOND AND INTEREST MIDTOWN MARKET	2019 TIF BOND AND INTEREST ELAM ARMS	TOTAL
\$ 118,337	\$ 251	\$ 603,777	\$ 108,770	\$ 122,076	\$ 20,983	\$ 662,872	\$ 7,542,242
-	-	-	-	-	-	147,731	147,731
-	-	-	-	-	-	-	2,407,863
<u>\$ 118,337</u>	<u>\$ 251</u>	<u>\$ 603,777</u>	<u>\$ 108,770</u>	<u>\$ 122,076</u>	<u>\$ 20,983</u>	<u>\$ 810,603</u>	<u>\$ 10,097,836</u>
\$ -	\$ 1,500	\$ -	\$ 25,000	\$ -	\$ 7,000	\$ -	\$ 33,500
-	1,500	-	25,000	-	7,000	-	33,500
-	-	-	-	-	-	-	2,390,000
-	-	-	-	-	-	-	2,390,000
118,337	(1,249)	603,777	83,770	122,076	13,983	810,603	7,674,336
<u>118,337</u>	<u>(1,249)</u>	<u>603,777</u>	<u>83,770</u>	<u>122,076</u>	<u>13,983</u>	<u>810,603</u>	<u>7,674,336</u>
<u>\$ 118,337</u>	<u>\$ 251</u>	<u>\$ 603,777</u>	<u>\$ 108,770</u>	<u>\$ 122,076</u>	<u>\$ 20,983</u>	<u>\$ 810,603</u>	<u>\$ 10,097,836</u>

SCHEDULE 14

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended September 30, 2022**

	2019 TIF BOND AND INTEREST PLANET FITNESS	CITY BOND AND INTEREST	2014 TIF BOND AND INTEREST SOUTHERN POINTE	2003 TIF BOND AND INTEREST CHAUVET SQUARE	2007 TIF BOND AND INTEREST TURTLE CROSSING
REVENUES					
General property taxes	\$ 27,667	\$ 2,454,941	\$ 138,876	\$ 200,000	\$ 115,000
Interest, rents and concessions	363	12,939	806	585	533
Intergovernmental revenues	32,128	-	141,401	-	61,945
Other revenues	-	-	-	-	-
Total revenues	<u>60,158</u>	<u>2,467,880</u>	<u>281,083</u>	<u>200,585</u>	<u>177,478</u>
EXPENDITURES					
Current:					
Other services	-	24,940	-	-	-
Debt service:					
Principal payments	38,685	1,640,420	170,000	145,000	100,000
Interest and fiscal charges	19,928	2,055,256	75,213	47,995	41,480
Total expenditures	<u>58,613</u>	<u>3,720,616</u>	<u>245,213</u>	<u>192,995</u>	<u>141,480</u>
Excess (deficiency) of revenues over expenditures	1,545	(1,252,736)	35,870	7,590	35,998
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,545	(1,252,736)	35,870	7,590	35,998
Fund balances - beginning	134,526	6,214,010	328,648	209,070	208,518
Fund balances - ending	<u>\$ 136,071</u>	<u>\$ 4,961,274</u>	<u>\$ 364,518</u>	<u>\$ 216,660</u>	<u>\$ 244,516</u>

See independent auditor's report.

2008 TIF BOND AND INTEREST LINCOLN CENTER	2012 TIF BOND AND INTEREST KOHL'S	2016 TIF BOND AND INTEREST WHISPERING PINES	2016 TIF BOND AND INTEREST HATTIESBURG CLINIC	2015-A TIF BOND AND INTEREST RIDGE AT TURTLE CREEK	2015-B TIF BOND AND INTEREST MIDTOWN MARKET	2019 TIF BOND AND INTEREST ELAM ARMS	TOTAL
\$ 98,000	\$ -	\$ 167,296	\$ 34,040	\$ 89,571	\$ 10,707	\$ 133,642	\$ 3,469,740
100	1	1,529	408	255	36	1,705	19,260
-	-	205,773	70,624	29,858	13,086	164,379	719,194
-	-	-	-	-	-	495	495
<u>98,100</u>	<u>1</u>	<u>374,598</u>	<u>105,072</u>	<u>119,684</u>	<u>23,829</u>	<u>300,221</u>	<u>4,208,689</u>
-	-	-	-	-	-	-	24,940
50,000	-	182,000	51,000	71,000	12,000	166,000	2,626,105
4,850	1,740	99,323	24,605	50,368	10,300	128,824	2,559,882
<u>54,850</u>	<u>1,740</u>	<u>281,323</u>	<u>75,605</u>	<u>121,368</u>	<u>22,300</u>	<u>294,824</u>	<u>5,210,927</u>
43,250	(1,739)	93,275	29,467	(1,684)	1,529	5,397	(1,002,238)
-	-	-	-	-	-	66,407	66,407
-	-	-	-	-	-	66,407	66,407
43,250	(1,739)	93,275	29,467	(1,684)	1,529	71,804	(935,831)
75,087	490	510,502	54,303	123,760	12,454	738,799	8,610,167
<u>\$ 118,337</u>	<u>\$ (1,249)</u>	<u>\$ 603,777</u>	<u>\$ 83,770</u>	<u>\$ 122,076</u>	<u>\$ 13,983</u>	<u>\$ 810,603</u>	<u>\$ 7,674,336</u>

SCHEDULE 15

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Balance Sheet - Nonmajor Capital Project Funds
September 30, 2022**

	<u>TIF CONSTRUCTION</u>	<u>BOND CONSTRUCTION</u>	<u>KAMPER PARK/ZOO IMPROVEMENTS</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents - restricted	\$ 823	\$ 946,441	\$ 2,359	\$ 949,623
Total assets	<u>\$ 823</u>	<u>\$ 946,441</u>	<u>\$ 2,359</u>	<u>\$ 949,623</u>
FUND BALANCES				
Restricted:				
Public safety - law enforcement	\$ -	\$ 946,441	\$ -	\$ 946,441
Culture and recreation	-	-	2,359	2,359
Economic development	823	-	-	823
Total fund balances	<u>823</u>	<u>946,441</u>	<u>2,359</u>	<u>949,623</u>
Total fund balances	<u>\$ 823</u>	<u>\$ 946,441</u>	<u>\$ 2,359</u>	<u>\$ 949,623</u>

See independent auditor's report.

SCHEDULE 16

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Project Funds
Year Ended September 30, 2022**

	<u>TIF CONSTRUCTION</u>	<u>BOND CONSTRUCTION</u>	<u>KAMPER PARK/ZOO IMPROVEMENTS</u>	<u>TOTAL</u>
REVENUES				
Interest, rents and concessions	\$ 2	\$ 3,332	\$ 9	\$ 3,343
Total revenues	<u>2</u>	<u>3,332</u>	<u>9</u>	<u>3,343</u>
EXPENDITURES				
Current:				
Public services	-	18,000	-	18,000
Total expenditures	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Excess (deficiency) of revenues over expenditures	<u>2</u>	<u>(14,668)</u>	<u>9</u>	<u>(14,657)</u>
NET CHANGE IN FUND BALANCES	<u>2</u>	<u>(14,668)</u>	<u>9</u>	<u>(14,657)</u>
Fund balances - beginning	<u>821</u>	<u>961,109</u>	<u>2,350</u>	<u>964,280</u>
Fund balances - ending	<u>\$ 823</u>	<u>\$ 946,441</u>	<u>\$ 2,359</u>	<u>\$ 949,623</u>

See independent auditor's report.

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Departmental Expenditures - Budgetary Basis - General Fund
Year Ended September 30, 2022**

	PERSONNEL SERVICES	SUPPLIES & EXPENSES
GENERAL GOVERNMENT		
City Council	\$ 366,914	\$ 880
Mayor/Administration	699,592	10,851
Municipal Clerk	224,704	1,607
Accounting Division	307,278	4,206
Purchasing Division	129,174	834
City Attorney	87,770	-
Human Resources Division	175,488	4,755
Loss Control Division	68,987	3,181
Urban Development	438,541	9,727
Information Systems	278,846	34,794
Metro Planning	135,484	4,942
General Government Building	-	16,634
General Government - Other	-	-
Intermodal Facility	-	4,602
Federal Grant Administration	97,520	1,717
City Court	1,038,136	29,164
Total General Government	4,048,434	127,894
PUBLIC SAFETY		
Police Department	10,407,954	743,858
Police and Fire Training	47,182	81,374
Fire Department	8,482,372	271,572
Land Development Administration	574,911	24,509
Contractual Services	209,335	-
Total Public Safety	19,721,754	1,121,313
PUBLIC SERVICE		
Traffic Maintenance	261,412	124,200
Street Division	893,357	329,944
Street Lights	-	-
Engineering	541,857	8,831
Shop Division	375,510	21,838
Garage and Office	-	1,394
Drainage Division	-	7,763
Construction Division	573,595	99,901
Sanitation Division	1,459,506	390,065
Health Division	1,149,707	134,624
Total Public Service	5,254,944	1,118,560

See independent auditor's report.

OTHER SERVICES/ CHARGES	CAPITAL OUTLAYS	DEBT SERVICE	TOTAL
\$ 221,478	\$ 128	\$ -	\$ 589,400
177,264	1,701	-	889,408
19,560	-	-	245,871
2,539	-	-	314,023
2,760	-	-	132,768
-	-	-	87,770
4,239	-	-	184,482
3,015	-	-	75,183
69,316	-	-	517,584
801,799	22,473	-	1,137,912
15,283	-	-	155,709
128,944	-	-	145,578
2,869,555	-	-	2,869,555
55,174	-	-	59,776
6,402	-	-	105,639
421,921	-	-	1,489,221
<u>4,799,249</u>	<u>24,302</u>	<u>-</u>	<u>8,999,879</u>
838,708	149,884	-	12,140,404
63,686	-	-	192,242
285,488	-	-	9,039,432
242,551	-	-	841,971
1,068,198	-	-	1,277,533
<u>2,498,631</u>	<u>149,884</u>	<u>-</u>	<u>23,491,582</u>
57,827	-	-	443,439
1,543,524	-	-	2,766,825
1,363,425	-	-	1,363,425
220,478	-	-	771,166
48,072	-	-	445,420
16,142	-	-	17,536
29,985	448,383	-	486,131
111,608	-	-	785,104
1,480,405	108,982	-	3,438,958
3,339	-	-	1,287,670
<u>4,874,805</u>	<u>557,365</u>	<u>-</u>	<u>11,805,674</u>

CITY OF HATTIESBURG, MISSISSIPPI

**Statement of Departmental Expenditures - Budgetary Basis - General Fund
Year Ended September 30, 2022**

	<u>PERSONNEL SERVICES</u>	<u>SUPPLIES & EXPENSES</u>
<i>HUMAN/SOCIAL ASSISTANCE</i>		
Human/Social Assistance	\$ -	\$ -
<i>Total Human/Social Assistance</i>	<u>-</u>	<u>-</u>
<i>ECONOMIC DEVELOPMENT</i>		
Economic Development	-	-
<i>Total Economic Development</i>	<u>-</u>	<u>-</u>
<i>OTHER SERVICES</i>		
Animal Control	101,049	11,042
Airport	-	4,669
Cemetery	677,391	69,851
Parking Operations	39,331	668
<i>Total Other Services</i>	<u>817,771</u>	<u>86,230</u>
<i>DEBT SERVICE</i>	<u>-</u>	<u>-</u>
<i>TOTAL DEPARTMENTAL EXPENDITURES</i>	<u>\$ 29,842,903</u>	<u>\$ 2,453,997</u>

See independent auditor's report.

<u>OTHER SERVICES/ CHARGES</u>	<u>CAPITAL OUTLAYS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
<u>\$ 200,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,906</u>
<u>200,906</u>	<u>-</u>	<u>-</u>	<u>200,906</u>
<u>976,529</u>	<u>1,205,253</u>	<u>-</u>	<u>2,181,782</u>
<u>976,529</u>	<u>1,205,253</u>	<u>-</u>	<u>2,181,782</u>
166,287	-	-	278,378
25,519	-	-	30,188
50,187	39,106	-	836,535
43,436	-	-	83,435
<u>285,429</u>	<u>39,106</u>	<u>-</u>	<u>1,228,536</u>
<u>-</u>	<u>-</u>	<u>1,111,239</u>	<u>1,111,239</u>
<u>\$ 13,635,549</u>	<u>\$ 1,975,910</u>	<u>\$ 1,111,239</u>	<u>\$ 49,019,598</u>

SCHEDULE 18

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Statement of Fiduciary Net Position - Agency Funds
September 30, 2022**

	Tax Collectors Fund	Industrial Park Fund	Hattiesburg Special Sales Tax	Total
ASSETS				
Cash and cash equivalents	\$ 86,710	\$ 163,785	\$ -	\$ 250,495
Other receivables	605,736	-	-	605,736
Sales tax receivable	-	-	80,028	80,028
Total assets	\$ 692,446	\$ 163,785	\$ 80,028	\$ 936,259
LIABILITIES				
Due to other funds	\$ 375,933	\$ -	\$ -	\$ 375,933
Other liabilities	4,687	2,525	-	7,212
Total liabilities	380,620	2,525	-	383,145
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	311,826	161,260	80,028	553,114
Total net position	311,826	161,260	80,028	553,114
Total liabilities and net position	\$ 692,446	\$ 163,785	\$ 80,028	\$ 936,259

See independent auditor's report.

SCHEDULE 19

CITY OF HATTIESBURG, MISSISSIPPI

**Combining Statement of Changes in Fiduciary Net Position - Agency Funds
Year Ended September 30, 2022**

	Tax Collectors Fund	Industrial Park Fund	Hattiesburg Special Sales Tax	Total
ADDITIONS				
Property tax revenues	\$ 48,912,925	\$ -	\$ -	\$ 48,912,925
Sales tax revenues	-	-	1,034,076	1,034,076
Intergovernmental revenues	-	475,000	-	475,000
Interest	456	955	-	1,411
Total additions	<u>48,913,381</u>	<u>475,955</u>	<u>1,034,076</u>	<u>50,423,412</u>
DEDUCTIONS				
Payments of taxes to other funds	49,088,550	-	-	49,088,550
Administrative expense	-	67,984	-	67,984
Other expense	-	552,122	1,044,894	1,597,016
Total deductions	<u>49,088,550</u>	<u>620,106</u>	<u>1,044,894</u>	<u>50,753,550</u>
CHANGE IN FIDUCIARY NET POSITION	(175,169)	(144,151)	(10,818)	(330,138)
NET POSITION - BEGINNING	<u>486,995</u>	<u>305,411</u>	<u>90,846</u>	<u>883,252</u>
NET POSITION - ENDING	<u>\$ 311,826</u>	<u>\$ 161,260</u>	<u>\$ 80,028</u>	<u>\$ 553,114</u>

See independent auditor's report.

SCHEDULE 20

CITY OF HATTIESBURG, MISSISSIPPI

**Schedule of Surety Bonds for Municipal Officials
September 30, 2022**

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

See independent auditor's report.

SCHEDULE 21

CITY OF HATTIESBURG, MISSISSIPPI

**Full Cost Accounting - Solid Waste Management Services
Year Ended September 30, 2022**

EXPENSES - Sanitation Cost Center (General Fund):

Personnel costs	\$ 1,459,506
Supplies	390,065
Other services and charges	1,480,405
Total expenses (other than capital outlay) sanitation cost center	<u>3,329,976</u>

Depreciation expense 174,846

Allocation of certain expenses in Other Cost Centers:

50% of shop cost center - repair and maintenance	222,710
Indirect cost allocation - 10% of administration cost centers	217,801
	<u>440,511</u>

Total calculated expenses - full cost basis \$ 3,945,333

Number of tons of solid waste collected and disposed of by City:

Sanitation trucks:	
Garbage (tons)	1,829
Trash (tons)	43,738
	<u>45,567</u>

Total tons solid waste 45,567

Distribution of residential and non-residential costs:

Residential (84%)	\$ 3,314,080
Non-residential (16%)	631,253
	<u>3,945,333</u>

Total distribution \$ 3,945,333

NOTES:

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

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SCHEDULE 22

CITY OF HATTIESBURG, MISSISSIPPI

**Report on Revenues and Expenditures
Additional 1% Sales Tax for City Parks & Recreation Projects
and Improvements to USM Athletic Facilities - Modified Accrual Basis
Year Ended September 30, 2022**

Revenues (Special Sales Tax Fund):

Additional 1% Sales Taxes	
Restaurants	\$ 2,984,166
Hotels and motels	498,802
Total additional 1% sales taxes	<u>3,482,968</u>
Other revenues	
Miscellaneous	4,927
Intergovernmental revenue	100,000
Interest	171
Total other revenues	<u>105,098</u>
Total revenues	<u>3,588,066</u>
Expenditures	
Culture and recreation	1,558,880
Payments to USM of 1/2 of special taxes collected	1,741,484
Miscellaneous	322
Total expenditures	<u>3,300,686</u>
NET CHANGE IN FUND BALANCE	287,380
Fund balance - beginning	<u>1,277,527</u>
Fund balance - ending	<u>\$ 1,564,907</u>

NOTES:

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

SCHEDULE 23

CITY OF HATTIESBURG, MISSISSIPPI

**Water and Sewer Budget Basis Balance Sheets
September 30, 2022**

	<u>OPERATIONS AND MAINTENANCE FUND</u>	<u>BOND AND INTEREST FUND</u>	<u>REVENUE FUND</u>
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	\$ 677,995	\$ -	\$ 4,173,579
Cash and cash equivalents - restricted	-	3,973,952	-
Cash with fiscal agent - restricted	-	30,313,541	-
Prepaid insurance - bonds	-	430,807	-
Due from other funds	1,511,216	1,334,998	-
Total current assets	<u>2,189,211</u>	<u>36,053,298</u>	<u>4,173,579</u>
<i>Total assets</i>	<u>\$ 2,189,211</u>	<u>\$ 36,053,298</u>	<u>\$ 4,173,579</u>
LIABILITIES AND NET POSITION			
<i>CURRENT LIABILITIES</i>			
Accounts payable	\$ -	\$ -	\$ 1,973
Sales tax payable	-	-	264,031
Due to other funds	-	-	2,596,670
Total current liabilities	<u>-</u>	<u>-</u>	<u>2,862,674</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,862,674</u>
<i>NET POSITION</i>	<u>2,189,211</u>	<u>36,053,298</u>	<u>1,310,905</u>
<i>Total liabilities and net position</i>	<u>\$ 2,189,211</u>	<u>\$ 36,053,298</u>	<u>\$ 4,173,579</u>

See independent auditor's report.

ENVIRONMENTAL ESCROW FUND	CONSTRUCTION FUND	2016 CONSTRUCTION FUND	2012 CONSTRUCTION FUND	2010 CONSTRUCTION FUND
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,777,093	-	-	-
100,217	-	1,676,138	64	572
-	-	-	-	-
-	143,549	-	-	-
<u>100,217</u>	<u>1,920,642</u>	<u>1,676,138</u>	<u>64</u>	<u>572</u>
<u>\$ 100,217</u>	<u>\$ 1,920,642</u>	<u>\$ 1,676,138</u>	<u>\$ 64</u>	<u>\$ 572</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>100,217</u>	<u>1,920,642</u>	<u>1,676,138</u>	<u>64</u>	<u>572</u>
<u>\$ 100,217</u>	<u>\$ 1,920,642</u>	<u>\$ 1,676,138</u>	<u>\$ 64</u>	<u>\$ 572</u>

SCHEDULE 24

CITY OF HATTIESBURG, MISSISSIPPI

**Water and Sewer Budget Basis Statements of Revenues, Expenses,
and Changes in Net Position
Year Ended September 30, 2022**

	OPERATIONS AND MAINTENANCE FUND	BOND AND INTEREST FUND	REVENUE FUND
OPERATING REVENUES	\$ 59,660	\$ -	\$ 24,425,677
OPERATING EXPENSES			
Personnel services	2,880,749	-	-
Supplies and expenses	1,399,718	-	-
Other services and charges	8,822,696	-	-
Other operating expenses	278,496	-	12,209
Total operating expenses	<u>13,381,659</u>	<u>-</u>	<u>12,209</u>
OPERATING INCOME (LOSS)	<u>(13,321,999)</u>	<u>-</u>	<u>24,413,468</u>
NON-OPERATING REVENUES (EXPENSES)			
Principal payments on notes	-	(4,944,975)	-
Interest expense	-	(1,310,353)	(11,450)
Interest revenue	4,902	17,407	10,565
Intergovernmental revenues	-	-	-
Other revenue	-	104,570	2,865
Other expense	(8,554)	-	-
Total non-operating revenues (expenses)	<u>(3,652)</u>	<u>(6,133,351)</u>	<u>1,980</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(13,325,651)</u>	<u>(6,133,351)</u>	<u>24,415,448</u>
OPERATING TRANSFERS			
Operating transfers in	13,700,000	7,953,906	-
Operating transfers out	-	-	(24,427,921)
Total operating transfers	<u>13,700,000</u>	<u>7,953,906</u>	<u>(24,427,921)</u>
CHANGES IN NET POSITION	<u>\$ 374,349</u>	<u>\$ 1,820,555</u>	<u>\$ (12,473)</u>

See independent auditor's report.

ENVIRONMENTAL ESCROW FUND	CONSTRUCTION FUND	2016 CONSTRUCTION FUND	2012 CONSTRUCTION FUND	2010 CONSTRUCTION FUND
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	601,486	-	-	-
-	3,724,079	450,248	-	-
-	4,325,565	450,248	-	-
-	(4,325,565)	(450,248)	-	-
-	-	-	-	-
-	-	-	-	-
217	13,911	3,237	-	-
-	251,744	-	-	-
-	54,942	-	-	-
-	-	-	-	-
217	320,597	3,237	-	-
217	(4,004,968)	(447,011)	-	-
50,000	1,900,015	-	-	-
-	-	-	-	-
50,000	1,900,015	-	-	-
\$ 50,217	\$ (2,104,953)	\$ (447,011)	\$ -	\$ -

SCHEDULE 25

CITY OF HATTIESBURG, MISSISSIPPI

**Water and Sewer Budget Basis Operation and Maintenance Cost Centers
Year Ended September 30, 2022**

	<u>Personnel Services</u>	<u>Supplies and Expenses</u>	<u>Other Services and Charges</u>	<u>Capital Outlays</u>	<u>Total</u>
Office	\$ 704,991	\$ 52,240	\$ 393,398	\$ 41,304	\$ 1,191,933
Transmission	954,482	749,322	2,400,200	58,289	4,162,293
Plant	526,490	87,395	1,445,968	110,503	2,170,356
Sewer	374,623	255,969	2,554,783	68,400	3,253,775
Sewer lagoon	320,163	254,792	2,028,347	-	2,603,302
<i>Total expenses</i>	<u>\$ 2,880,749</u>	<u>\$ 1,399,718</u>	<u>\$ 8,822,696</u>	<u>\$ 278,496</u>	<u>\$ 13,381,659</u>

See independent auditor's report.

