



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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 NATCHEZ, MISSISSIPPI
ANNUAL FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

CITY OF NATCHEZ, MISSISSIPPI

Annual Financial Statements
As of and for the Year Ended September 30, 2020
With Supplementary Information Schedules

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report -----	1-3
 <u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position -----	4
Statement of Activities -----	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet-----	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	7
Statement of Revenues, Expenditures, and Changes in Fund Balances-----	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities -----	9
Proprietary Funds:	
Statement of Net Position -----	10-11
Statement of Revenues, Expenses, and Changes in Net Position-----	12
Statement of Cash Flows -----	13-14
Notes to the Financial Statements -----	15-42
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule - General Fund -----	43
Budgetary Comparison Schedule - Transportation - Senior Citizens-----	44
Budgetary Comparison Schedule - Casino Annual Lease Payment-----	45
Budgetary Comparison Schedule - Pension Trust Fund -----	46
Budgetary Comparison Schedule - TIGER Fund-----	47

CITY OF NATCHEZ, MISSISSIPPI

Annual Financial Statements
As of and for the Year Ended September 30, 2020
With Supplementary Information Schedules

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information</u> (continued)	
Schedule of Changes in Net Pension Liability -----	48
Schedule of Employer Contributions -----	49
Schedule of Changes in Net Pension Liability and Related Ratios - PERS -----	50
Schedule of Employer Contributions - PERS -----	51
<u>Other Supplementary Information</u>	
Notes to the Required Supplementary Information -----	52-53
Combining Schedule of Nonmajor Governmental Funds:	
Combining Balance Sheet -----	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -----	55
Component Units:	
Component Units -----	56
Combining Statement of Net Position -----	57
Combining Statement of Activities -----	58
Combining and Individual Fund Financial Statements and Schedules:	
Special Revenue Funds -----	59-60
Combining Balance Sheet - Special Revenue Funds -----	61-66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds -----	67-72
Debt Service Funds -----	73
Combining Balance Sheet - Debt Service Funds -----	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Debt Service Funds -----	75

CITY OF NATCHEZ, MISSISSIPPI

Annual Financial Statements
As of and for the Year Ended September 30, 2020
With Supplementary Information Schedules

TABLE OF CONTENTS

	<u>Page</u>
Capital Projects Funds -----	76
Combining Balance Sheet - Capital Projects Funds-----	77-78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Projects Funds-----	79-80
Schedule of Certificates of Deposit - All Funds -----	81
Schedule of Surety Bonds for Municipal Officials-----	82
Schedule of Expenditures of Federal Awards-----	83
 <u>Reports on Internal Controls and Compliance</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	84-85
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance-----	86-87
 <u>Schedule of Findings and Questioned Costs</u>	
Schedule of Findings and Questioned Costs-----	88
Status of Prior Year Findings -----	89
Current Year Findings, Recommendations, and Corrective Action Plan -----	90-94
 <u>Independent Auditor's Report on Compliance with State Laws and Regulations</u>	
Independent Auditor's Report on Compliance with State Laws and Regulations -----	95
Management's Corrective Action Plan-----	96-97

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the Board of Aldermen
City of Natchez
Natchez, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Natchez, Mississippi (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely-Presented Component Units

The financial statements referred to above do not include financial data of one of the City's legally separate discretely-presented component units. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that includes the financial data for its component unit. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely-presented component units is not reasonably determinable.

Adverse Opinion on Aggregate Discretely-Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely-Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely-presented component units of the City of Natchez, Mississippi, as of September 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Funding Progress - MMRS, the Schedule of Changes In Net Pension Liability and Related Ratios - PERS, and the Schedule of Employer Contributions - PERS be presented to supplement the basic financial statements. Such information, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *Other Supplementary Information*, as described in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Other Supplementary Information* is the responsibility of management and is 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 *Other Supplementary Information* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
September 28, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,193,197	\$ 3,622,422	\$ 8,815,619	\$ 158,737
Investments and other deposits	-	2,959,755	2,959,755	530,000
Receivables	2,169,288	972,469	3,141,757	939
Property tax receivable	4,462,074	-	4,462,074	-
Due from other governmental agencies	401,591	-	401,591	52,903
Inventories	-	131,200	131,200	-
Prepaid expenses	-	14,793	14,793	3,767
Restricted assets:				
Cash and cash equivalents	-	144,259	144,259	-
Investments and other deposits	-	304,040	304,040	-
Capital assets, net	67,358,405	23,649,378	91,007,783	97,039
Total assets	<u>\$ 79,584,555</u>	<u>\$ 31,798,316</u>	<u>\$ 111,382,871</u>	<u>\$ 843,385</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	<u>\$ 1,019,854</u>	<u>\$ 492,972</u>	<u>\$ 1,512,826</u>	<u>\$ 51,745</u>
<u>LIABILITIES</u>				
Bank overdrafts	\$ 166	\$ -	\$ 166	\$ -
Accounts payable and accrued expenses	522,138	509,801	1,031,939	12,048
Due to other governmental agencies	339,724	88,033	427,757	-
Due to outside entities	176,242	-	176,242	-
Deferred property taxes	4,462,074	-	4,462,074	-
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	1,557,009	80,340	1,637,349	-
Accrued interest	-	-	-	-
Compensated absences	518,000	175,809	693,809	-
Other liabilities	6,798	-	6,798	-
Due in more than one year:				
Bonds, capital leases, and contracts	6,989,253	1,738,608	8,727,861	-
Net pension liability	23,150,607	5,277,592	28,428,199	572,091
Total liabilities	<u>\$ 37,722,011</u>	<u>\$ 7,870,183</u>	<u>\$ 45,592,194</u>	<u>\$ 584,139</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
	<u>\$ 53,175</u>	<u>\$ 50,362</u>	<u>\$ 103,537</u>	<u>\$ 5,465</u>
<u>NET POSITION</u>				
Net investment in capital assets	\$ 58,812,143	\$ 21,830,430	\$ 80,642,573	\$ 97,039
Restricted for:				
Debt service	(105,253)	-	(105,253)	-
Capital projects	3,153,571	-	3,153,571	-
Other purposes	2,500,673	-	2,500,673	706,009
Unrestricted	(21,531,911)	2,540,313	(18,991,598)	(497,522)
Total net position	<u>\$ 42,829,223</u>	<u>\$ 24,370,743</u>	<u>\$ 67,199,966</u>	<u>\$ 305,526</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 2,122,811	\$ 1,250,375	\$ -	\$ 5,800,717	\$ 4,928,281	\$ -	\$ 4,928,281	
Public safety	6,368,976	372,250	-	-	(5,996,726)	-	(5,996,726)	
Public works	4,797,507	284,990	-	-	(4,512,517)	-	(4,512,517)	
Culture and recreation	4,517,524	545,470	1,328,196	-	(2,643,858)	-	(2,643,858)	
Economic development	791,694	1,381,182	-	-	589,488	-	589,488	
Miscellaneous	1,621,796	-	-	-	(1,621,796)	-	(1,621,796)	
Interest on long-term debt	267,825	-	-	-	(267,825)	-	(267,825)	
Total governmental activities	\$ 20,488,133	\$ 3,834,267	\$ 1,328,196	\$ 5,800,717	\$ (9,524,953)	\$ -	\$ (9,524,953)	
Business-Type Activities:								
Unemployment Compensation Benefits fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Water Works	6,169,452	5,381,204