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<i>U.S. Department of Housing and Urban Development</i>				
Pass-Through Programs From:				
Governor's Department of Housing and Urban Development				
<i>CDBG Entitlement Grants - Cluster:</i>				
Community Development Block Grants / Entitlement Grants	14.218	MC-28-0006	\$ 531,547	
Total - <i>CDBG Entitlement Grants Cluster</i>			<u>531,547</u>	
HOME Investment Partnerships Program	14.239	MC-28-0201	<u>29,550</u>	
Pass-Through Programs From:				
Office of Lead Hazard Control and Healthy Homes				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MSLHB0771-21	<u>47,877</u>	
Total U.S. Department of Housing and Urban Development Pass-Through Programs			<u>608,974</u>	
<i>U.S. Department of the Interior</i>				
Pass-Through Programs From:				
Mississippi Department of Archives and History				
Heritage Partnership	15.939	CHPG#2019-0010	<u>102,400</u>	
Total U.S. Department of the Interior Pass-Through Programs			<u>102,400</u>	

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

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<i>U.S. Department of Justice</i>				
Office of Justice Programs: Coronavirus Emergency Supplemental Funding Program	16.034	N/A	\$ 5,305	
Office of Justice Programs: Violence Against Women Formula Grants	16.588	N/A	50,055	
Bulletproof Vest Partnership Program	16.607	N/A	5,145	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	13,796	\$ 5,176
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	8,125	8,125
			<u>21,921</u>	
Total U.S. Department of Justice Direct Programs			<u>82,426</u>	
Pass-Through Programs From: Mississippi Department of Health OVW Technical Assistance Initiative	16.526	2021-ST-019	<u>34,164</u>	
Total U.S. Department of Justice Pass- Through Programs			<u>34,164</u>	
<i>U.S. Department of Transportation</i>				
Federal Aviation Administration Airport Improvement Program	20.106	N/A	133,710	
Airport Improvement Program	20.106	N/A	32,000	

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

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<i>U.S. Department of Transportation (Cont.)</i>				
Federal Aviation Administration				
COVID-19 Airport Improvement Program	20.106	N/A	\$ 13,000	
Airport Improvement Program	20.106	N/A	1,112,440	
COVID-19 Airport Improvement Program	20.106	N/A	<u>30,000</u>	
Total - Federal Aviation Administration Direct Programs			<u>1,321,150</u>	
Federal Transit Administration				
<i>Federal Transit Cluster:</i>				
Federal Transit Formula Grants:				
Mass Transit Operating	20.507	N/A	85,079	
Mass Transit Capital	20.507	N/A	9,300	
Mass Transit Capital	20.507	N/A	24,172	
Mass Transit Operating	20.507	N/A	82,509	
Mass Transit Preventive	20.507	N/A	245,799	
Mass Transit Operating	20.507	N/A	716,353	
Mass Transit Paratransit	20.507	N/A	198,425	
Metro Planning	20.507	N/A	140,800	
Mass Transit Capital	20.507	N/A	116,900	
Mass Transit Capital	20.507	N/A	<u>73,493</u>	
Total - Federal Transit Cluster			<u>1,692,830</u>	
Total U.S. Department of Transportation Direct Programs			<u>3,013,980</u>	

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

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<i>U.S. Department of Transportation (Cont.)</i>				
Federal Highway Administration				
Pass-Through Programs From:				
Mississippi Department of Transportation				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction:				
Metropolitan Planning Organization	20.205	N/A	\$ 163,111	
Hall Avenue West Overpass Build Grant	20.205	FBLD-8769-00(001)108639-801000	666,634	
Country Club Road Improvements	20.205	STP-8760-00(005)LPA/108134-701000	1,374,689	
Hardy Street Roundabout Improvements	20.205	STP-0210-00(037)LPA/108081-701000	840,505	
Total - Highway Planning and Construction Cluster			<u>3,044,939</u>	
National Highway Traffic Safety Administration				
Pass-Through Programs From:				
Mississippi Department of Public Safety -				
Office of Highway Safety				
Alcohol Open Container Requirements	20.607	154-AL-2022-ST-21-51	<u>40,801</u>	
Total U.S. Department of Transportation Pass-Through Programs			<u>40,801</u>	

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

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<i>U.S. Department of Health and Human Services</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ 105,079	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	<u>62,499</u>	
			<u>167,578</u>	
Total U.S. Department of Health and Human Services Direct Programs			<u>167,578</u>	
<i>Executive Office of the President</i>				
Pass-Through Program From:				
Mississippi Bureau of Narcotics High Intensity Drug Trafficking Areas Program	95.001	G21GC0003A	12,817	
High Intensity Drug Trafficking Areas Program	95.001	G22GC0003A	<u>6,178</u>	
			<u>18,995</u>	
Total Executive Office of the President Pass-Through Programs			<u>18,995</u>	
<i>U.S. Department of Homeland Security</i>				
Pass-Through Programs From:				
Mississippi Emergency Management Agency Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4415-DR-MS	27,613	
(Presidentially Declared Disasters)	97.036	FEMA-4626-DR-MS	<u>41,800</u>	
			<u>69,413</u>	
Total U.S. Department of Homeland Security Pass-Through Programs			<u>69,413</u>	
<i>Total Expenditures of Federal Awards</i>			<u>\$ 7,183,670</u>	<u>\$ 13,301</u>

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

CITY OF HATTIESBURG

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Hattiesburg under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Hattiesburg, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Hattiesburg.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 2 - DE MINIMIS COST RATE

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

NOTE 3 - PAYMENTS MADE TO SUBRECIPIENTS

Federal funds provided to subrecipients from the Edward Byrne Memorial Justice Assistance Program during the year ended September 30, 2022 totaled \$13,301.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hattiesburg, Mississippi as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Hattiesburg, Mississippi's basic financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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FAX: 228.864.3850

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

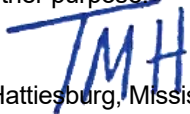
As part of obtaining reasonable assurance about whether the City of Hattiesburg, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

City of Hattiesburg's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hattiesburg, Mississippi's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City of Hattiesburg, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Hattiesburg, Mississippi
June 28, 2023



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

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

Opinion on Compliance for Each Major Federal Program

We have audited the City of Hattiesburg, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Hattiesburg, Mississippi's major federal programs for the year ended September 30, 2022. The City of Hattiesburg, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Hattiesburg, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Hattiesburg, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Hattiesburg, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Hattiesburg, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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



Hattiesburg, Mississippi
June 28, 2023

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

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

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

Internal control over financial reporting:

Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	None reported

Noncompliance material to financial statements noted?	No
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Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported

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

Federal Aviation Administration Airport Improvement Program	Unmodified
Highway Planning and Construction Cluster	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
--	----

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Federal Aviation Administration Airport Improvement Program
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

Finding:

Finding 2022-001 Entity-Level Control Environment and Risk Assessment Processes

Finding Type: Material Weakness

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

Condition - The City did not timely initiate or make substantial progress in implementation of corrective actions in response to material weaknesses and significant deficiencies in internal control identified in its financial statement audit for the year ended September 30, 2022.

Context - The City has previously developed a comprehensive plan in response to certain material entity-level control weaknesses related to financial reporting, but the City had not yet implemented corrective actions during fiscal year 2022.

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

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II - Financial Statement Findings (Cont.)

Finding 2022-001 Entity-Level Control Environment and Risk Assessment Processes
(Cont.)

Effect - Previously identified material weaknesses in internal control continued unmitigated in fiscal year 2022.

Identification of Repeat Finding 2021-001

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

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

Finding:

Finding 2022-002 Entity-Level Information, Communication and Monitoring

Finding Type: Material weakness

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II - Financial Statement Findings (Cont.)

Finding 2022-002 Entity-Level Information, Communication and Monitoring (Cont.)

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

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

Identification of Repeat Finding 2021-002

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

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

Finding:

Finding 2022-003 Financial Statement Adjustment, Close, and Disclosure

Finding Type: Material weakness

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

CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II - Financial Statement Findings (Cont.)

Finding 2022-003 Financial Statement Adjustment, Close, and Disclosure (Cont.)

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

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

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

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

Identification of Repeat Finding 2021-003

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II - Financial Statement Findings (Cont.)

Finding:

Finding 2022-004 Water and Sewer Customer Accounts Receivable

Finding Type: Material weakness

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

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

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II - Financial Statement Findings (Cont.)

Finding 2022-004 Water and Sewer Customer Accounts Receivable (Cont.)

Identification of Repeat Finding 2021-005

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

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

Finding:

Finding 2022-005 Capital Assets

Finding Type: Material weakness

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

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

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

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CITY OF HATTIESBURG, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II - Financial Statement Findings (Cont.)

Finding 2022-005 Capital Assets (Cont.)

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

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

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

Identification of Repeat Finding 2021-006

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

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

Section III - Federal Awards Findings and Questioned Costs

No matters were reported.

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CITY OF HATTIESBURG, MISSISSIPPI

AUDITEE CORRECTIVE ACTION PLAN

Year Ended September 30, 2022

Auditee Corrective Action Plan (Cont.)

Name of Responsible Person: Malcolm Berch, Chief Financial Officer
Name of Department Contact: Lisa Hanson, Comptroller
Expected Date of Completion: Fall 2023

2022-003 Financial Statement Adjustment, Close, and Disclosure

Finding 2022-003 emphasizes the "increasing complexity of financial reporting requirements", and it includes other notations that generally describe the difficulties encountered by the City in its financial accounting functions. Other points, including the need for a formal process for ensuring the accuracy and completeness of various peripheral systems and reconciliation procedures, are, in the opinion of the Administration, valid concerns.

As noted in our response to findings 2022-001 and 2022-002, the City has purchased financial software, which became operation on January 1, 2021. The Accounting staff has endeavored to produce timely and reliable budgetary basis accounting reports in the interim and has facilitated improved conversion procedures as far as practicable until new software is fully functional. The final module, Water Billings, is expected to be operational August 2023.

Name of Responsible Person: Lisa Hanson, Comptroller
Expected Date of Completion: Fall 2023

2022-004 Water and Sewer Customer Accounts Receivable

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

Name of Responsible Person: Allen Howe, Director of Water and Sewer
Name of Department Contact: Wanda Turner, Office Manager
Estimated Date of Completion: Fall 2023

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Auditee Corrective Action Plan (Cont.)

2022-005 Capital Assets

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

Name of Responsible Person: Malcolm Berch, Chief Financial Officer;
Ann Jones, Chief Administrative Officer

Name of Department Contact: Lamar Rutland, Director of Engineering;
Lisa Hanson, Comptroller

Estimated Date of Completion: Fall 2023

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CITY OF HATTIESBURG, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2022



MAYOR
Toby Barker

COUNCIL - WARD ONE
Jeffrey George

COUNCIL - WARD TWO
Deborah Denard Delgado

COUNCIL - WARD THREE
Carter Carroll

COUNCIL - WARD FOUR
Dave Ware

COUNCIL - WARD FIVE
Nicholas Brown

Summary Schedule of Prior Audit Findings Year Ended September 30, 2022

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

2021-001 Entity-Level Control Environment and Risk Assessment Process

Condition - This finding was a material weakness stating that entity-wide controls and procedures were not effectively initiated or implemented for corrective actions in response to material weaknesses and significant deficiencies in internal control identified in its financial statement audit for the year ended September 30, 2021.

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

Current Status - In early 2018, the Administration implemented changes to the organizational structure, adding a Department of Finance and Procurement, and assigning responsibility for this function to the Chief Financial Officer. At this time, an individual has not been appointed to this position, and the Accounting and Purchasing departments continue to operate under the supervision of the City Clerk and coordination with the Chief Financial Officer. An additional accountant was hired and serves as liaison with the various city departments to ensure greater accountability and documentation of ongoing projects.

2021-002 Entity-Level Information, Communication and Monitoring

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

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

Summary Schedule of Prior Audit Findings Year Ended September 30, 2022 (Cont.)

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

2021-003 Financial Statement Adjustment, Close, and Disclosure

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

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

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

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Summary Schedule of Prior Audit Findings Year Ended September 30, 2021 (Cont.)

2021-004 Water and Sewer Customer Accounts Receivable

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

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

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

2021-005 Capital assets

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

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

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

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

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

We have audited the basic financial statements of the City of Hattiesburg, Mississippi as of and for the year ended September 30, 2022, and have issued our report dated June 28, 2023. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*.

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

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

Finding 1 - Fixed Asset Accounting

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

Criteria, Context, and Condition

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



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

Recommendation

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

Response

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

Finding 2 - Annual Inventory of Assets

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

Criteria, Context, and Condition

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

Recommendation

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

Response

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

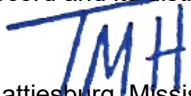
[See Schedule 27 - Schedule of Findings and Questioned Costs.]

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

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

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

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



Hattiesburg, Mississippi
June 28, 2023

STATISTICAL INFORMATION
(UNAUDITED)

TABLE 1

CITY OF HATTIESBURG, MISSISSIPPI

**NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 113,644,022	\$ 93,576,562	\$ 68,207,984	\$ 76,522,662	\$ 106,200,635	\$ 114,719,895	\$ 100,533,244	\$ 110,313,874	\$ 108,266,535	\$ 112,905,526
Restricted for:										
Debt service	7,674,336	8,610,167	9,766,038	8,817,108	7,169,815	6,162,469	4,100,910	4,067,078	3,764,608	3,403,781
Capital projects	10,741,492	21,339,899	30,834,556	-	-	-	-	-	50,515	-
Other purposes	-	-	-	-	-	-	-	-	1,794,732	-
Federal program	-	-	-	-	-	-	-	1,913,562	10,593	-
Unrestricted	<u>(43,728,353)</u>	<u>(50,290,511)</u>	<u>(58,126,369)</u>	<u>(31,910,542)</u>	<u>(56,327,118)</u>	<u>(57,378,373)</u>	<u>(37,764,759)</u>	<u>(46,057,590)</u>	<u>12,182,338</u>	<u>10,786,997</u>
Governmental activities net position	<u>\$ 88,331,497</u>	<u>\$ 73,236,117</u>	<u>\$ 50,682,209</u>	<u>\$ 53,429,228</u>	<u>\$ 57,043,332</u>	<u>\$ 63,503,991</u>	<u>\$ 66,869,395</u>	<u>\$ 70,236,924</u>	<u>\$ 126,069,321</u>	<u>\$ 127,096,304</u>
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	\$ 70,132,697	\$ 66,705,055	\$ 62,836,484	\$ 50,999,854	\$ 39,832,512	\$ 29,709,397	\$ 23,460,573	\$ 44,493,366	\$ 60,747,195	\$ 63,029,378
Restricted for:										
Debt service	8,039,394	4,987,900	6,373,573	8,094,960	8,094,960	7,685,090	-	4,833,982	4,838,130	-
Capital projects	3,455,873	6,148,826	6,328,731	-	-	-	-	-	-	-
Unrestricted	<u>(3,876,868)</u>	<u>(4,502,625)</u>	<u>(5,091,662)</u>	<u>5,234,042</u>	<u>13,933,041</u>	<u>21,938,437</u>	<u>33,737,335</u>	<u>(921,448)</u>	<u>4,758,857</u>	<u>5,522,689</u>
Business-type activities net position	<u>\$ 77,751,096</u>	<u>\$ 73,339,156</u>	<u>\$ 70,447,126</u>	<u>\$ 64,328,856</u>	<u>\$ 61,860,513</u>	<u>\$ 59,332,924</u>	<u>\$ 57,197,908</u>	<u>\$ 48,405,900</u>	<u>\$ 70,344,182</u>	<u>\$ 68,552,067</u>
PRIMARY GOVERNMENT:										
Net investment in capital assets	\$ 183,776,719	\$ 160,281,617	\$ 131,044,468	\$ 127,522,516	\$ 146,033,147	\$ 144,429,292	\$ 123,993,817	\$ 154,807,240	\$ 169,013,730	\$ 175,934,904
Restricted for:										
Debt service	15,713,730	13,598,067	16,139,611	16,912,068	146,033,147	144,429,292	123,993,817	154,807,240	169,013,730	175,934,904
Capital projects	14,197,365	27,488,725	37,163,287	-	-	-	-	-	50,515	-
Other purposes	-	-	-	-	-	-	-	-	1,794,732	-
Federal program	-	-	-	-	-	-	-	1,913,562	10,593	-
Unrestricted	<u>(47,605,221)</u>	<u>(54,793,136)</u>	<u>(63,218,031)</u>	<u>(26,676,500)</u>	<u>(42,394,077)</u>	<u>(35,439,936)</u>	<u>(4,027,424)</u>	<u>(46,979,038)</u>	<u>16,941,195</u>	<u>16,309,686</u>
Primary government net position	<u>\$ 166,082,593</u>	<u>\$ 146,575,273</u>	<u>\$ 121,129,335</u>	<u>\$ 117,758,084</u>	<u>\$ 249,672,217</u>	<u>\$ 253,418,648</u>	<u>\$ 243,960,210</u>	<u>\$ 264,549,004</u>	<u>\$ 356,824,495</u>	<u>\$ 368,179,494</u>

TABLE 2

CITY OF HATTIESBURG, MISSISSIPPI

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES:										
General government	\$ 11,296,096	\$ 8,893,046	\$ 9,706,192	\$ 9,856,181	\$ 10,331,281	\$ 9,454,614	\$ 8,601,383	\$ 11,569,276	\$ 7,641,758	\$ 6,424,709
Public safety	26,353,567	24,956,253	27,025,859	27,096,070	24,554,459	24,876,846	24,355,235	20,821,509	21,476,883	21,339,689
Public services	16,242,403	16,226,202	17,317,329	19,589,388	18,216,227	22,301,631	20,621,611	16,434,765	15,253,508	18,356,293
Other services	1,921,637	1,792,825	1,388,068	1,579,771	1,395,047	1,429,409	980,641	2,093,259	1,847,824	1,751,307
Mass transit	1,969,988	2,343,864	2,154,841	2,380,293	1,802,171	1,901,374	1,861,405	1,217,110	1,203,191	1,104,428
Cultural and recreation	13,918,797	12,163,054	6,393,310	5,565,089	4,893,041	4,336,206	4,298,347	4,323,579	4,039,345	4,481,390
Human/social assistance	584,345	626,487	475,730	576,634	947,143	772,346	746,355	712,985	1,130,925	889,795
Economic development	2,181,782	1,037,317	4,353,707	1,070,757	305,000	255,000	5,319,409	208,115	286,500	160,000
Interest and fiscal charges	2,830,886	2,840,774	2,161,961	1,644,427	960,978	1,119,296	976,120	990,023	893,887	1,089,410
Total governmental activities expenses	<u>77,299,501</u>	<u>70,879,822</u>	<u>70,976,997</u>	<u>69,358,610</u>	<u>63,405,347</u>	<u>66,446,722</u>	<u>67,760,506</u>	<u>58,370,621</u>	<u>53,773,821</u>	<u>55,597,021</u>
BUSINESS-TYPE ACTIVITIES:										
Water and sewer system	18,532,482	18,480,336	16,039,290	17,715,761	17,568,985	16,373,370	18,507,187	31,166,774	14,349,426	10,448,403
Interest and fiscal charges	2,261,973	2,243,984	2,177,472	2,296,933	2,446,012	2,389,665	2,197,054	2,235,365	2,034,814	1,421,749
Total business-type activities expenses	<u>20,794,455</u>	<u>20,724,320</u>	<u>18,216,762</u>	<u>20,012,694</u>	<u>20,014,997</u>	<u>18,763,035</u>	<u>20,704,241</u>	<u>33,402,139</u>	<u>16,384,240</u>	<u>11,870,152</u>
Total primary government expenses	<u>\$ 98,093,956</u>	<u>\$ 91,604,142</u>	<u>\$ 89,193,759</u>	<u>\$ 89,371,304</u>	<u>\$ 83,420,344</u>	<u>\$ 85,209,757</u>	<u>\$ 88,464,747</u>	<u>\$ 91,772,760</u>	<u>\$ 70,158,061</u>	<u>\$ 67,467,173</u>
PROGRAM REVENUES:										
Governmental Activities:										
Charges for services	\$ 2,912,260	\$ 3,283,403	\$ 3,063,373	\$ 2,640,705	\$ 3,986,607	\$ 3,827,142	\$ 4,843,653	\$ 3,854,495	\$ 5,718,952	\$ 4,654,384
Operating grants and contributions	4,738,050	11,008,590	4,212,115	3,814,222	4,433,288	6,598,716	4,886,946	4,614,942	4,783,239	4,988,000
Capital grants and contributions	8,480,701	744,993	2,901,877	2,262,474	1,227,481	1,519,484	437,183	25,901,537	3,669,922	3,185,681
Total governmental activities program revenues	<u>16,131,011</u>	<u>15,036,986</u>	<u>10,177,365</u>	<u>8,717,401</u>	<u>9,647,376</u>	<u>11,945,342</u>	<u>10,167,782</u>	<u>34,370,974</u>	<u>14,172,113</u>	<u>12,828,065</u>
Business-Type Activities:										
Charges for services	25,286,827	23,687,770	23,121,868	21,947,492	22,821,070	20,748,288	20,627,608	17,086,586	16,361,169	14,811,137
Operating grants and contributions	-	356,025	-	-	228,348	-	38,718	-	-	-
Capital grants and contributions	322,567	-	-	-	-	-	-	474,084	1,407,145	3,152,032
Total business-type activities program revenues	<u>25,609,394</u>	<u>24,043,795</u>	<u>23,121,868</u>	<u>21,947,492</u>	<u>23,049,418</u>	<u>20,748,288</u>	<u>20,666,326</u>	<u>17,560,670</u>	<u>17,768,314</u>	<u>17,963,169</u>
Total primary government program revenues	<u>\$ 41,740,405</u>	<u>\$ 39,080,781</u>	<u>\$ 33,299,233</u>	<u>\$ 30,664,893</u>	<u>\$ 32,696,794</u>	<u>\$ 32,693,630</u>	<u>\$ 30,834,108</u>	<u>\$ 51,931,644</u>	<u>\$ 31,940,427</u>	<u>\$ 30,791,234</u>

TABLE 2
PAGE TWO

CITY OF HATTIESBURG, MISSISSIPPI

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROGRAM REVENUES (Cont.):										
Net Revenues (Expenses):										
Governmental activities	\$ (61,168,490)	\$ (55,842,836)	\$ (60,799,632)	\$ (60,641,209)	\$ (53,757,971)	\$ (54,501,380)	\$ (57,592,724)	\$ (23,999,647)	\$ (39,601,708)	\$ (42,768,956)
Business-type activities	4,814,939	3,319,475	4,905,106	1,934,798	3,034,421	1,985,253	(37,915)	(15,841,469)	1,384,074	6,093,017
Total primary government net revenues (expenses)	\$ (56,353,551)	\$ (52,523,361)	\$ (55,894,526)	\$ (58,706,411)	\$ (50,723,550)	\$ (52,516,127)	\$ (57,630,639)	\$ (39,841,116)	\$ (38,217,634)	\$ (36,675,939)
GENERAL REVENUES AND OTHER CHANGES:										
Governmental Activities:										
Property taxes	\$ 25,755,700	\$ 24,974,297	\$ 23,958,334	\$ 23,540,801	\$ 22,260,336	\$ 20,782,953	\$ 19,777,229	\$ 17,947,847	\$ 17,685,196	\$ 17,528,265
Sales taxes	41,536,982	38,178,658	26,071,784	22,767,871	22,688,619	22,440,431	21,824,103	22,375,186	21,777,709	21,596,080
Franchise and other taxes	4,668,067	4,328,609	4,128,012	5,324,082	4,319,076	4,228,559	4,221,931	4,613,330	4,728,782	4,820,407
Grants and contributions (not restricted)	223,005	35,384	63,319	39,254	41,100	98,932	34,000	-	-	4,795
Unrestricted investment earnings	151,528	277,839	459,852	239,531	275,691	227,856	171,400	180,344	181,505	171,405
Other local sources	2,295,430	2,443,770	2,265,825	2,034,815	2,139,629	2,441,347	2,371,106	634,572	454,117	-
Miscellaneous revenues	480,409	3,005,101	492,016	909,020	548,540	1,889,376	3,465,856	664,028	1,002,980	2,256,331
Gain (loss) on sale of assets	27,254	-	2,045	49,277	4,529	1,484	24,104	373,707	77,984	-
Transfers, net	91,492	824,000	500,000	-	500,000	306,908	(56,908)	-	-	-
Transfers, component unit	867,187	5,080,315	111,426	498,201	127,849	24,733	885,597	-	-	-
Total governmental activities	76,097,054	79,147,973	58,052,613	55,402,852	52,905,369	52,442,579	52,718,418	46,789,014	45,908,273	46,377,283
Business-type Activities:										
Unrestricted investment earnings	99,014	154,954	384,563	413,039	300,545	99,295	44,846	13,769	10,144	7,949
Miscellaneous revenues	371,237	121,057	-	-	98,280	200,116	80,270	32,972	207,496	(494,189)
Gain (loss) on sale of assets	(6,063)	-	103,917	120,506	-	-	11,822	-	-	-
Transfers, net	(867,187)	(824,000)	(500,000)	-	(500,000)	(306,908)	56,908	-	-	-
Total business-type activities	(402,999)	(547,989)	(11,520)	533,545	(101,175)	(7,497)	193,846	46,741	217,640	(486,240)
Total primary government general revenues and other changes	75,694,055	78,599,984	58,041,093	55,936,397	52,804,194	52,435,082	52,912,264	46,835,755	46,125,913	45,891,043
CHANGE IN NET POSITION										
Governmental activities	14,928,564	23,305,137	(2,747,019)	(5,238,357)	(852,602)	(2,058,801)	(4,874,306)	22,789,367	6,306,565	3,608,327
Business-type activities	4,411,940	2,771,486	4,893,586	2,468,343	2,933,246	1,977,756	155,931	(15,794,728)	1,601,714	5,606,777
Total primary government	\$ 19,340,504	\$ 26,076,623	\$ 2,146,567	\$ (2,770,014)	\$ 2,080,644	\$ (81,045)	\$ (4,718,375)	\$ 6,994,639	\$ 7,908,279	\$ 9,215,104

TABLE 3

CITY OF HATTIESBURG, MISSISSIPPI
FUND BALANCES - GOVERNMENTAL FUNDS^{(1) (2)}
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nonspendable	\$ 602,799	\$ 558,107	\$ 491,865	\$ 488,309	\$ 440,194	\$ 454,574	\$ 569,541	\$ 435,392	\$ 386,595	\$ 330,950
Restricted	-	-	-	-	-	-	-	-	10,593	-
Committed	-	-	-	-	-	-	-	1,913,562	-	-
Assigned	721,792	881,366	1,009,152	433,854	1,180,819	647,722	636,600	1,051,324	2,587,414	720,979
Unassigned	20,745,467	16,039,658	10,459,184	11,325,345	8,842,361	9,723,508	9,246,396	4,312,475	4,797,067	6,624,690
Total general fund	<u>22,070,058</u>	<u>17,479,131</u>	<u>11,960,201</u>	<u>12,247,508</u>	<u>10,463,374</u>	<u>10,825,804</u>	<u>10,452,537</u>	<u>7,712,753</u>	<u>7,781,669</u>	<u>7,676,619</u>
% Change from Prior Year	26.3%	46.1%	-2.3%	17.1%	-3.3%	3.6%	35.5%	-0.9%	1.4%	-0.9%
Other Governmental Funds:										
Debt service funds										
Restricted	7,674,336	8,610,167	9,766,038	8,817,108	7,169,815	6,162,469	4,100,910	4,067,078	3,764,608	3,403,781
Special revenue funds										
Restricted	13,306,681	10,347,062	3,492,840	2,997,574	3,627,303	3,719,558	8,272,804	2,298,861	1,842,847	1,638,380
Committed	970,123	809,909	1,424,596	1,439,137	1,573,334	1,309,663	1,003,527	1,402,252	1,566,729	1,466,250
Unassigned	(401,986)	(618,953)	(409,860)	94,721	(153,611)	(269,240)	(53,901)	(1,913,562)	(10,593)	-
Capital projects funds										
Restricted	11,319,143	21,339,899	33,543,725	26,544,491	-	104,862	426,237	2,414	2,400	-
Total other governmental funds	<u>32,868,297</u>	<u>40,488,084</u>	<u>47,817,339</u>	<u>39,893,031</u>	<u>12,216,841</u>	<u>11,027,312</u>	<u>13,749,577</u>	<u>5,857,043</u>	<u>7,165,991</u>	<u>6,508,411</u>
Total governmental funds	<u>\$ 54,938,355</u>	<u>\$ 57,967,215</u>	<u>\$ 59,777,540</u>	<u>\$ 52,140,539</u>	<u>\$ 22,680,215</u>	<u>\$ 21,853,116</u>	<u>\$ 24,202,114</u>	<u>\$ 13,569,796</u>	<u>\$ 14,947,660</u>	<u>\$ 14,185,030</u>
% Change from Prior Year	-5.2%	-3.0%	14.6%	129.9%	3.8%	-9.7%	78.4%	-9.2%	5.4%	-3.3%

(1) This schedule reports using the modified accrual basis of accounting. See Table 4 for changes in fund balances from year to year.

(2) Under GASB Statement No. 54 the balance sheet reporting categories are based upon a hierarchy of classifications based upon the constraints on resources reported in the funds.

The City's debt service and capital project fund balances are presented as restricted due to the underlying statutory spending requirements in Mississippi applicable to debt repayment resources and debt proceeds.

TABLE 4

CITY OF HATTIESBURG, MISSISSIPPI
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUE:										
Property taxes	\$ 25,496,691	\$ 24,620,679	\$ 23,894,700	\$ 22,681,906	\$ 21,960,274	\$ 20,359,735	\$ 19,431,748	\$ 17,786,031	\$ 17,761,953	\$ 17,166,167
Sales taxes	41,273,931	37,114,919	25,616,472	23,466,400	22,685,867	22,443,414	21,893,993	22,326,946	21,654,593	21,502,243
Licenses and permits	4,471,382	4,147,534	3,977,940	4,199,022	4,128,281	4,035,805	4,098,361	4,436,024	4,458,451	4,526,547
Fines and forfeitures	797,930	1,144,880	887,901	842,406	1,228,565	1,301,651	1,682,040	2,233,379	1,895,137	1,786,960
Interest, rents, concessions	239,678	340,214	580,153	301,539	236,519	267,967	102,171	107,701	119,886	158,110
Intergovernmental	13,839,941	13,984,573	7,527,343	7,031,206	7,348,343	10,190,234	10,390,045	4,751,144	8,484,671	8,480,909
Charges for services	2,765,542	2,752,731	2,827,886	3,480,832	2,984,753	2,585,219	2,661,173	2,494,796	2,570,846	2,586,517
Other revenues	643,017	2,953,001	2,150,765	1,054,970	694,686	1,060,847	1,069,997	2,845,545	1,160,908	1,408,970
Total revenues	<u>89,528,112</u>	<u>87,058,531</u>	<u>67,463,160</u>	<u>63,058,281</u>	<u>61,267,288</u>	<u>62,244,872</u>	<u>61,329,528</u>	<u>56,981,566</u>	<u>58,106,445</u>	<u>57,616,423</u>
% Change from prior year	2.8%	29.0%	7.0%	2.9%	-1.6%	1.5%	7.6%	-1.9%	0.9%	6.0%
EXPENDITURES:										
General government	17,530,040	8,275,236	8,632,566	8,962,684	9,153,798	10,993,323	14,721,956	8,318,077	7,045,870	6,227,218
Public safety	29,393,324	34,928,718	36,428,826	28,464,357	22,658,017	23,163,301	23,608,888	20,149,021	20,861,852	21,433,140
Public services	25,758,098	21,601,233	17,313,230	14,960,568	15,364,390	17,980,097	14,762,421	14,389,762	14,639,074	15,680,396
Other services	2,550,036	1,690,064	4,027,278	2,506,484	2,450,199	2,286,430	2,398,528	3,905,401	2,545,714	2,143,005
Mass transit	1,882,615	1,844,163	1,812,822	2,879,909	1,705,775	1,487,305	1,209,658	977,307	1,375,538	1,110,275
Cultural and recreation	14,013,036	13,105,995	5,738,746	4,499,734	3,987,521	4,113,007	4,292,584	4,015,886	4,105,118	4,512,676
Human/Social assistance	522,631	869,234	592,384	719,143	537,870	924,065	961,856	954,584	1,116,530	870,323
Economic development	2,181,782	1,027,108	4,303,846	1,463,626	305,000	255,000	5,319,409	208,115	2,464,222	160,000
Capital outlays	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	3,448,171	3,946,648	4,487,087	3,173,778	4,142,355	3,858,694	10,325,679	5,198,449	5,356,375	5,753,744
Interest and fiscal charges	2,925,236	3,003,771	2,407,749	1,582,433	3,214,294	1,446,252	818,052	1,018,199	987,934	1,153,639
Total expenditures	<u>100,204,969</u>	<u>90,292,170</u>	<u>85,744,534</u>	<u>69,212,716</u>	<u>63,519,219</u>	<u>66,507,474</u>	<u>78,419,031</u>	<u>59,134,801</u>	<u>60,498,227</u>	<u>59,044,416</u>
% Change from prior year	11.0%	5.3%	23.9%	9.0%	-4.5%	-15.2%	32.6%	-2.3%	2.5%	-9.8%
EXCESS OF REVENUE (UNDER)										
EXPENDITURES	(10,676,857)	(3,233,639)	(18,281,374)	(6,154,435)	(2,251,931)	(4,262,602)	(17,089,503)	(2,153,235)	(2,391,782)	(1,427,993)
OTHER FINANCING SOURCES (USES):										
Proceeds from long-term debt	-	-	25,863,151	34,191,292	444,291	-	24,817,411	-	-	-
Proceeds from leases	6,644,530	-	-	-	-	-	-	-	-	-
Bond issuance professional fees	-	-	(622,825)	(597,054)	-	-	-	-	-	-
Proceeds from sale of capital assets	42,289	19,161	2,045	49,277	-	-	-	-	-	-
Compensation for loss of capital assets	-	-	-	275,365	-	-	-	-	-	-
Transfers from other funds	4,623,024	3,721,321	5,375,526	5,192,145	5,093,226	4,072,890	3,699,759	3,540,140	4,112,759	4,326,191
Transfers to other funds	(3,755,837)	(2,897,321)	(4,875,526)	(5,192,145)	(4,593,226)	(3,765,982)	(3,631,543)	(3,215,016)	(3,713,424)	(3,307,283)
Other sources	93,994	106,128	176,004	71,626	2,364,217	1,606,696	2,836,194	450,247	2,755,077	119,492
Net other financing sources	<u>7,648,000</u>	<u>949,289</u>	<u>25,918,375</u>	<u>33,990,506</u>	<u>3,308,508</u>	<u>1,913,604</u>	<u>27,721,821</u>	<u>775,371</u>	<u>3,154,412</u>	<u>1,138,400</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,028,857)</u>	<u>\$ (2,284,350)</u>	<u>\$ 7,637,001</u>	<u>\$ 27,836,071</u>	<u>\$ 1,056,577</u>	<u>\$ (2,348,998)</u>	<u>\$ 10,632,318</u>	<u>\$ (1,377,864)</u>	<u>\$ 762,630</u>	<u>\$ (289,593)</u>
Debt service as % of non-capital expenditures	6.8%	8.3%	8.7%	7.4%	13.1%	8.7%	16.6%	11.7%	11.7%	13.2%

See independent auditor's report.

TABLE 5

CITY OF HATTIESBURG, MISSISSIPPI

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Taxes (City's Share)</u>	<u>Total - Property and Sales Taxes</u>	<u>Gross Sales Subject to Sales Taxes (Per State Sales Tax Bureau)</u>
2022	\$ 25,496,691	\$ 41,273,931	\$ 41,273,931	\$ 4,039,532,481
2021	24,620,679	37,114,919	37,114,919	3,718,480,886
2020	23,894,700	25,616,472	49,511,172	3,324,887,711
2019	22,681,906	23,466,400	46,148,306	4,489,602,379
2018	21,960,274	22,685,867	44,646,141	4,355,905,873
2017	20,359,735	22,408,645	42,768,380	4,150,726,114
2016	19,431,748	21,862,011	41,293,759	4,071,245,759
2015	17,786,031	22,301,782	40,087,813	3,675,561,903
2014	17,761,953	21,630,769	39,392,722	3,650,169,764
2013	17,166,167	21,474,084	38,640,251	1,777,513,216
% Change in dollars over the 10 year period	3.56%	11.21%	11.21%	8.63%

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

Gross Sales Subject to Sales Taxes By County - Forrest			Gross Sales Subject to Sales Taxes By County - Lamar			Component Unit - 2% Food & Beverage Tax		
		(%)		(%)				
\$	2,404,104,345	60%	\$	1,635,428,136	40%	\$	6,709,664	
	2,198,190,661	59%		1,520,290,225	41%		6,381,526	
	2,013,594,249	61%		1,311,293,462	39%		5,919,339	
	2,676,657,067	60%		1,812,945,312	40%		6,381,526	
	2,591,355,312	59%		1,764,550,561	41%		5,387,604	
	2,418,705,512	58%		1,732,020,602	42%		5,224,823	
	2,321,862,820	57%		1,749,382,939	43%		4,849,927	
	2,103,530,476	57%		1,572,031,427	43%		4,825,364	
	2,128,804,157	58%		1,521,365,607	42%		4,636,322	
	907,039,107	51%		870,474,109	49%		4,619,521	
		9.37%			7.57%			5.14%

TABLE 6

CITY OF HATTIESBURG, MISSISSIPPI

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

FORREST COUNTY:

Year Ended Sept. 30,	Tax Roll Year	City of Hattiesburg				Hattiesburg School District			Forrest County Taxes	Total
		Operations	City Bond & Interest	Other (Library & Pension Fund)	City-Total	Hattiesburg School District Operations	School Bond & Interest Taxes	Schools-Total		
2013	2012	34.65	7.00	5.77	47.42	58.50	7.73	66.23	57.08	170.73
2014	2013	34.60	7.00	5.82	47.42	56.54	8.35	64.89	61.18	173.49
2015	2014	34.60	7.00	5.82	47.42	56.54	8.35	64.89	61.18	173.49
2016	2015	37.60	7.00	4.92	49.52	57.45	7.44	64.89	63.17	177.58
2017	2016	36.20	7.50	5.82	49.52	57.45	8.35	65.80	65.19	180.51
2018	2017	42.30	5.80	5.28	53.38	55.00	7.10	62.10	66.19	181.67
2019	2018	44.10	4.00	5.03	53.13	56.60	7.50	64.10	65.70	182.93
2020	2019	44.33	4.00	4.80	53.13	56.60	7.50	64.10	65.06	182.29
2021	2020	43.85	4.50	4.78	53.13	58.33	7.75	66.08	65.50	184.71
2022	2021	43.32	5.00	4.81	53.13	58.33	7.75	66.08	65.50	184.71

LAMAR COUNTY:

Year Ended Sept. 30,	Tax Roll Year	City of Hattiesburg				Hattiesburg School District			Lamar County Taxes	Total
		Operations	City Bond & Interest	Other (Library & Pension Fund)	City - Total	Hattiesburg School District Operations	School Bond & Interest Taxes	Schools-Total		
2013	2012	34.65	7.00	5.77	47.42	58.50	7.73	66.23	50.83	164.48
2014	2013	34.60	7.00	5.82	47.42	56.54	8.35	64.89	50.83	163.14
2015	2014	34.60	7.00	5.82	47.42	56.54	8.35	64.89	50.65	162.96
2016	2015	37.60	7.00	4.92	49.52	57.45	7.44	64.89	50.65	165.06
2017	2016	36.20	7.50	5.82	49.52	57.45	8.35	65.80	54.17	169.49
2018	2017	42.30	5.80	5.28	53.38	55.00	7.10	62.10	53.38	168.86
2019	2018	44.10	4.00	5.03	53.13	56.60	7.50	64.10	53.00	170.23
2020	2019	44.33	4.00	4.80	53.13	56.60	7.50	64.10	51.00	168.23
2021	2020	43.85	4.50	4.78	53.13	58.33	7.75	66.08	52.40	171.61
2022	2021	43.32	5.00	4.81	53.13	58.33	7.75	66.08	53.00	172.21

See independent auditor's report.

TABLE 7

CITY OF HATTIESBURG, MISSISSIPPI

**TOP TEN PROPERTY TAXPAYERS
PROPERTY TAXES ASSESSED IN FISCAL YEAR 2021, COLLECTED FISCAL YEAR 2022**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessment</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxes</u>
Mississippi Power	Public Utility	\$ 13,312,086	2.7%	\$ 707,271
Western Container	Industrial	14,356,936	2.9%	273,643
Merit Health - Wesley	Health Care	3,905,477	0.8%	208,451
Bell South Communications	Public Utility	10,925,397	2.2%	174,502
Hattiesburg Clinic	Health Care	18,474,260	3.8%	172,214
Kohler Company	Industrial	3,114,663	0.6%	164,660
Hattiesburg Breckenridge	Commercial	2,640,971	0.5%	140,975
SPG Holdings	Industrial	25,152,012	5.1%	133,491
TNHYIF Reiv Golf LLC	Commercial	1,865,400	0.4%	98,701
Pointe Properties LLC	Commercial	<u>1,831,470</u>	0.4%	97,853
Total of top ten taxpayers		95,578,672	19.5%	
Tax roll total - all other taxpayers		<u>394,475,274</u>	80.5%	
Total taxable assessed values for FY 2022		<u><u>\$ 490,053,946</u></u>	100.0%	

See independent auditor's report.

TABLE 8

CITY OF HATTIESBURG, MISSISSIPPI

**COMPUTATION OF LEGAL DEBT MARGIN USING MOST CURRENT TAX ROLLS
SEPTEMBER 30, 2022**

	<u>15% Test</u>	<u>20% Test</u>
Property tax base valuation as prepared by Tax Assessors during the summer months of 2021 for Property Taxes to be Collected in FY 2022	\$ 490,053,946	\$ 490,053,946
Times Applicable %	<u>X 15%</u>	<u>X 20%</u>
Product of Tax Base Times Applicable Percentage	(a) <u>73,508,092</u>	<u>98,010,789</u>
Present General Obligation Debt Subject to Statutory Debt Limits:		
General obligation bonds outstanding at September 30, 2022	58,212,478	58,212,478
Less: exempt bonds	(10,206,247)	(10,206,247)
Add: water and sewer general obligation bonds	n/a	2,860,000
Total general obligation debt outstanding	(b) <u>48,006,231</u>	<u>50,866,231</u>
Margin for Additional General Obligation Debt - (a) minus (b)	<u>\$ 25,501,861</u>	<u>\$ 47,144,558</u>

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

The municipality is limited to the smaller of the two calculated percentages, and as of September 30, 2022 the 15% test would apply with a calculated margin for additional general obligation debt in the amount of \$25,501,861.

TABLE 9

CITY OF HATTIESBURG, MISSISSIPPI

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

Year Ended Sept. 30,	Population	Assessed Value	Bonded General Obligation Debt	Less: Bonded Debt Service Funds Available	Net Bonded General Obligation Debt	Ratio of G.O. Bonded Debt to Assessed Values	Net General Obligation Debt Per Capita
2013	47,169	\$ 416,993,266	\$ 26,217,567	\$ 3,403,781	\$ 22,813,786	5.47%	484
2014	46,379	425,665,993	25,100,170	3,764,608	21,335,562	5.01%	460
2015	46,396	417,449,613	21,463,521	4,067,078	17,396,443	4.17%	375
2016	46,481	426,507,409	23,295,987	4,100,910	19,195,077	4.50%	413
2017	46,377	457,006,290	25,777,493	6,162,469	19,615,024	4.29%	423
2018	46,377	453,836,138	20,896,272	5,973,993	14,922,279	3.29%	322
2019	45,951	461,766,340	52,652,897	8,817,108	43,835,789	9.49%	954
2020	45,863	470,634,425	74,400,767	9,766,038	64,634,729	13.73%	1,409
2021	48,731	483,133,099	70,675,144	8,610,167	62,064,977	12.85%	1,274
2022	48,455	490,053,946	67,695,201	7,674,336	60,020,865	12.25%	1,239

See independent auditor's report.

TABLE 10

CITY OF HATTIESBURG, MISSISSIPPI

**WATER AND SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

<u>Year Ended Sept. 30,</u>	<u>Gross Revenues</u>	<u>Expenses</u>	<u>Net Revenues Available for Debt Service</u>	<u>Required Ratio Based Upon Applicable % Times Prescribed Annual P & I</u>	<u>Debit Service Requirement Calculated with Applicable %</u>	<u>Coverage Ratio</u>
2013	\$ 14,890,384	\$ 12,178,164	\$ 2,712,220	105% of P & I	(1) \$ 2,585,546	1.05
2014	16,578,810	11,838,903	4,739,907	105% of P & I	(2) 3,116,786	1.52
2015	17,133,327	10,623,572	6,509,755	105% of P & I	(2) 3,864,394	1.68
2016	20,803,264	15,625,973	5,177,291	105% of P & I	(2) 3,854,944	1.34
2017	21,505,356	14,641,407	6,863,949	105% of P & I	(3) 5,042,769	1.36
2018	21,921,474	15,596,114	6,325,360	105% of P & I	(3) 5,041,892	1.25
2019	22,481,037	16,146,149	6,334,888	105% of P & I	(3) 5,134,594	1.23
2020	23,610,348	14,287,617	9,322,731	105% of P & I	(3) 5,187,550	1.80
2021	24,319,807	17,060,353	7,259,454	105% of P & I	(4) 6,221,986	1.17
2022	26,079,645	17,261,617	8,818,028	105% of P & I	(4) 6,790,010	1.30

(1) Calculations based upon debt service for the 2006 and 2012 Revenue Bonds.

(2) Calculations based upon debt service for the 2006, 2012, and 2013 Revenue Bonds.

(3) Calculations based upon debt service for the 2006, 2012 and 2013 Revenue Bonds.

(4) Calculations based upon debt service for 2021 Refunding Bonds and remaining uncalleable bonds for 2013 & 2016 Revenue Bonds.

See independent auditor's report.

TABLE 11

CITY OF HATTIESBURG, MISSISSIPPI

DEMOGRAPHIC STATISTICS

<u>Year</u>	<u>Hattiesburg</u>	<u>Forrest County</u>	<u>Hattiesburg MSA</u>
2000	44,779	72,727	111,674
2001	45,088	73,184	113,179
2002	45,538	73,916	114,438
2003	45,779	73,465	115,849
2004	45,988	74,565	117,599
2005	47,598	76,056	119,135
2006	48,012	76,372	123,102
2007	48,012	78,241	126,259
2008	48,012	79,425	128,546
2009	48,012	81,078	143,093
2010	53,582	75,007	143,093
2011	45,989	75,798	144,666
2012	46,626	75,842	142,842
2013	17,169	76,894	148,675
2014	14,016	76,330	147,835
2015	46,396	75,643	148,655
2016	46,481	75,637	149,016
2017	46,377	75,471	148,719
2018	46,377	75,036	149,414
2019	45,951	75,263	150,191
2020	45,863	74,897	168,849
2021	48,731	78,163	171,783
2022	48,455	78,110	170,927

Demographic Age Groupings Projected Based On Census 2020 Totals:

<u>Age</u>	<u>Hattiesburg 2020</u>	<u>Forrest County 2020</u>
0 - 17 Years	10,030	17,497
18 - 34 Years	18,789	23,771
35 - 64 Years	13,287	25,750
Over 65 Years	6,349	11,092
% Population 18 - 64 Years	66.20%	63.40%
% Population over 65 Years	13.10%	14.20%

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

TABLE 12

CITY OF HATTIESBURG, MISSISSIPPI

CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	Employees	Employees	Employees	Employees	Employees	Employees	Employees	Employees	Employees	Employees
Governmental Activities:										
<i>General Fund:</i>										
City Council	7	7	7	7	7	8	7	7	7	8
Department of Administration	33	34	30	34	30	35	34	37	36	33
Urban Planning:										
Planning	9	9	9	12	13	11	10	10	9	9
Intermodal Facility	-	-	-	-	-	-	-	-	-	-
Metropolitan Planning	3	4	2	5	5	5	6	6	4	4
Federal Programs Administration	-	-	-	-	1	2	4	3	2	1
Code Enforcement	11	13	11	13	13	10	13	11	13	13
Public Safety:										
City Courts	21	22	20	20	20	16	12	16	19	19
Police - Officers	101	97	111	105	107	96	100	99	113	111
Police Department - Non-Sworn	56	50	52	62	67	63	64	63	62	61
Fire Department - Firefighters	116	122	124	125	112	107	99	99	104	112
Fire Department - Other than Firefighters	6	6	4	5	5	5	5	5	6	6
Other Public Safety	1	1	1	1	1	1	1	1	1	1
Public Services:										
Traffic Maintenance	6	6	5	8	8	9	7	9	10	7
Streets	15	16	17	21	28	42	41	38	41	42
Engineering	7	8	8	7	6	5	6	6	7	7
Shop	6	6	7	8	8	11	11	12	12	11
Construction	9	11	10	17	16	16	16	16	15	16
Sanitation	28	32	31	27	36	30	34	33	32	34
Other Public Services	23	24	24	28	18	26	23	26	23	26
Animal Control	2	3	3	4	4	4	4	4	4	4
Cemetery and Forestry	13	13	13	16	15	14	18	18	18	18
Parking Operations	2	4	5	4	9	10	10	8	8	8
Total General Fund	475	488	494	529	529	526	525	527	546	551
<i>Other Governmental Funds:</i>										
Parks and Recreation	32	36	37	42	36	32	39	37	37	34
Community Centers	13	13	13	13	13	13	14	13	14	14
Mass Transit	23	22	22	22	18	16	15	17	16	15
CDBG	4	5	4	3	4	4	4	5	4	5
Total Governmental Activities	547	564	570	609	600	591	597	599	617	619

See independent auditor's report.

TABLE 12
PAGE TWO

CITY OF HATTIESBURG, MISSISSIPPI

CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>
Business-type Activities:										
Water and Sewer System:										
Customer Accounts	14	14	15	14	13	13	13	13	12	10
Water - Plant and Transmission	28	24	27	30	29	30	34	33	34	31
Sewers and Lagoons	12	14	11	15	17	17	22	22	20	21
Total Business-type Activities	<u>54</u>	<u>52</u>	<u>53</u>	<u>59</u>	<u>59</u>	<u>60</u>	<u>69</u>	<u>68</u>	<u>66</u>	<u>62</u>
Total Primary Government	<u>601</u>	<u>616</u>	<u>623</u>	<u>668</u>	<u>659</u>	<u>651</u>	<u>666</u>	<u>667</u>	<u>683</u>	<u>681</u>

See independent auditor's report.

TABLE 13

CITY OF HATTIESBURG, MISSISSIPPI

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

Year Ended Sept. 30,	Commercial Construction		Residential Construction		Hattiesburg MSA Bank Deposits (000's omitted)	Total assessed Valuation
	Permits Issued	Value	Permits Issued	Value		
2013	272	\$ 62,005,982	643	\$ 13,806,903	\$ 2,516,268	\$ 416,993,266
2014	493	50,008,704	1062	45,109,175	2,597,524	425,665,993
2015	612	52,733,055	964	16,202,669	2,727,971	417,449,613
2016	622	92,385,429	847	17,623,035	2,727,360	426,507,409
2017	576	219,926,473	899	21,656,544	2,897,772	457,006,290
2018	760	325,811,798	1392	21,176,351	2,955,425	453,836,138
2019	1216	89,338,477	315	11,632,463	3,040,214	461,766,340
2020	335	70,736,655	495	16,522,887	3,788,921	470,364,425
2021	294	31,023,216	570	16,749,543	4,337,747	483,113,099
2022	297	95,526,235	726	24,411,524	4,452,109	490,053,946

See independent auditor's report.

TABLE 14

CITY OF HATTIESBURG, MISSISSIPPI

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	4	4	4	4	4	4	4	4	4	4
Fire:										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	2159	2159	2159	2159	2159	2159	2159	2159	2159	1950
Solid Waste Management:										
Trucks	24	24	24	24	24	24	24	24	24	24
<i>(The City is a member of a regional landfill authority)</i>										
Parks and Recreation:										
Zoo	1	1	1	1	1	1	1	1	1	1
Soccer/tennis/softball complex	1	1	1	1	1	1	1	1	1	1
Baseball/softball facilities	4	4	4	4	4	4	4	4	4	4
Water:										
Pumping capacity (gallons per minute)	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM	17,500 GPM
Average daily water pumping capacity (gallons)	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD	22,000,000 GPD
Average daily water pumped (gallons)	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	11,700,000 GPD	10,800,000 GPD
Miles of water mains - 6" through 20"	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles	295 miles
Miles of water mains - 4" or less	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	82 miles	50 miles
Number of wells	13	13	13	13	13	13	13	13	13	13
Water storage tanks	9	9	9	9	9	9	9	9	9	9
Sewer:										
Miles of sewer collection mains	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles
Average daily treatment (million gallons per day):										
South lagoon	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	9.47 MGD	11.1 MGD
North lagoon	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.98 MGD	1.6 MGD
Total average daily treatment	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	11.45 MGD	12.7 MGD
Permitted treatment capacity	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD	24 MGD
Streets:										
Miles of paved streets	354 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	352 miles	351 miles
Miles of unpaved streets	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	0 miles	1 mile
Area of City - square miles	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4

See independent auditor's report.

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ADOPTED BUDGET FOR FISCAL YEAR 2024

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There came on for consideration at a duly constituted meeting of the Mayor and Members of the City Council of the City of Hattiesburg, Mississippi, held on the 5th day of **September, 2023**, the following Resolution:

RESOLUTION 2023-125

A RESOLUTION TO ADOPT THE BUDGET FOR THE CITY OF HATTIESBURG, MISSISSIPPI FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2023 AND ENDING SEPTEMBER 30, 2024

WHEREAS, the governing authorities of the City of Hattiesburg, Mississippi, are required by Section 21-35-9 of the Mississippi Code of 1972, to approve and adopt the budget for the City of Hattiesburg, Mississippi, for the fiscal year beginning October 1, 2023 and ending September 30, 2024:

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE MAYOR AND COUNCIL OF THE CITY OF HATTIESBURG, MISSISSIPPI:

Section 1. That the budget for the fiscal year 2023-2024 for the City of Hattiesburg be and the same is hereby approved and adopted.

Section 2. That public interest and necessity requiring same, this resolution shall become effective immediately from and after passage.

The above and foregoing Resolution, after having been first reduced to writing, was introduced by Council Member Ware, seconded by Council Member Delgado, and was adopted by the following, to wit;


<u>YEAS:</u>	<u>NAYS:</u>	<u>ABSENT:</u>
George	None	None
Delgado		
Carroll (<i>via teleconference</i>)		
Ware		
Brown		

The President thereby declared the motion carried and the Resolution adopted this the 5th day of **September, 2023**.

(S E A L)

ATTEST:


CLERK OF COUNCIL

ADOPTED:

COUNCIL PRESIDENT

The above and foregoing Resolution, having been submitted to and approved by the Mayor, this the 5th day of **September, 2023**.

ATTEST:

CITY CLERK

APPROVED:

MAYOR

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
<u>Revenues & Req. Cash Balance:</u>									
Taxes -Other	23,500	\$23,500	\$15,000		\$15,000		\$15,000	-\$8,500	-36.2%
Licenses & Permits	4,387,020	4,387,020	4,972,620		\$4,972,620		\$4,972,620	\$585,600	13.3%
Intergovernmental Revenues:									
Federal	1,956,751	3,241,013	2,764,314		\$2,764,314		\$2,764,314	\$807,563	41.3%
State	428,528	428,528	450,391		\$450,391		\$450,391	\$21,863	5.1%
State-Shared	26,063,063	26,063,063	27,797,654		\$27,797,654		\$27,797,654	\$1,734,591	6.7%
County/City Shared	3,000	3,000	16,000		\$16,000		\$16,000	\$13,000	433.3%
Charges for Services:									
Public Safety	275,000	275,000	285,000		\$285,000		\$285,000	\$10,000	3.6%
Streets					\$0		\$0	\$0	#DIV/0!
Sanitation	2,325,800	2,325,800	2,355,800		\$2,355,800		\$2,355,800	\$30,000	1.3%
Misc.							\$0	\$0	#DIV/0!
Fines & Forf.	934,000	934,000	931,000		\$931,000		\$931,000	-\$3,000	-0.3%
Misc. Revenues	442,800	442,800	426,600		\$426,600		\$426,600	-\$16,200	-3.7%
Transfers-In	1,284,000	1,285,255	1,294,000		\$1,294,000		\$1,294,000	\$10,000	0.8%
Non-Revenue Receipts	473,700	473,700	368,700		\$368,700		\$368,700	-\$105,000	-22.2%
TOTAL REVENUES EXCLUSIVE OF									
PROPERTY TAXES	\$38,597,162	\$39,882,679	\$41,677,079	\$0	\$41,677,079	\$0	\$41,677,079	\$3,079,917	8.0%
Beg. Fund Balance	19,000,000	19,130,736	20,000,000		\$20,000,000		20,000,000	\$1,000,000	5.3%
Less Reserve for Court Technology					\$0		0	\$0	#DIV/0!
Less Reserve for Public Safety Complex					\$0		0	\$0	#DIV/0!
Property Tax Levy	19,600,000	19,600,000	21,400,000		\$21,400,000		21,400,000	\$1,800,000	9.2%
TOTAL AVAIL. REVENUES	\$77,197,162	\$78,613,415	\$83,077,079	\$0	\$83,077,079	\$0	\$83,077,079	\$5,879,917	7.6%
<u>THE GENERAL FUND EXPENDITURE BUDGETS:</u>									
City Council									
Personnel	\$387,080	\$387,080	\$399,990		\$399,990		\$399,990	12,910	3.3%
Supplies & Expenses	3,400	3,400	3,400		\$3,400		3,400	0	0.0%
Other Services & Charges	244,500	242,700	244,500		\$244,500		244,500	0	0.0%
Capital Outlays	6,000	9,500	6,000		\$6,000		6,000	0	0.0%
Total - City Council	\$640,980	\$642,680	\$653,890	\$0	\$653,890	\$0	\$653,890	\$12,910	2.0%
City Court									
Personnel	\$1,211,430	\$1,236,460	\$1,319,650		\$1,319,650		\$1,319,650	108,220	8.9%
Supplies & Expenses	33,180	100,074	70,274		\$70,274		70,274	37,094	111.8%
Other Services & Charges	669,462	750,733	564,506		\$564,506		564,506	-104,956	-15.7%
Capital Outlays					\$0		0	0	
Total - City Court	\$1,914,072	\$2,087,267	\$1,954,430	\$0	\$1,954,430	\$0	\$1,954,430	\$40,358	2.1%
Mayor/Admin.									
Personnel	\$936,690	\$942,265	\$946,800		\$946,800		\$946,800	10,110	1.1%
Supplies & Expenses	23,050	23,050	23,050		\$23,050		23,050	0	0.0%
Other Services & Charges	233,469	233,469	248,400		\$248,400		248,400	14,931	6.4%
Capital Outlays	4,500	32,000	4,500		\$4,500		4,500	0	
Total - Mayor/Admin.	\$1,197,709	\$1,230,784	\$1,222,750	\$0	\$1,222,750	\$0	\$1,222,750	\$25,041	2.1%

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY '24 VS. FY '23	% INCREASE (DECREASE) FY '24 VS. FY '23
Elections									
Personnel						\$0			
Supplies & Expenses						\$0	0	0	#DIV/0!
Other Services & Charges						\$0	0	0	#DIV/0!
Capital Outlays						\$0			
Total - Elections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Muni. Clerk									
Personnel	\$205,460	\$207,350	\$209,150		\$209,150		\$209,150	3,690	1.8%
Supplies & Expenses	4,150	4,150	4,150		\$4,150		4,150	0	0.0%
Other Services & Charges	49,800	49,800	49,800		\$49,800		49,800	0	0.0%
Capital Outlays					\$0		0	0	#DIV/0!
Total - Muni Clerk	\$259,410	\$261,300	\$263,100	\$0	\$263,100	\$0	\$263,100	\$3,690	1.4%
Accounting									
Personnel	\$361,350	\$361,350	\$366,200		\$366,200		\$366,200	4,850	1.3%
Supplies & Expenses	6,300	6,300	6,500		\$6,500		6,500	200	3.2%
Other Services & Charges	5,100	5,100	5,700		\$5,700		5,700	600	11.8%
Capital Outlays					\$0		0	0	#DIV/0!
Total - Accounting	\$372,750	\$372,750	\$378,400	\$0	\$378,400	\$0	\$378,400	\$5,650	1.5%
Purchasing									
Personnel	\$137,090	\$137,090	\$152,630		\$152,630		\$152,630	15,540	11.3%
Supplies & Expenses	2,750	2,750	2,750		\$2,750		2,750	0	0.0%
Other Services & Charges	2,984	3,784	3,284		\$3,284		3,284	300	10.1%
Capital Outlays					\$0		0	0	
Total - Purchasing	\$142,824	\$143,624	\$158,664	\$0	\$158,664	\$0	\$158,664	\$15,840	11.1%
City Attorney									
Personnel	\$96,240	\$96,240	\$96,660		\$96,660		\$96,660	420	0.4%
Supplies & Expenses	100	100	100		\$100		100	0	
Other Services & Charges	600	600	600		\$600		600	0	0.0%
Capital Outlays					\$0		0	0	
Total - City Attorney	\$96,940	\$96,940	\$97,360	\$0	\$97,360	\$0	\$97,360	\$420	0.4%
Human Resources									
Personnel	\$260,185	\$260,185	\$265,200		\$265,200		\$265,200	5,015	1.9%
Supplies & Expenses	7,800	7,800	7,800		\$7,800		7,800	0	0.0%
Other Services & Charges	5,600	5,600	5,600		\$5,600		5,600	0	0.0%
Capital Outlays					\$0		0	0	
Total - Human Resources	\$273,585	\$273,585	\$278,600	\$0	\$278,600	\$0	\$278,600	\$5,015	1.8%
Loss Control									
Personnel	\$124,270	\$122,380	\$126,910		\$126,910		\$126,910	2,640	2.1%
Supplies & Expenses	6,000	6,000	6,000		\$6,000		6,000	0	0.0%
Other Services & Charges	3,700	3,700	3,700		\$3,700		3,700	0	0.0%
Capital Outlays					\$0		0	0	#DIV/0!
Total - Loss Control	\$133,970	\$132,080	\$136,610	\$0	\$136,610	\$0	\$136,610	\$2,640	2.0%

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY '24 VS. FY '23	% INCREASE (DECREASE) FY '24 VS. FY '23
Urban Development									
Personnel	\$574,090	\$616,880	\$634,940		\$634,940		\$634,940	60,850	10.6%
Supplies & Expenses	24,945	26,195	24,945		\$24,945		24,945	0	0.0%
Other Services & Charges	134,180	134,180	134,180		\$134,180		134,180	0	0.0%
Capital Outlays					\$0		0	0	
Total - Urban Dev.	\$733,215	\$777,255	\$794,065	\$0	\$794,065	\$0	\$794,065	\$60,850	8.3%
Information Systems									
Personnel	\$296,630	\$296,630	\$346,300		\$346,300		\$346,300	49,670	16.7%
Supplies & Expenses	39,100	39,100	39,100		\$39,100		39,100	0	0.0%
Other Services & Charges	866,000	936,000	821,000		\$821,000		821,000	-45,000	-5.2%
Capital Outlays	40,000	40,000	40,000		\$40,000		40,000	0	0.0%
Total - Inf. Systems	\$1,241,730	\$1,311,730	\$1,246,400	\$0	\$1,246,400	\$0	\$1,246,400	\$4,670	0.4%
Gen. Gov't Building									
Personnel								0	
Supplies & Expenses	21,400	23,900	24,000		\$24,000		24,000	2,600	12.1%
Other Services & Charges	177,600	177,600	177,600		\$177,600		177,600	0	0.0%
Capital Outlays					\$0	0	0	0	
Total - Gen. Gov't Building	\$199,000	\$201,500	\$201,600	\$0	\$201,600	\$0	\$201,600	\$2,600	1.3%
Gen. Gov't - Depot Facility O & M									
Personnel					\$0		\$0	0	
Supplies & Expenses	13,300	13,300	13,300		\$13,300		13,300	0	0.0%
Other Services & Charges	84,700	84,700	84,700		\$84,700		84,700	0	0.0%
Capital Outlays		89,000			\$0		0	0	
Total - Gen. Gov't Building	\$98,000	\$187,000	\$98,000	\$0	\$98,000	\$0	\$98,000	\$0	0.0%
Metro Planning									
Personnel	\$237,130	\$237,130	\$202,570		\$202,570		\$202,570	-34,560	-14.6%
Supplies & Expenses	13,150	13,150	13,150		\$13,150		13,150	0	0.0%
Other Services & Charges	245,250	245,250	245,250		\$245,250		245,250	0	0.0%
Capital Outlays		100	0		\$0		0	0	
Total - Metro Planning	\$495,530	\$495,630	\$460,970	\$0	\$460,970	\$0	\$460,970	-\$34,560	-7.0%
Gen. Gov't Insurance/Other serv.									
Personnel					\$0		\$0	0	#DIV/0!
Supplies & Expenses	1,000	1,000	1,000		\$1,000		1,000	0	0.0%
Other Services & Charges	2,988,800	3,583,800	3,323,100		\$3,323,100		3,323,100	334,300	11.2%
Capital Outlays					\$0		0	0	
Total - Gen. Gov't Insur/other Serv.	\$2,989,800	\$3,584,800	\$3,324,100	\$0	\$3,324,100	\$0	\$3,324,100	\$334,300	11.2%
Federal Programs Administration									
Personnel	49,370	\$76,380	\$85,140		\$85,140		85,140	35,770	72.5%
Supplies & Expenses	2,900	\$2,900	\$3,500		\$3,500		3,500	600	20.7%
Other Services & Charges	328,239	\$1,048,774	\$1,274,396		\$1,274,396		1,274,396	946,157	288.3%
Capital Outlay			\$0		\$0		0	0	#DIV/0!

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY '24 VS. FY '23	% INCREASE (DECREASE) FY '24 VS. FY '23
Total - Federal Programs Admin.	380,509	1,128,054	\$1,363,036	\$0	\$1,363,036	\$0	\$1,363,036	\$982,527	258.2%
Recap - General Government Cost Centers									
Personnel	\$4,877,015	\$4,977,420	\$5,152,140	\$0	\$5,152,140	\$0	\$5,152,140	\$275,125	5.6%
Supplies & Expenses	202,525	273,169	243,019	0	243,019	0	243,019	40,494	20.0%
Other Services & Charges	6,039,984	7,505,790	7,186,316	0	7,186,316	0	7,186,316	1,146,332	19.0%
Capital Outlays	50,500	170,600	50,500	0	50,500	0	50,500	0	0.0%
Total - Gen. Government	\$11,170,024	\$12,926,979	\$12,631,975	\$0	\$12,631,975	\$0	\$12,631,975	\$1,461,951	13.1%
Police									
Personnel	\$12,065,080	\$12,249,240	\$12,958,300		\$12,958,300		\$12,958,300	893,220	7.4%
Supplies & Expenses	779,060	811,460	772,460		\$772,460		772,460	-6,600	-0.8%
Other Services & Charges	1,005,259	1,334,741	1,205,259		\$1,205,259		1,205,259	200,000	19.9%
Capital Outlays	26,282	1,059,997	14,095		\$14,095		14,095	-12,187	-46.4%
Total - Police	\$13,875,681	\$15,455,438	\$14,950,114	\$0	\$14,950,114	\$0	\$14,950,114	\$1,074,433	7.7%
Police & Fire Training									
Personnel	\$53,630	\$53,730	\$49,550		\$49,550		\$49,550	-4,080	-7.6%
Supplies & Expenses	101,072	101,072	101,072		\$101,072		101,072	0	0.0%
Other Services & Charges	85,495	85,495	85,495		\$85,495		85,495	0	0.0%
Capital Outlays		46,000			\$0		0	0	
Total - Police & Fire Training	\$240,197	\$286,297	\$236,117	\$0	\$236,117	\$0	\$236,117	-\$4,080	-1.7%
Fire									
Personnel	\$9,727,850	\$9,727,850	\$10,843,700		\$10,843,700		\$10,843,700	1,115,850	11.5%
Supplies & Expenses	314,200	318,200	324,200		\$324,200		324,200	10,000	3.2%
Other Services & Charges	338,720	355,020	338,720		\$338,720		338,720	0	0.0%
Capital Outlays		125,000			\$0		0	0	#DIV/0!
Total - Fire Dept.	\$10,380,770	\$10,526,070	\$11,506,620	\$0	\$11,506,620	\$0	\$11,506,620	\$1,125,850	10.8%
Code Enforcement/Inspection									
Personnel	\$720,830	\$722,790	\$751,000		\$751,000		\$751,000	30,170	4.2%
Supplies & Expenses	31,755	34,155	31,755		\$31,755		31,755	0	0.0%
Other Services & Charges	210,450	285,450	230,450		\$230,450		230,450	20,000	9.5%
Capital Outlays		127,500			\$0		0	0	#DIV/0!
Total - Code Enforcement	\$963,035	\$1,169,895	\$1,013,205	\$0	\$1,013,205	\$0	\$1,013,205	\$50,170	5.2%
Contractual Services - Public Safety									
Personnel	\$220,340	\$233,840	\$233,890		\$233,890		\$233,890	13,550	6.1%
Supplies & Expenses					\$0		0	0	
Other Services & Charges	949,459	1,045,000	949,459		\$949,459		949,459	0	0.0%
Capital Outlays	0				\$0		0	0	
Total - Cont. Serv. - Public Safety	\$1,169,799	\$1,278,840	\$1,183,349	\$0	\$1,183,349	\$0	\$1,183,349	\$13,550	1.2%
Public Services Cost Centers:									
Traffic Maint.									
Personnel	338,950	338,950	350,800		\$350,800		\$350,800	11,850	3.5%
Supplies & Expenses	145,550	151,050	145,550		\$145,550		145,550	0	0.0%

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY '24 VS. FY '23	% INCREASE (DECREASE) FY '24 VS. FY '23
Other Services & Charges	108,250	108,250	108,250		\$108,250		108,250	0	0.0%
Capital Outlays	0	73,357			\$0		0	0	#DIV/0!
Total - Traffic Maint.	\$592,750	\$671,607	\$604,600	\$0	\$604,600	\$0	\$604,600	\$11,850	2.0%
Streets									
Personnel	\$1,077,800	\$1,077,800	\$1,085,950		\$1,085,950		\$1,085,950	8,150	0.8%
Supplies & Expenses	340,700	340,700	340,700		\$340,700		340,700	0	0.0%
Other Services & Charges	1,146,800	1,657,155	1,630,600		\$1,630,600		1,630,600	483,800	42.2%
Capital Outlays		245,000			\$0		0	0	#DIV/0!
Total - Streets	\$2,565,300	\$3,320,655	\$3,057,250	\$0	\$3,057,250	\$0	\$3,057,250	\$491,950	19.2%
Street Lights									
Personnel					\$0			0	
Supplies & Expenses					\$0			0	
Other Services & Charges	1,355,000	1,435,000	1,400,000		\$1,400,000		1,400,000	45,000	3.3%
Capital Outlays					\$0		0	0	
Total - Street Lights	\$1,355,000	\$1,435,000	\$1,400,000	\$0	\$1,400,000	\$0	\$1,400,000	\$45,000	3.3%
Engineering									
Personnel	\$622,020	628,880	\$649,820		\$649,820		\$649,820	27,800	4.5%
Supplies & Expenses	14,250	\$14,250	16,350		\$16,350		16,350	2,100	14.7%
Other Services & Charges	366,412	366,412	357,702		\$357,702		357,702	-8,710	-2.4%
Capital Outlays					\$0		0	0	#DIV/0!
Total - Engineering	\$1,002,682	\$1,009,542	\$1,023,872	\$0	\$1,023,872	\$0	\$1,023,872	\$21,190	2.1%
Shop									
Personnel	\$487,190	\$487,190	\$490,400		\$490,400		\$490,400	3,210	0.7%
Supplies & Expenses	29,950	29,950	29,950		\$29,950		29,950	0	0.0%
Other Services & Charges	56,600	56,600	56,600		\$56,600		56,600	0	0.0%
Capital Outlays					\$0		0	0	#DIV/0!
Total - Shop	\$573,740	\$573,740	\$576,950	\$0	\$576,950	\$0	\$576,950	\$3,210	0.6%
GOFs									
Personnel					\$0		\$0	0	#DIV/0!
Supplies & Expenses	5,120	5,120	5,120		\$5,120		5,120	0	0.0%
Other Services & Charges	18,500	19,000	18,900		\$18,900		18,900	400	2.2%
Capital Outlays					\$0		0	0	#DIV/0!
Total - GOFs	\$23,620	\$24,120	\$24,020	\$0	\$24,020	\$0	\$24,020	\$400	1.7%
Drainage									
Personnel					\$0		\$0	0	#DIV/0!
Supplies & Expenses	8,500	10,800	8,500		\$8,500		8,500	0	0.0%
Other Services & Charges	93,000	93,000	93,000		\$93,000		93,000	0	0.0%
Capital Outlays	670,000	670,000	670,000		\$670,000		670,000	0	0.0%
Total - Drainage	771,500	\$773,800	\$771,500	\$0	\$771,500	\$0	\$771,500	\$0	0.0%
Construction									
Personnel	\$678,870	\$678,870	\$682,200		\$682,200		\$682,200	3,330	0.5%

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Supplies & Expenses									
Other Services & Charges	0	3,850,400			\$0		0	0	#DIV/0!
Capital Outlays	65,748	3,529,508	84,148		\$84,148		84,148		
Total - Economic Dev.	\$65,748	\$7,379,908	\$84,148	\$0	\$84,148	\$0	\$84,148	\$0	0.0%
Debt Service									
Principal	\$781,685	\$781,685	\$822,778		\$822,778		\$822,778	41,093	5.3%
Interest	337,708	337,708	319,425		\$319,425		\$319,425	-18,283	-5.4%
Paying Agent Fees	3,000	3,000	3,000		\$3,000		\$3,000		
Total Debt Service	\$1,122,393	\$1,122,393	\$1,145,203	\$0	\$1,145,203	\$0	\$1,145,203	\$22,810	2.0%
Airport									
Personnel					\$0		\$0	0	#DIV/0!
Supplies & Expenses	17,650	17,650	17,650		\$17,650		17,650	0	0.0%
Other Services & Charges	40,550	40,550	40,550		\$40,550		40,550	0	0.0%
Capital Outlays					\$0		0	0	
Total - Airport	\$58,200	\$58,200	\$58,200	\$0	\$58,200	\$0	\$58,200	\$0	0.0%
Cemetery									
Personnel	\$889,100	\$889,100	\$919,200		\$919,200		\$919,200	30,100	3.4%
Supplies & Expenses	82,350	82,350	82,350		\$82,350		82,350	0	0.0%
Other Services & Charges	60,301	60,301	60,301		\$60,301		60,301	0	0.0%
Capital Outlays	60,500	316,500	60,500		\$60,500		60,500	0	0.0%
Total - Cemetery	\$1,092,251	\$1,348,251	\$1,122,351	\$0	\$1,122,351	\$0	\$1,122,351	\$30,100	2.8%
Parking Garages									
Personnel	\$91,160	\$91,160	\$53,700		\$53,700		\$53,700	-37,460	-41.1%
Supplies & Expenses	2,050	2,050	2,050		\$2,050		2,050	0	0.0%
Other Services & Charges	54,350	54,350	54,350		\$54,350		54,350	0	0.0%
Capital Outlays					\$0		0	0	#DIV/0!
Total - Parking Garages	\$147,560	\$147,560	\$110,100	\$0	\$110,100	\$0	\$110,100	-\$37,460	-25.4%
Transfers to Other Funds	\$3,919,748	\$3,919,748	\$4,304,016		\$4,304,016		4,304,016	384,268	
EXPENDITURES & TRANSFERS	\$58,196,818	\$72,277,383	\$63,076,990	\$0	\$63,076,990	\$0	\$63,076,990	\$4,861,772	8.4%
Recap - General Fund									
Personnel	\$35,345,235	\$35,678,240	\$37,881,700	\$0	\$37,881,700	\$0	\$37,881,700	\$2,536,465	7.2%
Supplies & Expenses	2,731,682	3,012,926	2,827,676	0	2,827,676	0	2,827,676	\$95,994	3.5%
Other Services & Charges	14,207,730	20,778,614	16,042,152	0	16,042,152	0	16,042,152	\$1,834,422	12.9%
Capital Outlays	873,030	7,768,462	879,243	0	879,243	0	879,243	\$6,213	0.7%
Principal Payments	781,685	781,685	822,778	0	822,778	0	822,778	\$41,093	5.3%
Interest Payments	337,708	337,708	319,425	0	319,425	0	319,425	-\$18,283	-5.4%
Total - Gen. Fund Cost Centers	\$54,277,070	\$68,357,635	\$58,772,974	\$0	\$58,772,974	\$0	\$58,772,974	\$4,495,904	8.3%
Transfers to Other Funds:									
Parks & Rec.	2,317,341	2,317,341	\$2,654,176		\$2,654,176		\$2,654,176	\$336,835	14.5%
Fire Protection					\$0		\$0	\$0	
City Bond & Int.					\$0		\$0	\$0	
Airport Improvement	250,000	250,000	\$250,000		\$250,000		\$250,000	\$0	

CITY OF HATTIESBURG, MS - GENERAL FUND
 Analysis of Budget Requests - General Fund
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budgets (Oct '22)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
<i>Elam Arms TIF Debt Service</i>	66,407	66,407	\$68,840		\$68,840				
<i>Municipal Road & Bridge</i>					\$0		\$0	\$0	
<i>Mass Transit</i>	400,000	400,000	\$445,000		\$445,000		\$445,000	\$45,000	11.3%
<i>Community Centers</i>	850,000	850,000	\$850,000		\$850,000		\$850,000	\$0	0.0%
<i>CDBG</i>	36,000	\$36,000	\$36,000		\$36,000			-\$36,000	
<i>Kemper Park Improv. Fund</i>					\$0		\$0	\$0	
<i>Total Transfers</i>	3,919,748	3,919,748	4,304,016	0	\$4,304,016	\$0	\$4,304,016	\$384,268	9.8%
<i>Total - Expenditures & Transfers</i>	\$58,196,818	\$72,277,383	\$63,076,990	\$0	\$63,076,990	\$0	\$63,076,990	\$4,880,172	8.4%
Ending Cash Budget	\$19,000,344	\$6,336,032	\$20,000,089	\$0	\$20,000,089	\$0	\$20,000,089	\$999,745	5.3%

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY '24 VS. FY '23	% INCREASE (DECREASE) FY '24 VS. FY '23
Parks & Recreation (Fund #2):									
Recreation Maint.									
Personnel	\$1,738,970	\$1,760,105	\$1,906,397		\$1,906,397		\$1,906,397	\$167,427	9.6%
Supplies & Expenses	343,800	466,300	343,800		\$343,800		\$343,800	\$0	0.0%
Other Services & Charges	481,979	482,479	581,979		\$581,979		\$581,979	\$100,000	20.7%
Capital Outlays	0	204,000	0		\$0		\$0	\$0	#DIV/0!
Total - Recreation Maint.	\$2,564,749	\$2,912,884	\$2,832,176	\$0	\$2,832,176	\$0	\$2,832,176	267,427	10.4%
Recreation Admin.									
Personnel	\$611,800	\$628,790	\$648,300		\$648,300		\$648,300	\$36,700	6.0%
Supplies & Expenses	86,960	119,960	86,960		\$86,960		\$86,960	\$0	0.0%
Other Services & Charges	459,092	540,592	473,800		\$473,800		\$473,800	\$14,708	3.2%
Capital Outlays					\$0		\$0	\$0	
Total - Recreation Admin.	\$1,157,852	\$1,289,342	\$1,209,060	\$0	\$1,209,060	\$0	\$1,209,060	51,408	4.4%
Kemper Park Zoo									
Personnel					\$0		\$0	\$0	
Supplies & Expenses					\$0		\$0	\$0	
Other Services & Charges					\$0		\$0	\$0	
Capital Outlays					\$0		\$0	\$0	
Total - Kemper Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	#DIV/0!
Recap - Parks & Recreation Fund:									
Personnel	\$2,350,570	\$2,388,895	\$2,554,697	\$0	\$2,554,697	\$0	\$2,554,697	\$204,127	8.7%
Supplies & Expenses	430,760	586,260	430,760	0	430,760	0	430,760	\$0	0.0%
Other Services & Charges	941,071	1,023,071	1,055,779	0	1,055,779	0	1,055,779	\$114,708	12.2%
Capital Outlays	0	204,000	0	0	0	0	0	\$0	#DIV/0!
Total - Recreation Fund	\$3,722,401	\$4,202,226	\$4,041,236	\$0	\$4,041,236	\$0	\$4,041,236	\$318,835	8.6%
Municipal Fire Protection (Fund #5):									
Personnel				\$0	\$0		\$0	\$0	
Supplies & Expenses	69,500	69,500	69,500		\$69,500		\$69,500	\$0	0.0%
Other Services & Charges	55,000	55,000	55,000		\$55,000		\$55,000	\$0	0.0%
Capital Outlays	75,000	853,500	75,000		\$75,000		\$75,000	\$0	0.0%
Principal Payments	65,958	65,958	67,850		\$67,850		\$67,850	\$1,892	2.9%
Interest Payments	4,081	4,081	2,190		\$2,190		\$2,190	-\$1,891	-46.3%
Total - Municipal Fire Prot. Fund	\$269,539	\$1,048,039	\$269,540	\$0	\$269,540	\$0	\$269,540	\$1	0.0%
Special Streets (Fund #8):									
Personnel				\$0	\$0		\$0	\$0	
Supplies & Expenses				0	\$0		0	\$0	
Other Services & Charges	326,800	326,800	363,000		\$363,000		444,800	\$118,000	36.1%
Capital Outlays					\$0		0	\$0	
Total - Special Streets	\$326,800	\$326,800	\$363,000	\$0	\$363,000	\$0	\$444,800	\$118,000	36.1%
Water & Sewer Operation & Maint. (Fund #9):									
Customer Accounts Cost Center									

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Personnel	\$848,920	848,920	\$931,720		\$931,720		\$931,720	\$82,800	9.8%
Supplies & Expenses	74,300	74,300	74,300		\$74,300		74,300	\$0	0.0%
Other Services & Charges	497,900	442,900	497,900		\$497,900		497,900	\$0	0.0%
Capital Outlays	25,000	35,000	30,000		\$30,000		30,000	\$5,000	20.0%
Total - Customer Accounts	\$1,446,120	\$1,401,120	\$1,533,920	\$0	\$1,533,920	\$0	\$1,533,920	\$87,800	6.1%
Water Transmission Cost Center									
Personnel	\$1,057,830	\$1,068,600	\$1,107,820		\$1,107,820		\$1,107,820	\$49,990	4.7%
Supplies & Expenses	1,120,500	838,000	1,120,500		\$1,120,500		1,120,500	\$0	0.0%
Other Services & Charges	2,187,300	2,640,800	2,237,300		\$2,237,300		2,237,300	\$50,000	2.3%
Capital Outlays	220,000	60,000	140,000		\$140,000		140,000	-\$80,000	-36.4%
Total - Water Trans.	\$4,585,630	\$4,607,400	\$4,605,620	\$0	\$4,605,620	\$0	\$4,605,620	\$19,990	0.4%
Plant Cost Center									
Personnel	\$620,350	\$630,350	\$706,670		\$706,670		\$706,670	\$86,320	13.9%
Supplies & Expenses	142,000	548,000	542,000		\$542,000		542,000	\$400,000	281.7%
Other Services & Charges	1,442,000	1,436,000	1,442,000		\$1,442,000		1,442,000	\$0	0.0%
Capital Outlays	90,000	90,000	0		\$0		0	-\$90,000	-100.0%
Total - Plant	\$2,294,350	\$2,704,350	\$2,690,670	\$0	\$2,690,670	\$0	\$2,690,670	\$396,320	17.3%
Sewer Cost Center									
Personnel	\$513,920	\$513,920	\$472,000		\$472,000		\$472,000	-\$41,920	-8.2%
Supplies & Expenses	330,100	335,100	330,100		\$330,100		330,100	\$0	0.0%
Other Services & Charges	2,559,500	3,032,500	2,559,500		\$2,559,500		2,559,500	\$0	0.0%
Capital Outlays	410,000	9,000	0		\$0		0	-\$410,000	-100.0%
Total - Sewer	\$3,813,520	\$3,890,520	\$3,361,600	\$0	\$3,361,600	\$0	\$3,361,600	-\$451,920	-11.9%
Lagoon Cost Center									
Personnel	\$347,170	\$347,170	\$403,070		\$403,070		\$403,070	\$55,900	16.1%
Supplies & Expenses	377,220	332,220	377,220		\$377,220		377,220	\$0	0.0%
Other Services & Charges	2,374,400	2,136,400	2,374,400		\$2,374,400		2,374,400	\$0	0.0%
Capital Outlays					\$0		0	\$0	#DIV/0!
Principal Payments					\$0		0	\$0	#DIV/0!
Interest Payments					\$0		0	\$0	#DIV/0!
Total - Lagoon Cost Center	\$3,098,790	\$2,815,790	\$3,154,690	\$0	\$3,154,690	\$0	\$3,154,690	\$55,900	1.8%
Recap: Water & Sewer O & M Fund:									
Personnel	\$3,388,190	\$3,408,960	\$3,621,280	\$0	\$3,621,280	\$0	\$3,621,280	\$233,090	6.9%
Supplies & Expenses	2,044,120	2,127,620	2,444,120	0	2,444,120	0	2,444,120	\$400,000	19.6%
Other Services & Charges	9,061,100	9,688,600	9,111,100	0	9,111,100	0	9,111,100	\$50,000	0.6%
Capital Outlays	745,000	194,000	170,000	0	170,000	0	170,000	-\$575,000	-77.2%
Principal Payments	0	0	0	0	0	0	0	\$0	#DIV/0!
Interest Payments	0	0	0	0	0	0	0	\$0	#DIV/0!
Total - Water & Sewer O & M Fund	\$15,238,410	\$15,419,180	\$15,346,500	\$0	\$15,346,500	\$0	\$15,346,500	\$108,090	0.7%
Water & Sewer Bond & Int. (Fund #10):									
Other Services & Charges									
Principal Payments	5,750,000	\$5,750,000	\$5,535,000		\$5,535,000		-\$5,535,000	-\$215,000	-3.7%
Interest Payments	1,967,909	1,967,909	\$918,850		\$918,850		\$918,850	-\$1,049,059	-53.3%

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Paying Agent Fees	15,000	15,000	\$15,000		\$15,000		\$15,000	\$0	0.0%
Total - W & S Bond & Int. Fund	\$7,732,909	\$7,732,909	\$6,468,850	\$0	\$6,468,850	\$0	\$6,468,850	-\$1,264,059	-16.3%
Water & Sewer Revenue (Fund #11):									
Principal Payments					\$0		\$0	\$0	#DIV/0!
Interest Payments					\$0		0	\$0	#DIV/0!
other services & charges	81,000	81,000	82,500		\$82,500		82,500	\$1,500	1.9%
Transfers to other funds	25,263,000	25,283,800	28,129,000		\$28,129,000		28,129,000	\$2,866,000	11.3%
Total - W & S Revenue Fund	\$25,344,000	\$25,364,800	\$28,211,500	\$0	\$28,211,500	\$0	\$28,211,500	\$2,867,500	11.3%
1999 Tax Increment (Planet Fitness) Bond & Int (Fund #12):									
Principal Payments	\$38,685	\$38,685	\$40,108		\$40,108		\$40,108	\$1,423	3.7%
Interest Payments	19,928	19,928	17,189		\$17,189		17,189	-\$2,739	-13.7%
Other Services & Charges	100	100	0		\$0		0	-\$100	
Transfers									
Paying Agent Fees					\$0		0	\$0	#DIV/0!
Total - 1999 TIF Bond & Int Fund	\$58,713	\$58,713	\$57,297	\$0	\$57,297	\$0	\$57,297	-\$1,416	-2.4%
City Bond & Interest (Fund #13):									
Principal Payments	\$819,285	\$819,285	\$1,448,863		\$1,448,863		\$1,448,863	\$629,578	76.8%
Interest Payments	2,019,015	2,019,015	1,988,759		\$1,988,759		1,988,759	-\$30,256	-1.5%
Other Services & Charges	30,000	30,000	30,000		\$30,000		30,000	\$0	0.0%
Paying Agent Fees	20,000	20,000	20,000		\$20,000		20,000	\$0	0.0%
Total - 1999 TIF Bond & Int Fund	\$2,888,300	\$2,888,300	\$3,487,622	\$0	\$3,487,622	\$0	\$3,487,622	\$599,322	20.7%
Supplemental Environmental Project Fund (Fund #17):									
Supplies					\$0		\$0	\$0	#DIV/0!
Other Services & Charges	100,000	100,000	170,800		\$170,800		170,800	\$70,800	70.8%
Capital Outlay									
Transfers					\$0		0	\$0	#DIV/0!
Total - 1999 TIF Bond & Int Fund	\$100,000	\$100,000	\$170,800	\$0	\$170,800	\$0	\$170,800	\$70,800	70.8%
Police Fines & Forfeitures (Fund #19):									
Personnel				\$0	\$0		\$0	\$0	
Supplies & Expenses	0	37,965	0		\$0		0	\$0	
Other Services & Charges	0	10,000	0		\$0		0	\$0	
Capital Outlays	0	0	0		\$0		0	\$0	#DIV/0!
Transfer to Other Funds					\$0		0	\$0	
Total - Fines & Forf. Fund	\$0	\$47,965	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Series 2002 TIF Bond & Int (Southern Pointe, Fund #20):									
Principal Payments	\$180,000	\$180,000	\$185,000		\$185,000		\$185,000	\$5,000	2.8%
Interest Payments	65,475	65,475	56,625		\$56,625		56,625	-\$8,850	-13.5%
Paying Agent Fees	2,000	2,000	2,000		\$2,000		2,000	\$0	0.0%
Total - 2002 TIF Bond & Int Fund	\$247,475	\$247,475	\$243,625	\$0	\$243,625	\$0	\$243,625	-\$3,850	-1.6%
Series 2004 TIF Bond & Int (Home Depot, Fund #21):									
Principal Payments				\$0	\$0		\$0	\$0	#DIV/0!

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% (DECREASE) (FY'24 VS. FY '23)
Interest Payments				0	\$0		0	\$0	#DIV/0!
Transfers									
Paying Agent Fees				0	\$0		0	\$0	#DIV/0!
Total - 2004 TIF Bond & Int Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Series 2003 TIF Bond & Int (Chauvet Sq., Fund #22):									
Principal Payments	\$155,000	\$155,000	\$160,000	\$0	\$160,000		\$180,000	\$5,000	3.2%
Interest Payments	38,790	38,790	31,050	0	\$31,050		31,050	-\$7,740	-20.0%
Paying Agent Fees	2,500	2,500	2,500	0	\$2,500		2,500	\$0	0.0%
Transfers to Other Funds					\$0		0	\$0	
Total - 2003 TIF Bond & Int Fund	\$196,290	\$196,290	\$193,550	\$0	\$193,550	\$0	\$193,550	-\$2,740	-1.4%
Series 2007 TIF Bond & Int (Turtle Crk. Fund 23):									
Principal Payments	\$105,000	\$105,000	\$110,000		\$110,000		110,000	\$5,000	4.8%
Interest Payments	33,685	33,685	\$27,865		\$27,865		27,865	-\$5,820	-17.3%
Paying Agent Fees	2,500	2,500	\$2,500		\$2,500		2,500	\$0	0.0%
Total - 2007 TIF Bond & Int Fund	\$141,185	\$141,185	\$140,365	\$0	\$140,365	\$0	\$140,365	-\$820	-0.6%
Series 2008 TIF Bond & Int (Lincoln Center Fund 24):									
Principal Payments	\$50,000	\$50,000	\$0		\$0		0	-\$50,000	-100.0%
Interest Payments	2,000	2,000	\$0		\$0		0	-\$2,000	-100.0%
Paying Agent Fees	1,000	1,000	\$0		\$0		0	-\$1,000	-100.0%
Total - 2008 TIF Bond & Int Fund	\$53,000	\$53,000	\$0		\$0		0	-\$3,000	-100.0%
Series 2011 TIF Bond & Int (Turtle Creek Commons (Kohl's) Fund 25):									
Principal Payments					\$0		0	\$0	#DIV/0!
Interest Payments					\$0		0	\$0	#DIV/0!
Transfer		\$1,255			\$0		0	\$0	#DIV/0!
Total - 2011 TIF Bond & Int Fund	\$0	\$1,255	\$0		\$0		0	0	#DIV/0!
Series 2016 TIF Bond & Int (Whispering Pines Fund 26):									
Principal Payments	\$190,000	\$190,000	\$197,000		\$197,000		197,000	\$7,000	3.7%
Interest Payments	\$90,103	\$90,103	\$82,503		\$82,503		82,503	-\$7,600	-8.4%
Paying Agent Fees	\$2,000	\$2,000	\$2,000		\$2,000		2,000	\$0	0.0%
Total - 2016 TIF Bond & Int Fund	\$282,103	\$282,103	\$281,503	\$0	\$281,503	\$0	\$281,503	-\$600	-0.2%
Series 2016 TIF Bond & Int (Hattiesburg Clinic Midtown Fund 28):									
Principal Payments	\$53,000	\$53,000	\$55,000		\$55,000		55,000	\$2,000	3.8%
Interest Payments	\$22,605	\$22,605	\$20,486		\$20,486		20,486	-\$2,119	-9.4%
Paying Agent Fees					\$0		0	\$0	#DIV/0!
Total - 2016 TIF Bond & Int Fund	\$75,605	\$75,605	\$75,486	\$0	\$75,486	\$0	\$75,486	-\$119	-0.2%
Airport Imp. (Fund #39):									
Personnel				\$0	\$0		\$0	\$0	
Supplies & Expenses				0	\$0		\$0	\$0	
Other Services & Charges	50,000	50,000	50,000	0	\$50,000		\$50,000	\$0	0.0%
Capital Outlays	3,700,000	3,359,283	3,269,860	0	\$3,269,860		3,269,860	-\$430,140	-11.6%
Total - Airport Imp. Fund	\$3,750,000	\$3,409,283	\$3,319,860	\$0	\$3,319,860	\$0	\$3,319,860	-\$430,140	-11.5%

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Series 2015 TIF Bond & Int Fund (Ridge @ Turtle Creek - Academy Sports) Fund 50:									
Bonds Redeemed	75,000	75,000	\$79,000		\$79,000		79,000	\$4,000	5.3%
Interest on Bonds	44,413	44,413	\$40,178		\$40,178		40,178	-\$4,235	-9.5%
Paying Agent Fees	2,000	2,000	\$2,000		\$2,000		2,000	\$0	0.0%
Other Services & Charges					\$0		0	\$0	
Total - 2015 TIF Bond & Int Fund	\$ 121,413	\$121,413	\$121,178	\$0	\$121,178	\$0	\$121,178	-\$235	-0.2%
Series 2015 TIF Bond & Int Fund (Midtown Market) Fund 51:									
Bonds Redeemed	13,000	13,000	\$14,000		\$14,000		14,000	\$1,000	7.7%
Interest on Bonds	7,673	7,673	\$6,930		\$6,930		6,930	-\$743	-9.7%
Paying Agent Fees	2,000	2,000	\$2,000		\$2,000		2,000	\$0	0.0%
Other Services & Charges					\$0		0	\$0	#DIV/0!
Total - 2015 TIF Bond & Int Fund	\$ 22,673	\$ 22,673	\$ 22,930	\$ -	\$ 22,930	\$ -	\$ 22,930	\$ 257	1.1%
Series 2019 TIF Bond & Int Fund (Elam Arms Fund 52:									
Bonds Redeemed	172,000	172,000	\$179,000		\$179,000		179,000	\$7,000	4.1%
Interest on Bonds	119,935	119,935	\$112,797		\$112,797		112,797	-\$7,138	-6.0%
Paying Agent Fees	2,500	2,500	\$2,500		\$2,500		2,500	\$0	0.0%
Other Services & Charges					\$0		0	\$0	#DIV/0!
Total - 2019 TIF Bond & Int Fund	\$ 294,435	\$ 294,435	\$ 294,297	\$ -	\$ 294,297	\$ -	\$ 294,297	\$ (138)	0.0%
Municipal Road & Bridge (Fund #72):									
Personnel					\$0		\$0	\$0	#DIV/0!
Supplies & Expenses					\$0		0	\$0	#DIV/0!
Other Services & Charges	1,540,000	1,540,000	1,420,000		\$1,420,000		1,420,000	-\$120,000	-7.8%
Capital Outlays	2,384,976	6,221,769	0		\$0		0	-\$2,384,976	-100.0%
Principal					\$0		0	\$0	#DIV/0!
Interest					\$0		0	\$0	#DIV/0!
Total - Mun. Road & Bridge Fund	\$3,924,976	\$7,761,769	\$1,420,000	\$0	\$1,420,000	\$0	\$1,420,000	-\$2,504,976	-63.8%
Mass Transit (Fund #73):									
Personnel	\$1,452,580	\$1,452,580	\$1,544,500		\$1,544,500		\$1,544,500	\$91,920	6.3%
Supplies & Expenses	246,410	303,410	246,410		\$246,410		246,410	\$0	0.0%
Other Services & Charges	416,875	555,175	326,875		\$326,875		326,875	-\$90,000	-21.6%
Capital Outlays	3,020,997	6,121,218	3,856,392		\$3,856,392		3,856,392	\$835,395	27.7%
Total - Mass Transit Fund	\$5,136,862	\$8,432,383	\$5,974,177	\$0	\$5,974,177	\$0	\$5,974,177	\$745,395	14.5%
Water & Sewer Construction (Fund #75):									
Personnel					\$0		\$0	\$0	#DIV/0!
Supplies & Expenses					\$0		0	\$0	#DIV/0!
Other Services & Charges	1,000,000	1,000,000	2,000,000		\$2,000,000		2,000,000	\$1,000,000	100.0%
Transfers					\$0		0	\$0	#DIV/0!
Capital Outlays	4,212,895	6,888,195	6,005,300		\$6,005,300		6,005,300	\$1,792,405	42.5%
Total - W & S Construction Fund	\$5,212,895	\$7,888,195	\$8,005,300	\$0	\$8,005,300	\$0	\$8,005,300	\$2,792,405	53.6%
Community Centers (Fund #77):									
Personnel	\$655,060	\$653,800	\$613,900		\$613,900		\$613,900	-\$41,160	-6.3%

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Supplies & Expenses	45,700	49,200	45,700		\$45,700		45,700	\$0	0.0%
Other Services & Charges	191,100	205,100	191,100		\$191,100		191,100	\$0	0.0%
Capital Outlays	70,500	289,740	70,500		\$70,500		70,500	\$0	0.0%
Total - Community Centers Fund	\$962,360	\$1,197,640	\$921,200	\$0	\$921,200	\$0	\$921,200	\$0	0.0%
Community Dev. Block Grant (Fund #82):									
Personnel	\$353,990	\$330,635	\$297,400		\$297,400		\$297,400	-\$56,590	-16.0%
Supplies & Expenses	8,250	8,250	8,250		\$8,250		8,250	\$0	0.0%
Other Services & Charges	973,850	973,850	920,660		\$920,660		920,660	-\$53,190	-5.5%
Capital Outlays	0	1,507,216	1,507,216		\$1,507,216		1,507,216	\$1,507,216	#DIV/0!
Transfers							0	\$0	
Total - CDBG Fund	\$1,336,090	\$2,819,951	\$2,733,526	\$0	\$2,733,526	\$0	\$2,733,526	\$1,454,026	108.8%
Special Sales Tax Parks/Rec/USM Impr (Fund 86):									
Personnel	52,980	\$52,980	\$53,850		\$53,850		\$53,850	\$870	1.6%
Supplies & Expenses					\$0		0	\$0	#DIV/0!
Other Services & Charges	1,496,500	1,889,206	1,775,000		\$1,775,000		1,775,000	\$278,500	18.6%
Capital Outlays	3,496,500	8,286,535	1,600,000		\$1,600,000		1,600,000	-\$1,896,500	-54.2%
Total - Parks/Rec/USM Impr Fund	\$5,045,980	\$10,228,721	\$3,428,850	\$0	\$3,428,850	\$0	\$3,428,850	-\$1,618,000	-32.1%
Covid Fiscal Recovery Fund (Fund #79):									
Personnel	0				\$0		\$0	\$0	
Supplies & Expenses	0				\$0		0	\$0	
Transfers Out	0				\$0		0	\$0	
Other Services & Charges	0				\$0		0	\$0	
Capital Outlays	12,875,822	12,875,808	12,875,808		\$12,875,808		12,875,808	-\$14	
Total - Series 2009 Const. Fund	\$12,875,822	\$12,875,808	\$12,875,808	\$0	\$12,875,808	\$0	\$12,875,808	-\$14	
Public Safety/Recreation Construction (Fund #88):									
Personnel					\$0		0	\$0	
Supplies & Expenses					\$0		0	\$0	
Other Services & Charges		\$0			\$0		0	\$0	#DIV/0!
Capital Outlay	\$11,881,000	\$29,830,591	\$18,661,078		\$18,661,078		18,661,078	\$6,780,078	57.1%
Transfers					\$0		0	\$0	
Total - Pub.Safety/Recr Constr.Fund	11,881,000	29,830,591	18,661,078	0	18,661,078	0	18,661,078	6,780,078	#DIV/0!
MDA Energy Efficiency Capital Projects (Fund 89):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges	0				\$0		0	0	#DIV/0!
Capital Outlays	0	0			\$0		0	0	#DIV/0!
Transfers					\$0		0	0	
Total - MDA Energy Eff. Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Series 2008 Note - Downtown Lighting (Fund 90):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges					\$0		0	0	

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Capital Outlays					\$0		0	\$0	
Transfers					\$0		0	0	
Total - Series 2008 Const. Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TIF Construction (Fund # 91):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges		0			\$0		0	\$0	
Capital Outlays		0			\$0		0	\$0	
Transfers	0	0	0		\$0		0	0	#DIV/0!
Total - TIF Const. Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2016 Water /Sewer Capital Projects (Fund # 93):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges					\$0		\$0	\$0	#DIV/0!
Capital Outlays	1,700,000	1,676,138	1,676,138		\$1,676,138		1,676,138	-\$23,862	-1.4%
Transfers					\$0		0	0	
Total - Series 2012 Constr. Fund	\$1,700,000	\$1,676,138	\$1,676,138	\$0	\$1,676,138	\$0	\$1,676,138	-\$23,862	
2012 Water /Sewer Capital Projects (Fund # 94):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges					\$0		0	\$0	
Capital Outlays					\$0		0	\$0	#DIV/0!
Transfers	64	65	65		\$65		65	0	
Total - Series 2012 Constr. Fund	\$64	\$65	\$65	\$0	\$65	\$0	\$65	\$0	
2019 Fire Station Construction Fund (Fund 95):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges					\$0		0	0	
Capital Outlays	946,000	946,441	949,500		\$949,500		949,500	\$3,500	0.4%
Transfers		0			\$0		0	0	
Total - Series 2019 Const. Fund	\$946,000	\$946,441	\$949,500	\$0	\$949,500	\$0	\$949,500	\$3,500	0.4%
Infrastructure Impr/Internet Sales Tax Fund (Fund 97):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges					\$0		0	0	
Transfers									
Capital Outlays	2,089,063	5,673,013	7,200,000		\$7,200,000		7,200,000	\$5,110,937	244.7%
Total - Infrastructure Impr. Fund	\$2,089,063	\$5,673,013	\$7,200,000	\$0	\$7,200,000	\$0	\$7,200,000	\$5,110,937	244.7%
Kamper Park Imp. (Fund #98):									
Personnel					\$0		\$0	\$0	
Supplies & Expenses					\$0		0	\$0	
Other Services & Charges					\$0		0	\$0	

CITY OF HATTIESBURG, MS - OTHER FUNDS
 Analysis of Budget Requests
 Fiscal Year Ending September 30, 2024

	ORIGINAL 2023 Budget (Oct. '23)	AMENDED 2023 Budgets (as of Aug '23)	INITIAL 2024 REQUESTS	ADJUST- MENTS PRIOR TO PUBLIC HEARING	BUDGETS PRESENTED AT PUBLIC HEARING	ADJUST- MENTS After PUBLIC HEARING	PROPOSED FY 2024 BUDGETS	INCREASE (DECREASE) FY'24 VS. FY '23	% INCREASE (DECREASE) FY'24 VS. FY '23
Capital Outlays	2,370	2,369	2,390		\$2,390		2,390	\$20	0.8%
Total - Kamper Park Imp. Fund	\$2,370	\$2,369	\$2,390	\$0	\$2,390	\$0	\$2,390	\$20	0.8%
Series 2010 Water & Sewer G.O. Constr. (Fund #99):									
Personnel					\$0		\$0	\$0	
Supplies & Expenses					\$0		0	\$0	
Other Services & Charges					\$0		0	\$0	
Transfers							0	\$0	
Capital Outlays					\$0		0	\$0	
Total - Series 2010 W/S Const.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Series 2013 Water & Sewer Construction (Fund #105):									
Personnel					\$0		\$0	0	
Supplies & Expenses					\$0		0	0	
Other Services & Charges		0			\$0		0	0	
Capital Outlays	0	0			\$0		0	\$0	
Transfers Out	0	572	593		\$593		593		
Total - Series 1999 TIF Const.	\$0	\$572	\$593	\$0	\$593	\$0	\$593	\$0	#DIV/0!
GRAND TOTAL - FUNDS OTHER THAN THE GENERAL FUND									
	\$111,978,733	\$151,367,305	\$126,957,764	\$0	\$126,957,764	\$0	\$127,039,564	\$15,065,197	#DIV/0!
General Fund	\$58,196,818	\$72,277,383	\$63,076,990	\$0	\$63,076,990	\$0	\$63,076,990	\$4,880,172	8.4%
TOTAL EXPENDITURES & TRANSFERS	\$170,175,551	\$223,644,688	\$190,034,754	\$0	\$190,034,754	\$0	\$190,116,554	\$19,941,003	11.7%
Less: Interfund Transfers	-29,182,812	-29,205,440	-32,433,674	0	-32,433,674	0	-32,433,674	-3,250,268	11.1%
TOTAL EXPENDITURES	\$140,992,739	\$194,439,248	\$157,601,080	\$0	\$157,601,080	\$0	\$157,682,880	\$16,690,735	11.8%
Recap of City-Wide Expenditure Budgets:									
Personnel	\$43,598,605	\$43,965,890	\$46,567,327	\$0	\$46,567,327	\$0	\$46,567,327	\$2,968,722	6.8%
Supplies & Expenses	5,576,422	6,195,131	6,072,416	0	6,072,416	0	6,072,416	495,994	8.9%
Other Services & Charges	30,522,626	38,358,016	33,644,466	0	33,644,466	0	33,726,266	3,203,640	10.5%
Capital Outlays	48,073,153	92,698,278	58,798,425	0	58,798,425	0	58,798,425	10,725,272	22.3%
Principal Payments	8,448,613	8,448,613	8,893,599	0	8,893,599	0	8,893,599	444,986	5.3%
Interest Payments	4,773,320	4,773,320	3,624,847	0	3,624,847	0	3,624,847	-1,077,673	-22.6%
Total Expenditure Budgets	\$140,992,739	\$194,439,248	\$157,601,080	\$0	\$157,601,080	\$0	\$157,682,880	\$16,760,941	11.9%

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APPENDIX C

FORM OF THE CITY BOND RESOLUTION AND THE CITY BOND

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The Mayor and the City Council (the "**Governing Body**") of the City of Hattiesburg, Mississippi (the "**City**"), acting for and on behalf of the City, took up for consideration the matter of providing financing for certain capital improvement projects of the City, and after a discussion of the subject matter, the following resolution was presented for consideration:

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF HATTIESBURG, MISSISSIPPI AUTHORIZING THE ISSUANCE OF A GENERAL OBLIGATION BOND OF THE CITY, IN ONE OR MORE SERIES, IN A TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000) AS DESCRIBED IN THIS RESOLUTION; TO RAISE MONEY FOR THE PURPOSE OF PROVIDING CAPITAL PROJECTS AS DESCRIBED IN THIS RESOLUTION; DIRECTING THE PREPARATION, EXECUTION AND DELIVERY THEREOF; AUTHORIZING THE SALE OF SAID BOND, IN ONE OR MORE SERIES, TO THE MISSISSIPPI DEVELOPMENT BANK AND THE SALE OF THE NOT TO EXCEED \$7,500,000 MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2024 (CITY OF HATTIESBURG, MISSISSIPPI PUBLIC IMPROVEMENT GENERAL OBLIGATION BOND PROJECT), IN ONE OR MORE SERIES; AND FOR RELATED PURPOSES.

WHEREAS, the Governing Body, acting for and on behalf of City, is authorized by Sections 21-33-301 et seq., Mississippi Code of 1972, as amended and supplemented from time to time (the "**City Bond Act**"), to issue general obligation bonds for the purposes set forth therein, including, but not limited to, any of (i) purchasing and installing water meters within the City and repairing, improving and extending the waterworks, gas, electric and other public utility plants or distribution systems or franchises; (ii) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; and (iii) for other authorized purposes under the City Bond Act, including funding capitalized interest, if applicable, and paying the costs of borrowing (collectively, the "**City Project**"); and

WHEREAS, the Governing Body, acting for and on behalf of the City, is also authorized under Sections 31-25-1 et seq., Mississippi Code of 1972, as amended and supplemented from time to time (the "**Issuer Act**" and together with the City Bond Act, the "**Act**"), and other applicable laws of the State of Mississippi (the "**State**"), to issue a general obligation bond of the City to be sold to the Mississippi Development Bank (the "**Issuer**"), and/or to enter into a loan with the Issuer to finance the costs of the City Project; and

WHEREAS, the City Project is in accordance with and in furtherance of the provisions of the Act; and

WHEREAS, the City is a "local governmental unit" under the Issuer Act; and

WHEREAS, on March 5, 2024, the Governing Body adopted a resolution (the "**Intent Resolution**") declaring its intention to either (a) issue and sell general obligation bonds of the City pursuant to the City Bond Act in an aggregate principal amount not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000), in one or more taxable or tax-exempt series, and/or (b) issue and sell a general obligation bond of the City to the Issuer pursuant to the Act in

an aggregate principal amount not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000), in one or more taxable or tax-exempt series, all for the purpose of providing financing for the City Project; and

WHEREAS, as required by the Intent Resolution and the City Bond Act, a copy of the Intent Resolution (the “**Notice of Resolution of Intent**”) was published in *The Pine Belt News*, a newspaper published in the City of Hattiesburg, and having a general circulation in the City, and qualified under the provisions of Section 13-3-31, Mississippi Code of 1972, as amended, the first publication having been made not less than twenty-one (21) days before April 16, 2024, and the last publication to be not more than seven (7) days prior to such date, said notice was published in said newspaper on March 21 and 28 and April 4 and April 11, 2024, as evidenced by the publisher's affidavit heretofore presented and attached hereto as **EXHIBIT A**; and

WHEREAS, as of the hour of 4:00 o'clock p.m. on April 16, 2024, no qualified elector of the City had filed or presented a written protest against (a) the issuance of such general obligation bonds of the City, and/or (b) the issuance of such general obligation bond of the City to be sold to the Issuer, with the City Clerk of the City (the “**Clerk**”) in the Clerk’s office located at City Hall, as required by the Intent Resolution; and

WHEREAS, the Governing Body did meet at its usual meeting place in City Hall, located at 200 Forrest Street, Hattiesburg, Mississippi, at the hour of 5:00 o'clock p.m. on April 16, 2024, and the Governing Body does hereby find, determine and adjudicate that (a) the Notice of Resolution of Intent was duly published as required by law, and (b) no written protest or other objection of any kind or character against the issuance of such general obligation bonds of the City, and/or the issuance of such general obligation bond of the City to be sold to the Issuer, was filed or presented by qualified electors of the City with the Clerk on or before the hour of 4:00 o'clock p.m. on April 16, 2024, and (c) no protest or objection of any kind or character against such borrowing or the purposes for which it is to be obtained was presented; and

WHEREAS, the Governing Body is now authorized and empowered by the provisions of the Act and other applicable laws of the State, to issue such general obligation bonds of the City and/or general obligation bond of the City to be sold to the Issuer, as described in the Intent Resolution, in one or more taxable or tax-exempt series, all in a total aggregate principal amount of not to exceed \$7,500,000 without any election on the question of the issuance thereof at any time within a period of two (2) years after April 16, 2024; and

WHEREAS, after careful study and investigation by the Governing Body, it would be in the best interest of the City for the Governing Body to provide funding for the costs of the Project (as defined herein) through the issuance of a general obligation bond of the City, issued in one or more taxable or tax-exempt series, to be sold to the Issuer in accordance with the Act; and

WHEREAS, it is necessary for the health and well-being of the citizens of the City and it is in the best interest of the City for the Governing Body to provide financing for the costs of the Project through the issuance of its City of Hattiesburg, Mississippi Public Improvement General Obligation Bond, Series 2024, in one or more taxable or tax-exempt series, in the total aggregate principal amount of not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) (together, the “**City Bond**”) and to authorize the sale of the City Bond to the Issuer; and

WHEREAS, the Issuer will issue its Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project), in one or more taxable or tax-exempt series, in the total aggregate principal amount of not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) (together, the “**Series 2024 Bonds**”), and will use a portion of the proceeds thereof to purchase the City Bond; and

WHEREAS, the issuance of the City Bond and the Series 2024 Bonds for the purpose of providing funding for the Project will result in a substantial public benefit to the citizens of the City; and

WHEREAS, the Governing Body is now desirous of proceeding with the issuance of the City Bond and the purchase thereof by the Issuer with the proceeds of the Series 2024 Bonds; and

WHEREAS, the Series 2024 Bonds will be issued pursuant to and secured by an Indenture of Trust (the “**Indenture**”), by and between the Issuer and the Trustee (as defined herein), dated the date of delivery thereof; and

WHEREAS, the City Bond will be sold to the Issuer pursuant to the terms and provisions of this Bond Resolution (as defined herein), the Act and a City Bond Purchase Agreement by and between the Issuer and the City (the “**City Bond Purchase Agreement**”); and

WHEREAS, the City will make payments on the City Bond in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2024 Bonds, as and when the same shall become due and payable; and

WHEREAS, the Governing Body is now desirous of proceeding with the issuance of the City Bond pursuant to this Bond Resolution and the purchase thereof by the Issuer with the proceeds of the Series 2024 Bonds and authorizing the negotiation of the sale of the Series 2024 Bonds thereof to Raymond James & Associates, Inc., Memphis, Tennessee, as underwriter (the “**Underwriter**”) pursuant to the terms and provisions of a Bond Purchase Agreement, to be dated as of the date of the sale of the Series 2024 Bonds (the “**Bond Purchase Agreement**”), by and among the Issuer, the Underwriter and the City; and

WHEREAS, there have been prepared and submitted to the Governing Body the forms of:

- (a) the Indenture under which the Series 2024 Bonds will be issued and by which they will be secured, and
- (b) the City Bond Purchase Agreement providing for the sale of the City Bond to the Issuer, and
- (c) the Bond Purchase Agreement providing for the sale of the Series 2024 Bonds to the Underwriter, and
- (d) the Preliminary Official Statement, to be dated the date of distribution thereof (the “**Preliminary Official Statement**”) describing the Series 2024 Bonds, the City Bond, the terms

of the Indenture and other matters in connection with the sale and issuance of the Series 2024 Bonds and the City Bond; and

(e) the Continuing Disclosure Certificate, to be dated the date of delivery thereof (the “**Continuing Disclosure Certificate**”), to be executed by the City in connection with the issuance of the Series 2024 Bonds, such Continuing Disclosure Certificate is provided as an appendix section in the Preliminary Official Statement; and

WHEREAS, it appears that each of the documents referred to above, which documents are now before the Governing Body, is in appropriate form and is an appropriate document for the purposes identified; and

WHEREAS, all conditions, acts and things required by the Act and the Constitution and laws of the State to have existed, to have happened and to have been performed precedent to and in connection with the adoption of this Bond Resolution, the sale and issuance of the City Bond to the Issuer, the sale and issuance of the Series 2024 Bonds, the execution by the City of the Bond Purchase Agreement, the City Bond Purchase Agreement and the distribution of the Preliminary Official Statement have happened and have been performed in regular and due time, form and manner as required by law; and

WHEREAS, it is proposed that the Governing Body should take all such additional actions, authorize the execution of such certificates, applications, reports and notices, and authorize such other actions and proceedings as shall be necessary in connection with the sale and issuance of the City Bond and the Series 2024 Bonds.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE GOVERNING BODY OF THE CITY, ACTING FOR AND ON BEHALF OF THE CITY, AS FOLLOWS:

SECTION 1. All of the matters and things recited in the premises sections of this Bond Resolution are found and determined to be true and accurate.

SECTION 2. This Bond Resolution is adopted pursuant to the Act and the Constitution and laws of the State.

SECTION 3. In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

“**Act**” shall mean together the City Bond Act and the Issuer Act.

“**Agent**” shall mean any Paying Agent or Transfer Agent, whether serving in either or both capacities. The Agent shall initially be the Trustee.

“**Authorized Officer**” shall mean the Mayor of the City or his designee, acting for and on behalf of the City, the President of the Governing Body, the Clerk and any other officer designated from time to time as an Authorized Officer by resolution of the Governing Body, and when used with reference to any act or document also means any other Person authorized by resolution of the Governing Body to perform such act or sign such document.

“Bond Counsel” shall mean Butler Snow LLP, Ridgeland, Mississippi.

“Bond Resolution” shall mean this resolution, as may be amended and supplemented from time to time.

“Business Day” shall mean any day other than (a) a Saturday, (b) a Sunday, (c) any other day on which banking institutions in New York, New York, or Ridgeland, Mississippi, are authorized or required not to be open for the transaction of regular banking business, (d) any day the City Courthouse in Hattiesburg, Mississippi is closed, or (e) a day on which the New York Stock Exchange is closed.

“City” shall mean City of Hattiesburg, Mississippi.

“City Bond” shall mean the not to exceed \$7,500,000 City of Hattiesburg, Mississippi Public Improvement General Obligation Bond, Series 2024, of the City authorized and directed to be issued in one or more taxable or tax-exempt series by this Bond Resolution.

“City Bond Act” shall mean Sections 21-33-301 et seq., Mississippi Code of 1972, as amended and supplemented from time to time.

“City Bond Payments” shall mean the payments required of the City hereunder as provided in Sections 9 and 18 hereof.

“City Counsel” shall mean Moran M. Pope III, Hattiesburg, Mississippi.

“City Project” shall mean providing funds for the purpose of financing certain capital projects in the City, including, but not limited to, any of (i) purchasing and installing water meters within the City and repairing, improving and extending the waterworks, gas, electric and other public utility plants or distribution systems or franchises; (ii) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; and (iii) for other authorized purposes under the City Bond Act, including funding capitalized interest, if applicable, and paying the costs of borrowing.

“Clerk” shall mean the City Clerk of the City.

“Code” shall mean the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2024 Bonds and the City Bond, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto, as such may be amended from time to time.

“Governing Body” shall mean the Mayor and the City Council of the City.

“Interest Payment Date” shall mean the interest payment dates for the Series 2024 Bonds as described in the Indenture.

“Issuer” shall mean the Mississippi Development Bank.

“Issuer Act” shall mean Sections 31-25-1 et seq., Mississippi Code of 1972, as amended and supplemented from time to time.

“Mayor” shall mean the Mayor of the City.

“Municipal Advisor” shall mean Municipal Advisors of Mississippi, Inc., as Independent Registered Municipal Advisor to the City.

“Paying Agent” shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the payment of the principal of and interest on the City Bond. The Paying Agent shall initially be the Trustee.

“Person” shall mean an individual, partnership, corporation, limited liability company, trust or unincorporated organization and a government or agency or political subdivision thereof.

“Project” shall mean providing funds for (i) the City Project, and (ii) paying costs of issuance for the City Bond and the Series 2024 Bonds.

“Record Date Registered Owner” shall mean the Registered Owner of the City Bond as of the Record Date.

“Record Date” shall have the meaning given to it in the Indenture.

“Registered Owner” or **“Bondholder”** shall mean the Person whose name shall appear in the registration records of the City maintained by the Transfer Agent and shall initially be the Trustee as assignee of the Issuer as provided for in the Indenture.

“Series 2024 Bonds” shall mean the not to exceed \$7,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project), authorized to be issued in one or more taxable or tax-exempt series by the Issuer pursuant to the Issuer Act and the terms and conditions of the Indenture.

“State” shall mean the State of Mississippi.

“Transfer Agent” shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the registration of the owner of the City Bond and for the performance of such other duties as may be herein or hereafter specified by the Governing Body. The Transfer Agent shall initially be the Trustee.

“Trustee” shall mean a bank or other financial institution, which financial institution will have corporate trust powers and be qualified to act as Trustee under the Indenture, and which shall initially be Hancock Whitney Bank, Ridgeland, Mississippi.

“Underwriter” shall mean Raymond James & Associates, Inc., Memphis, Tennessee.

“2024 Bond Fund” shall mean the 2024 Bond Fund provided for in Section 18 hereof.

“2024 Construction Fund” shall mean the 2024 Construction Fund provided for in Section 19 hereof.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words and terms herein defined shall be equally applicable to the plural as well as the singular form of any such word or term.

SECTION 4. The Governing Body, acting for and on behalf of the City, does hereby find and declare that the sale and issuance of the City Bond pursuant to the Act in an aggregate principal amount of not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000), issued on one or more taxable or tax-exempt series, is necessary and advisable and conforms to the City Bond Act.

SECTION 5. The City Bond is hereby authorized and ordered to be prepared and issued in one or more taxable or tax-exempt series in a principal amount of not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) to provide financing for the Project as authorized by the Act. The Governing Body is authorized and empowered by the provisions of the City Bond Act to issue the City Bond without an election on the question of the issuance thereof and is authorized to issue the City Bond pursuant to the Act or as may otherwise be provided by law.

SECTION 6. The Governing Body hereby further authorizes and approves the sale of the City Bond to the Issuer pursuant to the terms and provisions of the City Bond Purchase Agreement and based upon the terms and conditions of the sale of the Series 2024 Bonds to the Underwriter.

SECTION 7. The Governing Body does hereby find and determine that the City Bond and the Series 2024 Bonds are being issued to provide financing for the costs of the Project.

SECTION 8. In consideration of the purchase and acceptance of the City Bond by those who shall hold the same from time to time, this Bond Resolution shall constitute a contract between the City and the Registered Owner from time to time of the City Bond. The pledge made herein, and the covenants and agreements herein set forth to be performed on behalf of the City for the benefit of the Registered Owner shall be for the equal benefit, protection and security of the Registered Owner, all of which, regardless of the time or times of its authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction.

SECTION 9. (a) Payments of interest on the City Bond shall be made to the Record Date Registered Owner, and payments of principal shall be made to the Record Date Registered Owner in lawful money of the United States of America upon presentation of the City Bond at the corporate trust office of the Paying Agent.

(b) The City Bond shall be dated the date of its delivery; shall be issued as a fully registered bond in a single denomination equal to the principal amount thereof; shall be numbered 1; shall bear interest from the date thereof at the federally taxable or tax-exempt rate or rates borne by the Series 2024 Bonds (as provided in the Indenture) which federally taxable or tax-exempt rate or rates shall be reviewed by the Municipal Advisor and determined to be reasonable under then current market conditions, payable on each Interest Payment Date, subject to the limitation that the City Bond shall not bear a greater overall interest rate to maturity than eleven percent (11%) per annum; and shall mature and become due and payable in the same

manner and at the same dates and times as provided for the Series 2024 Bonds in the Indenture; provided, however, that the final maturity for the City Bond shall be no later than twenty (20) years from its date of issuance unless earlier redeemed as provided for in this Bond Resolution and the Indenture.

(c) The City Bond is subject to redemption prior to maturity only at the times, to the extent, in the manner and as otherwise provided for the Series 2024 Bonds in the Indenture. If applicable, the City shall provide proper notices to the Issuer and the Trustee as provided in the Indenture in the event the City elects to redeem the City Bond or any portion thereof, and redemption of the City Bond or any portion thereof shall be as provided in this Section 9 and Article IV of the Indenture. It is intended that redemption of the City Bond may only occur through the processes provided in the Indenture, and the City hereby accepts such redemption provisions by this reference.

(d) A default in the due and punctual payment of any interest or principal on the City Bond or a default by the City under this Bond Resolution is an Event of Default (as defined in the Indenture) under the Indenture entitling the Trustee to exercise certain remedies under the Indenture, including, but not limited to, the acceleration of all principal and interest due and owing on the Series 2024 Bonds outstanding. In the event the Trustee exercises such remedies under the Indenture, the principal and interest due and owing on the City Bond may be accelerated in accordance with the Indenture and the City shall cause the City Bond to be redeemed and paid in full.

SECTION 10. (a) When the City Bond shall have been validated and executed as herein provided, it shall be registered as an obligation of the City in the office of the Clerk in a record maintained for that purpose, and the Clerk shall cause to be imprinted upon the City Bond, over such official's manual or facsimile signature and manual or facsimile seal, its certificate in substantially the form set out in Section 12 hereof.

(b) The City Bond shall be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the Clerk, with the seal of the City imprinted or affixed thereto; provided, however all signatures and seals appearing on the City Bond, other than the signature of an authorized officer of the Transfer Agent hereafter provided for, may be facsimile and shall have the same force and effect as if manually signed or impressed. In case any official of the City whose signature or a facsimile of whose signature shall appear on the City Bond shall cease to be such official before the delivery or reissuance thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery or reissuance.

(c) The City Bond shall be delivered to the Issuer upon payment of the purchase price therefor in accordance with the terms and conditions of the Indenture and the City Bond Purchase Agreement, together with a complete certified transcript of the proceedings had and done in the matter of the authorization, issuance, sale and validation of the City Bond, and the final, unqualified approving opinion of Bond Counsel.

(d) Prior to or simultaneously with the delivery of the City Bond by the Transfer Agent, the City shall file with the Transfer Agent:

- (i) a copy, certified by the Clerk, of the transcript of proceedings of the Governing Body in connection with the authorization, issuance, sale and validation of the City Bond; and
- (ii) an authorization to the Transfer Agent, signed by the Mayor or his designee, or the President of the Governing Body to authenticate and deliver the City Bond to the Issuer; and
- (iii) such other documentation, if any, as may be required by this Bond Resolution, the Bond Purchase Agreement, Bond Counsel, the Trustee and the Indenture.

(e) At delivery, the Transfer Agent shall authenticate the City Bond and deliver it to the Issuer upon payment of the purchase price of the City Bond to the City in accordance with the City Bond Purchase Agreement.

SECTION 11. (a) The City hereby designates the Trustee as the Paying Agent and Transfer Agent for the City Bond. The City specifically reserves the right to hereafter designate a separate Paying Agent and Transfer Agent in its discretion, subject, however to the terms and conditions of the Indenture, and as hereinafter provided.

(b) So long as the City Bond shall remain outstanding, the City shall maintain with the Agent records for the registration and transfer of the City Bond. The Agent is hereby appointed registrar for the City Bond, in which capacity the Agent shall register in such records and permit to be transferred thereon, under such reasonable regulations as may be prescribed, the City Bond if entitled to registration or transfer.

(c) The City shall pay or reimburse the Agent for reasonable fees and expenses for services normally rendered and expenses normally incurred and customarily paid to paying agents, transfer agents and bond registrars, unless otherwise agreed to by the City and the Agent. Fees and reimbursements for extraordinary services and expenses, so long as not occasioned by the negligence, misconduct or willful default of the Agent, shall be made by the City on a case-by-case basis, subject, where not prevented by emergency or other exigent circumstances, to the prior written approval of the Governing Body.

(d) An Agent may at any time resign and be discharged of the duties and obligations of the function of Trustee, Paying Agent and Transfer Agent pursuant to the terms and conditions stated in Sections 11.05 and 11.06 of the Indenture.

(e) In the event of the resignation or removal of the Agent, a successor Agent shall be selected as provided in Section 11.07 of the Indenture.

(f) In the event of a change of Agent, the predecessor Agent shall cease to be custodian of any funds held pursuant to this Bond Resolution in connection with its role as such Agent, and the successor Agent shall become such custodian; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Agent shall be fully paid. Every predecessor Agent shall deliver to its successor Agent all records of account, registration records, list of Registered Owner and all other records, documents and instruments relating to its duties as such Agent.

(g) The provisions of Sections 11.07 and 11.08 of the Indenture shall govern the acceptance of any appointment of a successor Agent.

(h) Should any transfer, assignment or instrument in writing be required by any successor Agent from the City to more fully and certainly vest in such successor Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Agent, any such transfer, assignment and written instruments shall, on request, be executed, acknowledged and delivered by the City.

(i) The City will provide any successor Agent with certified copies of all resolutions, orders and other proceedings adopted by the Governing Body relating to the City Bond.

(j) All duties and obligations imposed hereby on an Agent or successor Agent shall terminate upon the accomplishment of all duties, obligations and responsibilities imposed by law or required to be performed by this Bond Resolution.

SECTION 12. The City Bond shall be in substantially the following form and the Mayor and the Clerk be and are hereby authorized and directed to make such changes, insertions and omissions therein as may in their opinions be required:

[CITY BOND FORM]

THIS CITY BOND HAS BEEN ASSIGNED TO HANCOCK WHITNEY BANK, AS TRUSTEE (THE “TRUSTEE”) UNDER AN INDENTURE OF TRUST (THE “INDENTURE”) DATED _____, 2024, BY AND BETWEEN THE MISSISSIPPI DEVELOPMENT BANK AND THE TRUSTEE. THIS CITY BOND IS REGISTERED IN THE NAME OF THE TRUSTEE AND IS NON-TRANSFERRABLE EXCEPT AS PERMITTED IN THE INDENTURE.

**UNITED STATES OF AMERICA
STATE OF MISSISSIPPI**

**CITY OF HATTIESBURG, MISSISSIPPI
PUBLIC IMPROVEMENT GENERAL OBLIGATION BOND,
SERIES 2024**

NO. 1 \$ _____

<i>Rate of Interest</i>	<i>Maturity</i>	<i>Date of Original Issue</i>
<i>Payable as set forth herein</i>	<i>May 1, _____</i>	<i>____, 2024</i>

**REGISTERED OWNER: HANCOCK WHITNEY BANK,
As Assignee of the Mississippi Development Bank**

PRINCIPAL AMOUNT: _____ MILLION AND NO/100THS DOLLARS

The City of Hattiesburg, Mississippi (the “**City**”), a body politic existing under the Constitution and laws of the State of Mississippi, acknowledges itself to owe and for value received, promises to pay in lawful money of the United States of America to the Registered Owner identified above, upon the presentation and surrender hereof, at the corporate trust office of Hancock Whitney Bank, in Ridgeland, Mississippi, or its successor, as paying agent (the “**Paving Agent**”) for the Public Improvement General Obligation Bond, Series 2024 of the City (this “**City Bond**”), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this City Bond shall be made to the Registered Owner hereof who shall appear in the registration records of the City maintained by Hancock Whitney Bank, in Ridgeland, Mississippi, or its successor, as transfer agent for the City Bond (the “**Transfer Agent**”) at the times and periods as provided in the Indenture (as defined herein).

The City further promises to pay interest on such principal amount from the date of this City Bond as hereinafter provided until said principal sum is paid to the Registered Owner hereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date (as defined in the Indenture).

Payments of principal of and interest on this City Bond shall be made by check or draft mailed to such Registered Owner at its address as such address appears on such registration records in time to reach the Registered Owner at least five (5) days prior to an Interest Payment Date (as defined in the Bond Resolution, as hereinafter defined).

This City Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 21-33-301 et seq., Mississippi Code of 1972, as amended, and Sections 31-25-1 et seq., Mississippi Code of 1972, as amended (together, the “**Act**”), and by the further authority of proceedings duly had by the Mayor and City Council of the City, including a resolution adopted on April 16, 2024 (the “**Bond Resolution**”).

This City Bond is issued in the aggregate authorized principal amount of ____ Million Dollars (\$____,000,000) to provide funds to the City for the purposes set forth in the Bond Resolution, including, but not limited to, any of (i) purchasing and installing water meters within the City and repairing, improving and extending the waterworks, gas, electric and other public utility plants or distribution systems or franchises; (ii) establishing sanitary, storm, drainage or sewerage systems, and repairing, improving and extending the same; and (iii) for other authorized purposes under the City Bond Act, including funding capitalized interest, if applicable, and paying the costs of borrowing (together, the “**City Project**”).

The City will duly and punctually pay the principal of, premium, if any, and interest on this City Bond at the dates and the places and in the manner mentioned in the Bond Resolution, according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the City Bond, the City agrees to make payments upon the City Bond and be liable therefor at such times and in such amounts (including principal, premium, if any, and interest) so as to provide for payment of the principal of, premium, if any, and interest on the \$____,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project) (the “**Series 2024 Bonds**”), outstanding under the Indenture of Trust, by and between the Mississippi Development Bank and

Hancock Whitney Bank, as trustee (the “Trustee”), dated as of __, 2024 (the “Indenture”), when due whether upon a scheduled interest payment date, redemption or at maturity.

Reference is hereby made to the Bond Resolution and to all amendments and supplements thereto for the provisions, among others, with respect to the nature and extent of the security for the bondholder, the rights, duties and obligations of the City and the bondholder and the terms upon which this City Bond is or may be issued and secured.

The City and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner for the purpose of receiving payment of principal hereof and interest due hereon and for all other purposes and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

This City Bond shall be a general obligation of the City payable as to principal of, premium, if any, and interest out of and secured by a special tax to be levied annually by the City, without limitation as to time, rate or amount, upon all of the taxable property within the geographical boundaries of the City adequate and sufficient to provide for the payment of the principal of, premium, if any, and interest on the City Bond as the same becomes due. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of the tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the 2024 Bond Fund (as defined in the Bond Resolution), or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the Bond Resolution, including, but not limited to, a pledge of the revenues of the combined water and sewer system of the City, which pledge shall be in addition to the pledge of the full faith and credit of the City. The avails of said tax are irrevocably pledged by the City under the Bond Resolution for the payment of the principal of, premium, if any, and interest on the City Bond as the same shall mature and accrue. Should there be a failure in any year to comply with the requirements, such failure shall not impair the right of the holder of the City Bond in any subsequent year to have adequate taxes levied and collected to meet the obligations of the City Bond, as to principal of, premium, if any, and interest.

This City Bond is the only evidence of indebtedness issued and outstanding under the Bond Resolution. This City Bond has been purchased by the Mississippi Development Bank and has been assigned to the Trustee under the Indenture. This City Bond is registered in the name of the Trustee and is non-transferrable except as provided in the Indenture.

The City and the Transfer Agent may deem and treat the Person in whose name this City Bond is registered as the absolute owner hereof, whether this City Bond shall be overdue or not, for the purpose of receiving payment of the principal of, premium, if any, and interest on this City Bond and for all other purposes. All such payments so made to the Registered Owner shall be valid and effectual to satisfy and discharge the liability upon this City Bond to the extent of the sum or sums paid, and neither the City nor the Transfer Agent shall be affected by any notice to the contrary.

Upon a default in payment under this City Bond, the Trustee may, as provided in the Indenture and the Bond Resolution, declare the principal of and accrued interest on this City Bond to be due and payable immediately.

This City Bond shall only be redeemed under the Bond Resolution to the extent and in the manner required to redeem the Series 2024 Bonds pursuant to the provisions of the Indenture.

Modifications or alterations of the Bond Resolution may be made only to the extent and under the circumstances permitted by the Indenture.

This City Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Resolution until the certificate of registration and authentication hereon shall have been signed by the Transfer Agent.

Capitalized terms used herein, but not defined herein, shall have the meanings given to such terms in the Bond Resolution and the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that all conditions, acts and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this City Bond, in order to make the same a legal and binding general obligation of the City, according to the terms thereof, do exist, have happened and have been performed in regular and due time, form and manner as required by law. For the performance in apt time and manner of every official act herein required, and for the prompt payment of this City Bond, including principal, premium, if any, and interest, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

IN WITNESS WHEREOF, the City has caused this City Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the City Clerk of the City, under the manual or facsimile seal of the City, which said manual or facsimile signatures and seal said officials adopt as and for their own proper signatures and seal, on this the _____ day of _____ 2024.

(SEAL)

**CITY OF HATTIESBURG,
MISSISSIPPI**

By _____
Mayor

ATTEST:

City Clerk

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This City Bond is the City Bond described in the within mentioned Bond Resolution and is the Public Improvement General Obligation Bond, Series 2024, of the City of Hattiesburg, Mississippi.

HANCOCK WHITNEY BANK, as
Transfer Agent

By _____
Authorized Signatory

Date of Registration and Authentication: ____, 2024

REGISTRATION AND VALIDATION CERTIFICATE

**STATE OF MISSISSIPPI
COUNTY OF FORREST**

I, the undersigned City Clerk of City of Hattiesburg, Mississippi, do hereby certify that the within City Bond has been duly registered by me as an obligation of said City pursuant to law in a record kept in my office for that purpose, and has been validated and confirmed by Decree of the Chancery Court of Forrest County, Mississippi, rendered on the ____ day of _____, 2024.

(SEAL)

City Clerk

[END OF CITY BOND FORM]

SECTION 13. In case the City Bond shall become mutilated or be stolen, destroyed or lost, the City shall, if not then prohibited by law, cause to be authenticated and delivered a new City Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated City Bond, or in lieu of and in substitution for such City Bond stolen, destroyed or lost, upon the Registered Owner's paying the reasonable expenses and charges of the City in connection therewith, and in case of a City Bond stolen, destroyed or lost, such Registered Owner's filing with the City or Transfer Agent evidence satisfactory to them that the City Bond was stolen, destroyed or lost, and of its ownership thereof, and furnishing the City or the Transfer Agent with such security and/or indemnity as may be required by law or by them to save each of them harmless from all risks, however remote.

SECTION 14. This City Bond shall be a general obligation of the City and the City hereby irrevocably pledges its full faith, credit and taxing power for the purpose of effectuating and providing for the payment of the principal of, premium, if any, and interest on the City Bond as the same shall respectively mature and accrue. There shall be levied annually by the City, without limitation as to time, rate or amount, upon all of the taxable property within the

geographical boundaries of the City adequate and sufficient to provide for the payment of the principal of, premium, if any, and interest on the City Bond as the same becomes due. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of the tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the 2024 Bond Fund, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of this Bond Resolution, including, but not limited to, a pledge of the revenues of the combined water and sewer system of the City, which pledge shall be in addition to the pledge of the full faith and credit of the City. The avails of said tax are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the City Bond as the same shall mature and accrue. Should there be a failure in any year to comply with the requirements, such failure shall not impair the right of the holder of the City Bond in any subsequent year to have adequate taxes levied and collected to meet the obligations the City Bond, as to principal of, premium, if any, and interest.

SECTION 15. Only if the City Bond shall have endorsed thereon a certificate of registration and authentication in substantially the form hereinabove set forth, duly executed by the Transfer Agent, shall the City Bond be entitled to the rights, benefits and security of this Bond Resolution. The City Bond shall not be valid or obligatory for any purpose unless and until such certificate of registration and authentication shall have been duly executed by the Transfer Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this Bond Resolution. The Transfer Agent's certificate of registration and authentication on the City Bond shall be deemed to have been duly executed if signed by an authorized officer of the Transfer Agent; provided, however, it shall not be necessary that the same officer sign said certificate on every City Bond that may be issued hereunder.

SECTION 16. Ownership of the City Bond shall be in the Issuer or its assignee. The Person in whose name the City Bond shall be registered in the records of the City maintained by the Transfer Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of, premium, if any, or interest on the City Bond shall be made only to or upon the order of the Registered Owner thereof, or its legal representative, but such registration may be changed as hereinafter provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the City Bond to the extent of the sum or sums so paid.

SECTION 17. The City Bond shall be transferable only as provided in the Indenture. Upon the transfer of the City Bond, the City, acting through the Transfer Agent, shall issue in the name of the transferee a new City Bond of the same aggregate principal amount and maturity and rate of interest as the surrendered City Bond.

SECTION 18. (a) The City hereby establishes the “City of Hattiesburg, Mississippi Public Improvement General Obligation Bond, Series 2024 Bond Fund” (the “**2024 Bond Fund**”) which shall be maintained with a qualified depository in its name for the payment of the principal of, premium, if any, and interest on the City Bond, and the payment of the Agent's fees

in connection therewith. There shall be deposited into the 2024 Bond Fund as and when received:

- (i) The avails of any of the taxes levied and collected pursuant to Section 14 hereof;
- (ii) Any income received from the investment of monies in the 2024 Bond Fund; and
- (iii) Any other funds available to the City which may be lawfully used for payment of the principal of, premium, if any, and interest on the City Bond or for other obligations of the City which may be due under the Indenture, and which the Governing Body, in its discretion, may direct to be deposited into the 2024 Bond Fund, including, but not limited to, the pledge of revenues of the combined water and sewer system of the City.

(b) As long as any principal of, premium, if any, and interest on the City Bond or the Series 2024 Bonds remain outstanding and/or other obligations of the City remain outstanding hereunder or under the Indenture, the Clerk is hereby irrevocably authorized and directed to withdraw from the 2024 Bond Fund, sufficient monies to make the payments necessary (the “**City Bond Payments**”) to pay (i) the principal of, premium, if any, and interest coming due on the Series 2024 Bonds, and (ii) any additional payments necessary and required as obligations of the City hereunder or under the Indenture, including, but not limited to Program Expenses (as such term is defined in the Indenture), and to transfer same to the account of the Trustee in time to reach the Trustee at least five (5) days prior to the date on which said interest, principal or premium, if any, on the Series 2024 Bonds shall become due, or in such time as may be required for any other payments regarding the Series 2024 Bonds shall become due. The Trustee shall deposit all City Bond Payments received in the General Account of the General Fund of the Indenture (as such terms are defined in the Indenture), or such other fund or account as the Trustee is so directed in the Indenture.

SECTION 19. (a) The City hereby establishes the “City of Hattiesburg, Mississippi Public Improvement General Obligation Bond, Series 2024 Construction Fund” (the “**2024 Construction Fund**”) which shall be maintained with a qualified depository in its name. A portion of the proceeds received upon the sale of the City Bond as provided in Section 6.07 of the Indenture shall be transferred by the Trustee and deposited in the 2024 Construction Fund. Monies deposited in the 2024 Construction Fund shall be used, to the extent permitted by law, (i) to pay, or to reimburse the City, for all costs related to implementation and completion of all necessary expenditures for and in connection with the City Project; (ii) to pay, or to reimburse the City, for architectural, engineering, fiscal, paying agent, printing, accounting, construction manager, feasibility consultant, legal expenses and development expenses; (iii) to pay costs related to any suits and proceedings, including any costs of settlement thereof; and (iv) to pay for all costs related to implementation and completion of all necessary expenditures for and in connection with the City Project.

Any income received from investment of monies in the 2024 Construction Fund shall be deposited in the 2024 Construction Fund and shall be used for the costs of the City Project.

Any amounts which remain in the 2024 Construction Fund after the completion of the City Project, shall be transferred to the 2024 Bond Fund and used as permitted under State law.

(b) The balance of the proceeds derived from the sale of the City Bond following the deposit to be made pursuant to this Section 19 shall be retained by the Issuer and deposited with the Trustee under the Indenture to be used for the payment of the costs of issuance and sale of the City Bond and the costs of issuance and sale of the Series 2024 Bonds, all as provided in the Indenture.

SECTION 20. (a) Payment of principal on the City Bond shall be made, upon presentation of the City Bond at the corporate trust office of the Paying Agent, to the Record Date Registered Owner thereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date.

(b) Payment of each installment of interest on the City Bond shall be made to the Record Date Registered Owner thereof whose name shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date. Interest shall be payable in the aforesaid manner irrespective of any transfer or exchange of such City Bond subsequent to the Record Date and prior to the due date of the interest.

(c) Principal of and interest on the City Bond shall be paid by the Paying Agent by check or draft mailed to the Registered Owner at the address appearing in the registration records of the Transfer Agent in time to reach the Registered Owner at least five (5) days prior to an Interest Payment Date. Any such address may be changed by written notice from the Registered Owner to the Transfer Agent by certified mail, return receipt requested, or such other method and at the times as may be subsequently prescribed by the Transfer Agent.

SECTION 21. The City may issue refunding bonds, in one or more series, with the consent of the Issuer pursuant to a supplement to this Bond Resolution or a separate resolution to provide funds for the refunding of all or a portion of the City Bond so long as: (a) no default has occurred and is continuing under this Bond Resolution or the Indenture; and (b) there shall have been filed with the City and the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bonds then outstanding under the Indenture shall not be adversely affected, if applicable.

Such refunding bonds shall be appropriately designated, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered, shall have such paying agents and shall have such maturities and redemption provisions, all as may be provided in the supplement to this Bond Resolution or separate resolution of the Governing Body authorizing the issuance of such refunding bonds.

It is intended that this Section 21 allow for the provision of refunding bonds commensurate with the ability of the Issuer to issue its refunding bonds as provided in Section 2.05 of the Indenture.

SECTION 22. The City Bond shall be submitted to validation in the Chancery Court of Forrest County, Mississippi, in the manner and with the force and effect provided by Sections 31-13-1 *et seq.*, Mississippi Code of 1972, as amended. The Clerk is hereby directed to prepare

a transcript of all legal papers and proceedings relating to the City Bond and to certify and forward the same to the State's Bond Attorney for the institution of validation proceedings.

SECTION 23. The City covenants to comply, if applicable, with each requirement of the Code and the regulations promulgated thereunder necessary to maintain the exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes, and in furtherance thereof, to comply, if applicable, with a certificate of the City to be executed and delivered concurrently with the issuance of the City Bond and the Series 2024 Bonds, or such other covenants as may, from time to time, be required to be complied with in order to maintain the exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes, if applicable. The City shall not use or permit the use of any of the proceeds of the City Bond or the Series 2024 Bonds, or any other funds of the City, directly or indirectly, to acquire any securities, obligations or other investment property, and shall not take or permit to be taken any other action or actions, which would cause any Series 2024 Bond to be an “arbitrage bond” as defined in Section 148 of the Code, if and as applicable. Notwithstanding any other provisions to the contrary, so long as necessary in order to maintain the exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes under the Code, if applicable, the covenants contained in this Section 23 shall survive the payment of the City Bond and the Series 2024 Bonds and the interest thereon, including any payment or defeasance thereof.

SECTION 24. The City represents as follows, if and as applicable to the Series 2024 Bonds and the City Bond:

(a) The City shall take no action that would cause the Series 2024 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(b) The City shall take all necessary action to have the Series 2024 Bonds registered within the meaning of Section 149(a) of the Code; and

(c) The City will not employ any device or abusive transaction with respect to the investment of the proceeds of the Series 2024 Bonds and, to the extent necessary, the City Bond.

SECTION 25. The City hereby covenants that, if applicable, in connection with the Series 2024 Bonds it shall make, or cause to be timely made to the United States of America, any rebate payment required by Section 148(f) of the Code and the regulations promulgated thereunder and to that end, will enter into the Arbitrage Rebate Agreement (as defined in the Indenture) (or similar agreement respecting such federal income tax matters) with the Issuer and the Trustee.

SECTION 26. The Mayor, President of the Governing Body or the Clerk are hereby authorized to sign and file or cause to be filed a completed I.R.S. Form 8038-G “Information Return for Governmental Obligations” if required by Section 149(e) of the Code.

SECTION 27. The Mayor, President of the Governing Body or the Clerk are hereby authorized to execute a non-arbitrage certification in order to comply with Section 148 of the Code and the applicable regulations thereunder.

SECTION 28. Pursuant to SEC Rule 15c2-12(b)(5) (the “**Rule**”), the City, as an “obligated person” under the Rule, hereby covenants and agrees to enter into the Continuing

Disclosure Certificate, setting forth the City's agreement with regard to continuing disclosure and to comply with the covenants set forth therein and carry out all of the provisions of the Continuing Disclosure Certificate. In the event the City fails to comply with the provisions of the Continuing Disclosure Certificate, the beneficial owners of the Series 2024 Bonds may take such actions as may be necessary and appropriate, including mandamus or specific performance by court order, to cause the City to comply with its obligations set forth in the Continuing Disclosure Certificate and this Section.

SECTION 29. (a) The Issuer and the City, without the consent of the owners of any of the Series 2024 Bonds outstanding under the Indenture, may enter into supplements to this Bond Resolution which shall not be inconsistent with the terms and provisions hereof for any of the purposes heretofore specifically authorized in this Bond Resolution or the Indenture, and in addition thereto for the following purposes:

- (i) To cure any ambiguity or formal defect or omission in the Indenture;
- (ii) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the opinion of Bond Counsel, does not materially and adversely affect the interest of the owner of the City Bond and does not require unanimous consent of the Bondholders pursuant to Section 12.01 of the Indenture;
- (iii) To subject to the Indenture additional Revenues (as such term is defined in the Indenture), properties or collateral;
- (iv) To modify, amend or supplement this Resolution in such manner as required to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, to permit qualification of the City Bond or the Series 2024 Bonds for sale as exempt securities or in exempt transactions under the Securities Act, the Exchange Act or the securities laws of any state or to avoid registration under the Investment Company Act of 1940, as amended, or any similar federal statute hereafter in effect, or to permit compliance with the Code;
- (v) To conform the text herein to any description or summary of this Resolution in any official statement or other offering document with respect to the City Bond or the Series 2024 Bonds to the extent that such description or summary was intended to be a verbatim recitation of a provision herein; and
- (vi) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent.

(b) The provisions of this Bond Resolution may be amended in any particular with the written consent of the Issuer to the extent authorized by the Indenture; provided, however, that no such amendment may be adopted which decreases the percentage of owners of Series

2024 Bonds required to approve any amendment, or which permits a change in the date of payment of the principal of or interest on any Series 2024 Bonds or of any redemption price thereof or the rate of interest thereon.

(c) If at any time the Issuer and the City shall request the Trustee to consent to a proposed amendment of this Bond Resolution for any of the purposes of this Section 29, the Trustee shall, upon being satisfactorily indemnified and/or secured with respect to expenses, cause notice of the proposed execution of such proposed amendment to be given in the manner required by the Indenture to redeem Series 2024 Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all holders of Series 2024 Bonds. If, within sixty (60) days or such longer period as shall be prescribed by the Issuer following such notice, the owners of not less than a majority in aggregate principal amount of the Series 2024 Bonds outstanding at the time of the execution of any such proposed amendment shall have consented to and approved the execution thereof as herein provided, no owner of any Series 2024 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the City or the Issuer from executing or approving the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such proposed amendment permitted and provided in this Section, this Bond Resolution shall be modified and amended in accordance therewith.

(d) Copies of any such supplement or amendment shall be filed with the Trustee and delivered to the Issuer and the City before such supplement or amendment may become effective.

SECTION 30. The Indenture, in the form submitted as **Exhibit B** hereto to this meeting, is hereby made part of this Bond Resolution as though set forth in full herein and shall be, and the same hereby is, approved in substantially said form. The Mayor, President of the Governing Body or the Clerk, be, and hereby are, authorized to approve such additional changes as may be requested by the Issuer. The Governing Body hereby approves and acknowledges the Indenture and the terms and provisions thereof and recognizes that many items governing the terms and conditions of the City Bond are based upon terms, limitations and conditions as provided in the Indenture.

SECTION 31. The City Bond Purchase Agreement, in the form submitted as **Exhibit C** hereto to this meeting, is hereby made part of this Bond Resolution as though set forth in full herein and shall be, and the same hereby is, approved in substantially said form. The Mayor or the President of the Governing Body and the Clerk, are hereby authorized and directed to execute and deliver the City Bond Purchase Agreement with such changes, insertions and omissions as may be approved by such officers, said execution being conclusive evidence of such approval.

SECTION 32. The Governing Body of the City hereby authorizes, due to the character of the Series 2024 Bonds, the complexity of structuring the Series 2024 Bonds and prevailing market conditions, to negotiate for the sale of the Series 2024 Bonds with the Underwriter and to approve the submission of the form of the Bond Purchase Agreement for the sale of the Series 2024 Bonds to the Issuer and the City, for approval at a subsequent date to be determined by the Municipal Advisor and the City to be the most financially advantageous to the City and the

Issuer and hereby gives authority to the Mayor or the President of the Governing Body to approve the sale of the Series 2024 Bonds and to make the final decisions regarding (i) the aggregate principal amounts of the Series 2024 Bonds, (ii) the redemption provisions of the Series 2024 Bonds, (iii) the interest rates to be borne by the Series 2024 Bonds, (iv) the maturity dates of the Series 2024 Bonds, (v) the principal and interest payment dates for the Series 2024 Bonds, and (vi) to make all final determinations necessary to structure the Series 2024 Bonds; provided that the terms of the City Bond will mirror said terms of the Series 2024 Bonds. The Bond Purchase Agreement, in the form attached hereto as **Exhibit D** and when presented for execution, is hereby approved in all respects, subject to the following conditions: (1) the par amount of the Series 2024 Bonds will not exceed \$7,500,000; (2) the net interest cost of the Series 2024 Bonds will not exceed 11.00%; (3) the Series 2024 Bonds will mature no later than twenty (20) years from the date of issuance thereof; (4) the net proceeds of the City Bond shall be applied to the costs of the Project and to pay for the costs of issuance of the Series 2024 Bonds and the City Bond; and (5) the terms and provisions of the Series 2024 Bonds and the City Bond are in compliance with the Act. The form of the Bond Purchase Agreement in substantial form is hereby approved in all respects and the Mayor or the President of the Governing Body are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and on behalf of and in the name of the City for the sale of the Series 2024 Bonds, with such changes, omissions, insertions and revisions, as may be approved by either such officer, said execution being conclusive evidence of such approval.

SECTION 33. (a) The form of the Preliminary Official Statement is submitted to this meeting and made a part of this resolution as though set forth in full herein shall be, and the same hereby is, approved in substantially said form. The Mayor or the President of the Governing Body are hereby authorized and directed to execute and deliver, as applicable, the Preliminary Official Statement with such changes, insertions and omissions as may be approved by such officer, said execution being conclusive evidence of such approval. The Preliminary Official Statement is hereby "deemed final" by the City as described in the Rule. The Mayor or the President of the Governing Body are hereby authorized and directed to execute and deliver the Official Statement in connection with the Series 2024 Bonds with such changes, insertions and omissions as may be approved by such officer from the Preliminary Official Statement, said execution being conclusive evidence of such approval. Said Preliminary Official Statement is attached hereto as **EXHIBIT E**.

(b) If in the opinion of the Bond Counsel, the Underwriter and the Municipal Advisor, a supplement or amendment to the Preliminary Official Statement and/or Official Statement is necessary to provide proper disclosure for the Series 2024 Bonds, the Governing Body of the City hereby authorizes (a) Bond Counsel to prepare and distribute such supplement or amendment to the Preliminary Official Statement and/or the Official Statement in a form and in a manner approved by the Underwriter, and (b) the Underwriter to provide distribution of such supplement or amendment to the Preliminary Official Statement and/or Official Statement, as the case may be, in connection with the sale of the Series 2024 Bonds, with the distribution of such supplement or amendment being conclusive evidence of the approval of the Governing Body.

(c) The Continuing Disclosure Certificate, in the form attached to the Preliminary Official Statement as submitted to this meeting, is hereby made part of this Bond Resolution as though set forth in full herein and shall be, and the same hereby is, approved in substantially said form. The Mayor or the President of the Governing Body and the Clerk are hereby authorized

and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by such officers, said execution being conclusive evidence of such approval.

SECTION 34. Copies of the documents provided for in Sections 30 through 33 of this Bond Resolution in the forms submitted to this meeting and approved in substantially said forms by this Bond Resolution are on file in the office of the Clerk.

SECTION 35. The Mayor or the President of the Governing Body and the Clerk are authorized and directed to execute and deliver any additional documents, agreements, instruments, requisitions and certificates, which are required in connection with the sale and issuance of the Series 2024 Bonds and the City Bond. Notwithstanding any other provision herein or in any attachments hereto, the Governing Body further authorizes any necessary changes to the name or title or series and year designation of the Series 2024 Bonds or the City Bond and corresponding changes to any of the related documents approved hereby if it is determined, after consultation with the Municipal Advisor, that it is in the best interest of the City for the Series 2024 Bonds to be issued at a later date, pursuant to a different structure, or in one or more tax-exempt or taxable series, or as a private placement transaction as the municipal bond market conditions may dictate.

SECTION 36. If the Project or any improvements located thereon shall be damaged or destroyed (in whole or in part) at any time while any of the City Bond remains outstanding, there shall be no abatement or reduction in the amount payable by the City hereunder and under the City Bond. Also, if at any time while any Series 2024 Bonds remain outstanding, and the whole or any part of title to, or the use of, the Project shall be taken by condemnation, there shall be no abatement or reduction in the amount payable by the City hereunder.

SECTION 37. Except as otherwise expressly provided herein, nothing in this Bond Resolution, express or implied, is intended or shall be construed to confer upon any Person or firm or corporation other than the City, the Issuer and the Trustee, any right, remedy or claim, legal or equitable, under and by reason of this Bond Resolution or any of the provisions hereof or the Indenture or any provision thereof. This Bond Resolution, the Indenture and all of their provisions are intended to be and shall be for the sole and exclusive benefit of the City, the Trustee and the Issuer.

SECTION 38. The Mayor or the President of the Governing Body are hereby authorized and directed to sign requisitions and perform such other acts as may be necessary to authorize the payment by the Trustee under the Indenture on the date of issuance and delivery of the Series 2024 Bonds, the costs of issuance for the Series 2024 Bonds and the City Bond.

SECTION 39. The Governing Body hereby approves the designation of Hancock Whitney Bank, Ridgeland, Mississippi, as the Paying Agent and Trustee for the Series 2024 Bonds under the Indenture.

SECTION 40. The Mayor or the President of the Governing Body and the Clerk are authorized to execute and deliver such resolutions, agreements, certificates and other documents as are required for the sale, issuance and delivery of the City Bond, including the approval of the final Official Statement in connection with the Series 2024 Bonds. The Governing Body further

authorizes Bond Counsel, City Counsel, the Underwriter and the Municipal Advisor, to prepare and distribute all necessary documents and to do all things required in order to negotiate the sale of the Series 2024 Bonds and to effectuate the sale and issuance of the City Bond and the Series 2024 Bonds.

SECTION 41. The Mayor or the President of the Governing Body and the Clerk are further authorized and directed to execute and deliver such additional documents and certificates which are required in connection with this Bond Resolution to provide for the sale, issuance and delivery of the City Bond and the Series 2024 Bonds.

SECTION 42. If the Municipal Advisor deems it in the bests interest of the City and the Issuer to apply for municipal bond insurance for the Series 2024 Bonds, the Governing Body hereby approves the execution of a commitment for the provision of municipal bond insurance for the Series 2024 Bonds and any additional documents and certificates which are required by any provider of such municipal bond insurance selected to provide credit enhancement in connection with the issuance of the Series 2024 Bonds. The Mayor or the President of the Governing Body are hereby authorized to approve any changes, insertions and omissions as may be required by the provider of the municipal bond insurance to the Bond Purchase Agreement, the Preliminary Official Statement and Official Statement, the Indenture and the City Bond Purchase Agreement, as are approved by the Mayor or his designee, evidenced by his/her execution of the commitment for said municipal bond insurance and other additional documents and certificates. In addition, the executive director of the Issuer and/or an authorized officer of the Issuer are hereby authorized to apply for municipal bond insurance and execute a commitment for the provision of municipal bond insurance and any additional documents and certificates which are required by any provider of such municipal bond insurance selected to provide credit enhancement in connection with the issuance of the Series 2024 Bonds.

SECTION 43. If the Municipal Advisor deems it in the best interest of the City and the Issuer to sell the Series 2024 Bonds as a privately placed transaction (the “**Private Placement Transaction**”) due to municipal bond market conditions, the Governing Body authorizes and approves: (a) the Private Placement Transaction in order to conform to such determination by the Municipal Advisor; (b) the Private Placement Agreement in the form submitted to this meeting and attached hereto as **EXHIBIT F**; (c) Raymond James & Associates, Inc., as placement agent for the Private Placement Transaction (the “**Placement Agent**”); and (d) any term sheet (the “**Term Sheet**”), if applicable, of a bank or consortium of banks or a qualified institutional buyer, as purchaser or lender (the “**Lender**”) in connection with the Private Placement Transaction.

SECTION 44. If the Series 2024 Bonds are sold as a Private Placement Transaction the following shall apply: (a) the Series 2024 Bonds shall be initially issued as fully registered bonds in the principal denomination of \$100,000 and increments of \$1,000 each thereafter, or integral multiples thereof up to the amount of a single maturity, (b) shall be subject to redemption in the manner, to the extent and with such notice as stated in the Private Placement Agreement and the Term Sheet, (c) shall be delivered to the Lender upon payment of the purchase price therefor in accordance with the terms and conditions of the Private Placement Agreement and the Term Sheet, (d) shall be authenticated and delivered to, upon the order of or as directed by the Lender thereof upon payment of the purchase price of the Series 2024 Bonds to the Trustee in accordance with the Private Placement Agreement and the Term Sheet, (e) may or may not have CUSIP numbers assigned thereto as specified in the Private Placement Agreement and the Term

Sheet, and (d) the execution of the Private Placement Agreement by the Mayor or the President of the Governing Body, is subject to the same conditions provided in Section 32 as are applicable to the execution of the Bond Purchase Agreement.

SECTION 45. If any one or more of the provisions of this Bond Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Bond Resolution, but this Bond Resolution shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

SECTION 46. All resolutions and orders or parts thereof in conflict herewith are, to the extent of such conflicts, hereby repealed, and this Bond Resolution shall become effective immediately.

The above and foregoing resolution, after having been first reduced to writing, was introduced by Council Member _____, seconded by Council Member _____ and was adopted by the following roll call vote, to wit:

YEAS:

NAYS:

ABSENT:

The President thereby declared the motion carried and the Intent Resolution adopted this the 16th day of April 2024.

(SEAL)

ATTEST:

ADOPTED:

CLERK OF COUNCIL

PRESIDENT

The above and foregoing Bond Resolution having been submitted to and approved by the Mayor, this the 16th day of April 2024.

CITY CLERK

MAYOR

(SEAL)

EXHIBIT A
PROOF OF PUBLICATION

EXHIBIT B
FORM OF INDENTURE OF TRUST

EXHIBIT C
FORM OF CITY BOND PURCHASE AGREEMENT

EXHIBIT D

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT E

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT F

FORM OF PRIVATE PLACEMENT AGREEMENT

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APPENDIX D
FORM OF BOND COUNSEL OPINION

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**UPON THE DELIVERY OF THE SERIES 2024 BONDS, BUTLER SNOW LLP PROPOSES TO DELIVER
AN OPINION IN SUBSTANTIALLY THE FOLLOWING FORM:**

Mississippi Development Bank
Jackson, Mississippi

Re: \$7,500,000* Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project), dated the date of delivery thereof (the "**Series 2024 Bonds**")

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Mississippi Development Bank (the "**Issuer**") of the above described Series 2024 Bonds, pursuant to an Indenture of Trust (the "**Indenture**"), dated May 22, 2024*, by and between the Issuer and Hancock Whitney Bank, as trustee (the "**Trustee**"). We have examined the law and a certified transcript of proceedings of the Issuer relative to the authorization, issuance and sale of the Series 2024 Bonds and such other papers as we have deemed necessary to render the opinions in this letter, including the Issuer's tax covenants and representations made in the Indenture and tax certificates and the tax covenants and representations made by City of Hattiesburg, Mississippi (the "**City**") in tax certificates and in a resolution (the "**City Bond Resolution**") adopted by the Mayor and the City Council of the City on April 16, 2024 (collectively, the "**Tax Representations and Covenants**").

The Series 2024 Bonds are being issued under the authority of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "**Issuer Act**"), and Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "**City's Bond Act**" and together with the Issuer Act, the "**Act**"), a resolution of the Board of Directors of the Issuer adopted on April 10, 2024, and the City Bond Resolution (together, the "**Resolution**").

The Resolution provides that the Series 2024 Bonds are being issued for the purpose of providing funds to finance the costs of purchasing the \$7,500,000* City of Hattiesburg, Mississippi Public Improvement General Obligation Bond, Series 2024 (the "**City Bond**"), and paying the costs incident to the sale, issuance, and delivery of the Series 2024 Bonds and the City Bond. The City will use the proceeds of the City Bond to finance various capital improvements within the City, as more particularly described in the City Bond Resolution.

As to questions of fact material to our opinions, we have relied upon representations of the City and the Issuer, certified proceedings and other certifications of the City and the Issuer and other public officials furnished to us, including the Tax Representations and Covenants, without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate.

Based on the foregoing and subject to the qualifications, statements of reliance and assumptions herein, we are of the opinion on the date hereof that:

1. Assuming the due authentication thereof by the Trustee, the Series 2024 Bonds are legal, valid and binding limited obligations of the Issuer enforceable against the Issuer. The Series 2024 Bonds are payable from and secured only by the certain payments and funds to be received by the Issuer and the Trustee and pledged to the Series 2024 Bonds under the Indenture.

* Preliminary, subject to change.

2. The Indenture is a valid and binding agreement of the Issuer enforceable against the Issuer. The Indenture creates a valid pledge in the Funds and Accounts and the City Bond, including the investments thereof (excepting therefrom the Rebate Fund), subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

3. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated below, interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference in the calculation of federal alternative minimum taxable income as defined in Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "**Code**"); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on such corporations. We express no opinion regarding other federal tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2024 Bonds. In rendering the opinion contained in this paragraph numbered 3, we have assumed continuing compliance with the requirements of Code that must be met by the Issuer and the City after the issuance of the Series 2024 Bonds, including the Tax Representations and Covenants, in order that interest on the Series 2024 Bonds not be included in gross income for federal income tax purposes. The failure to meet such requirements may cause interest on the Series 2024 Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The City and the Issuer have covenanted in the Tax Representations and Covenants to comply with or to require compliance with the requirements of the Code in order to maintain the excludability of interest on the Series 2024 Bonds from gross income for federal income tax purposes.

4. Under and pursuant to the Act, the Series 2024 Bonds and interest thereon are exempt from all income taxes imposed by the State of Mississippi (the "**State**").

It is to be understood that the rights of the holders of the Series 2024 Bonds and the enforceability of the Series 2024 Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereinafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Owners of the Series 2024 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of any other collateral federal income tax consequences.

In this opinion letter, issued in our capacity as Bond Counsel, we are opining only upon those matters specifically set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Issuer's Official Statement or other representations, warranties or statements made in connection with any offer or sale of the Series 2024 Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2024 Bonds, except those specifically addressed herein, or upon any federal or state securities law with respect to the sale or distribution of the Series 2024 Bonds.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certificates, resolutions, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, certifications, resolutions, documents and proceedings. In rendering this opinion, we have relied upon the opinion

of Balch & Bingham, LLP, Jackson, Mississippi, counsel for the Issuer, dated the date hereof, as to the due authorization and execution by and enforceability against the Issuer as to the Series 2024 Bonds and the Indenture.

Very truly yours,

BUTLER SNOW LLP

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APPENDIX E
DEFINITIONS

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1. DEFINITIONS

In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless the context or use in this Official Statement otherwise requires. Words of the masculine gender should be deemed and constructed to include correlative words of the female and neuter gender. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Indenture and the City Bond Resolution, as the case may be.

Accounts

"Accounts" means the accounts created pursuant to Article VI of the Indenture.

Act

"Act" means together the Issuer Act and the City Bond Act.

Authorized Officer

"Authorized Officer" means the President, Vice President, Executive Director, Secretary or Assistant Secretary of the Issuer or such other person or persons who are duly authorized to act on behalf of the Issuer.

Beneficial Owner

"Beneficial Owner" means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a DTC participant on the records of such DTC participant, or such person's subrogee.

Bond Counsel

"Bond Counsel" means an attorney or firm of attorneys approved by the City and the Issuer nationally recognized in the area of municipal law and matters relating to the exclusion of interest on state and local government bonds from gross income under federal tax law, including particularly compliance with Section 148(f) of the Code. Butler Snow LLP, Ridgeland, Mississippi, is serving as Bond Counsel in connection with the sale and issuance of the Series 2024 Bonds.

Bond Issuance Expense Account

"Bond Issuance Expense Account" means the account by that name created pursuant to the Indenture.

Bond Register

"Bond Register" means the registration records of the Issuer kept by the Trustee to evidence the registration and transfer of the Bonds.

Bondholder

"Bondholder" or "holder of Bonds" or "owner of Bonds" or any similar term means the Registered Owner of any Bond.

Bonds

"Bonds" means the Series 2024 Bonds and any Refunding Bonds issued pursuant to the Indenture.

Business Day

"Business Day" means any day other than (a) a Saturday, (b) a Sunday, (c) any other day on which banking institutions in New York, New York or Ridgeland, Mississippi, are authorized or required not to be open for the transaction of regular banking business, (d) any day the City Courthouse in Hattiesburg, Mississippi is closed, or (e) a day on which the New York Stock Exchange is closed.

City

"City" means the City of Hattiesburg, Mississippi, a "local governmental unit" under the Issuer Act.

City Bond

"City Bond" means the \$7,500,000* Public Improvement General Obligation Bond, Series 2024, issued by the City pursuant to the City Bond Resolution and registered to the Trustee as assignee of the Issuer pursuant to the Indenture.

City Bond Act

"City Bond Act" means the provisions of Mississippi Code of 1972, Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended or supplemented from time to time.

City Bond Payment

"City Bond Payment" means the amounts paid or required to be paid, from time to time, for principal, premium, if any, and interest on the City Bond held by the Trustee pursuant to the Indenture.

City Bond Purchase Agreement

"City Bond Purchase Agreement" means that certain City Bond Purchase Agreement, dated ____, 2024, by and between the City and the Issuer in connection with the issuance and sale of the City Bond.

City Bond Resolution

"City Bond Resolution" means that certain resolution adopted by the Mayor and the City Council of the City on April 16, 2024, in connection with the issuance of the City Bond.

Code

"Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and all applicable Treasury Regulations promulgated thereunder.

City Project

"City Project" means providing financing for the costs authorized by the City Bond Act, including, but not limited to, financing certain capital projects of the City which shall consist of any of (i) purchasing and installing water meters within the City and repairing, improving and extending the waterworks, gas, electric and other public utility plants or distribution systems or franchises; (ii) establishing sanitary, storm, drainage or sewerage systems,

* Preliminary, subject to change.

and repairing, improving and extending the same; and (iii) for other authorized purposes under the City Bond Act, including funding capitalized interest, if applicable, and paying the costs of borrowing.

Costs of Issuance

"Costs of Issuance" means items of expense payable or reimbursable, directly or indirectly, by the Issuer and related to the authorization, sale, validation, issuance and/or delivery of the Series 2024 Bonds and the City Bond, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges (including Bond Counsel fees), financial/municipal advisory and professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Series 2024 Bonds, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

Counsel

"Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and approved by the Issuer, the City and the Trustee, as applicable.

Default

"Default" means an event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default under the Indenture.

DTC

"DTC" means The Depository Trust Company, New York, New York.

DTC Participants

"DTC Participants" shall have the meaning ascribed thereto in the Indenture.

Event of Default

"Event of Default" means any occurrence or event specified in the Indenture.

Fiscal Year

"Fiscal Year" means, when used with respect to the Issuer, the Issuer's fiscal year being the twelve (12) month period from July 1 through the following June 30 or such other fiscal year as may be established by the Issuer.

Funds

"Funds" means the funds created pursuant to Article VI of the Indenture (other than the Rebate Fund).

General Account

"General Account" means the account by that name created by the Indenture.

General Fund

"General Fund" means the fund by that name created by the Indenture.

Governmental Obligations

"Governmental Obligations" means to the extent permitted by State law (a) direct obligations of the United States of America; (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including but not limited to: Department of Housing and Urban Development, Export-Import Bank, Farmers Home Administration (or successor thereto), Federal Financing Bank, Federal Housing Administration, Maritime Administration, Small Business Administration, which obligations include but are not limited to certificates or receipts representing direct ownership of future interest or principal payments on obligations described in clause (a) or in this clause (b) and which are held by a custodian in safekeeping on behalf of the holders of such receipts; and (c) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) is fully and unconditionally guaranteed or insured by the United States of America, or (ii) is provided for by an irrevocable deposit of the securities described in clause (i) to the extent such investments are permitted by State law.

Indenture

"Indenture" means the Indenture of Trust, and all supplements and amendments hereto entered into pursuant to Article XII of the Indenture.

Interest Payment Date

"Interest Payment Date" means any date on which interest is payable on the Bonds, and for the Series 2024 Bonds, means each May 1 and November 1, commencing November 1, 2024.

Investment Securities

"Investment Securities" means any and all securities, instruments and the like in which the Issuer is authorized from time to time to invest its funds under State law, including but not limited to Governmental Obligations.

Issuer

"Issuer" means the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions organized under the Issuer Act.

Issuer Act

"Issuer Act" means the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended or supplemented from time to time.

Local Governmental Unit

"Local Governmental Unit" means (a) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State, (b) the State or any agency thereof, (c) the institutions of higher learning of the State, (d) any education building corporation established for institutions of higher learning, or (e) any other governmental unit created under state law, such as the City. The City is a Local Governmental Unit under the Issuer Act.

Moody's

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's"

shall be deemed to refer to any other nationally recognized securities rating agency designated by the City (with the approval of the Issuer), with written notice to the Trustee.

Opinion of Bond Counsel

"Opinion of Bond Counsel" means an opinion by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law, and which is acceptable to the Issuer and the Trustee.

Outstanding

"Outstanding" or "Bonds Outstanding" means all Bonds, which have been authenticated and delivered by the Trustee under this Indenture, including Bonds held by the Issuer, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds deemed paid under Article IX of the Indenture; and
- (c) Bonds in lieu of which other Bonds have been authenticated under Section 3.05, 3.06 or 3.10 of the Indenture.

Paying Agent

"Paying Agent" means the Trustee or any successor thereto, acting as the Paying Agent under the City Bond Resolution.

Principal Office

"Principal Office" means, as it relates to the Trustee, the address for the Trustee set forth under the definition of Notice Address in the Indenture.

Program

"Program" means the program for purchasing Securities of Local Governmental Units by the Issuer pursuant to the Issuer Act.

Program Expenses

"Program Expenses" means all of the fees and expenses of the Trustee relating to the Bonds or the City Bond and costs of determining the amount rebatable, if any, to the United States of America under the Indenture, all to the extent properly allocable to the Program and approved in writing by the Issuer.

Project

"Project" means using the proceeds of the Series 2024 Bonds to (a) provide funds to the City for the City Gas Project, the City Water & Sewer Project and the City Intent Project, as applicable; and (b) to pay the Costs of Issuance for the City Bond and the Series 2024 Bonds.

Purchase Account

"Purchase Account" means the account by that name created by the Indenture.

Rebate Fund

"Rebate Fund" means the fund by that name created by the Indenture.

Record Date

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date.

Redemption Account

"Redemption Account" means the account by that name created by the Indenture.

Redemption Price

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus premium, if any, and accrued interest payable upon redemption prior to maturity.

Refunding Bonds

"Refunding Bonds" means bonds issued pursuant to the Indenture and any Supplemental Indenture.

Registered Owner

"Registered Owner" means the person or persons in whose name any Bond shall be registered on the Bond Register.

Revenues

"Revenues" means the Funds and Accounts (except for the Rebate Fund) and all income, revenues and profits of the Funds and Accounts (except for the Rebate Fund) referred to in the granting clauses of the Indenture including, without limitation, all City Bond Payments and any additional amounts paid to the Trustee under the City Bond Resolution or from any other source whatsoever.

S&P

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, its successors and assigns, and, if dissolved or liquidated or if it no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City (with the approval of the Issuer), by written notice to the Trustee.

Securities

"Securities" means bonds, notes or other evidences of indebtedness issued by a Local Governmental Unit pursuant to the Issuer Act including the City Bond.

Series 2024 Bonds

"Series 2024 Bonds" means the \$7,500,000[†] Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project) issued pursuant to the Indenture.

[†]Preliminary, subject to change.

State

"State" means the State of Mississippi.

Supplemental Indenture

"Supplemental Indenture" means an indenture supplemental to or amendatory of the Indenture, executed by the Issuer and the Trustee in accordance with the Indenture.

Trust Estate

"Trust Estate" means the property, rights, and amounts pledged and assigned to the Trustee as security for the Bonds, pursuant to the granting clauses of the Indenture.

Trustee

"Trustee" means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under this Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of this Indenture, and which shall initially be Hancock Whitney Bank, Ridgeland, Mississippi.

Underwriter

"Underwriter" means Raymond James & Associates, Inc., Memphis, Tennessee.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the City of Hattiesburg, Mississippi (the "**City**") in connection with the issuance of \$7,500,000¹ Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project), dated the date of delivery thereof (the "**Series 2024 Bonds**"). The Series 2024 Bonds are being issued pursuant to an Indenture of Trust (the "**Indenture**"), dated ____, 2024, between the Mississippi Development Bank (the "**Issuer**") and Hancock Whitney Bank, Ridgeland, Mississippi, as trustee (the "**Trustee**").

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Series 2024 Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**SEC**").

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Annual Report**" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**Dissemination Agent**" shall mean any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"**Fiscal Year**" shall mean the period beginning on October 1 of and ending on September 30, or such other 12-month period as may be adopted by the City in accordance with law.

"**Listed Events**" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

"**Official Statement**" means the final Official Statement prepared in connection with the Series 2024 Bonds.

"**Participating Underwriter**" shall mean Raymond James & Associates, Inc., the original underwriter of the Series 2024 Bonds required to comply with the Rule in connection with an offering of the Series 2024 Bonds.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

¹ Preliminary, subject to change.

(a) The City shall, or shall cause the Dissemination Agent to, not later than twelve months after the end of each Fiscal Year (but no later than September 30 of each year), commencing twelve (12) months following the end of the City's Fiscal Year ending September 30, 2024, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if the City has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report.

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit "A."

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, the City shall provide reasonably available and accessible unaudited financial information (if any) describing the City's financial situation for the prior Fiscal Year and audited financial statements will be provided when and if available (as specified in Section 3(a)).

(b) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Series 2024 Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public at the MSRB or filed with the SEC. The City shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The City shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Series 2024 Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Series 2024 Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;

- (7) Modifications to rights of bondholders, *if material*;
- (8) Series 2024 Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Series 2024 Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;²
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a financial obligation³ of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

² For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

³ For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the County intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Series 2024 Bonds; (ii) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2024 Bonds.

SECTION 8. Dissemination Agent.

(a) The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the City elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the City and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the City described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the City at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the City that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Series 2024 Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into

account any subsequent change in or official interpretation of the Rule. The City will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Series 2024 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, any Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Series 2024 Bonds, and shall create no rights in any other person or entity.

DATE: _____

(SEAL)

CITY OF HATTIESBURG, MISSISSIPPI

By _____
Mayor

ATTEST:

By _____
City Clerk

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Mississippi Development Bank
Name of Conduit Borrower: City of Hattiesburg, Mississippi (the "City")
Name of Bond Issue: \$____,000 Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project) (the "**Series 2024 Bonds**")
Date of Issuance: _____, 2024
CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the Series 2024 Bonds as required by the Continuing Disclosure Certificate executed on ____, 2024 by the City. The City anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, _____

EXHIBIT B

Name of Issuer: Mississippi Development Bank
Name of Conduit Borrower: City of Hattiesburg, Mississippi (the "City")
Name of Bond Issue: \$____,000 Mississippi Development Bank Special Obligation Bonds, Series 2024 (City of Hattiesburg, Mississippi Public Improvement General Obligation Bond Project) (the "Series 2024 Bonds")
Date of Issuance: _____, 2024
CUSIP Numbers:

Government

Name	Occupation	Position Held Since

TAX INFORMATION

Assessed Valuation of the City¹

Assessment Year	Real Property	Personal Property	Public Utility Property	Mobile Homes	Auto- Mobiles	Total

Tax Levy Per \$1,000 Valuation²

City - General Purpose:					
Operating Millage					
Debt Millage					
Total for City:					

¹ The total assessed valuation is approved in September preceding the fiscal year of the City and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 20__ are collected starting in January, 20__ for the 20__-20__ fiscal year budget of the City.

² Tax levy figures given is mills. The County levies a tax of nine cents per acre on all timbered and/or uncultivated land located in the County.

Ad Valorem Tax Collections

Fiscal Year Ended September 30	Amount Budgeted	Amount Collected	Difference Over/(Under)

Outstanding General Obligation Bonded Debt

(as of _____)

Issue	Date of Issue	Outstanding Principal

Other Outstanding Debt

(as of _____)

Issue	Date of Issue	Outstanding Principal

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**MISSISSIPPI DEVELOPMENT BANK • SPECIAL OBLIGATION BONDS, SERIES 2024
(CITY OF HATTIESBURG, MISSISSIPPI PUBLIC IMPROVEMENT GENERAL OBLIGATION BOND PROJECT)**



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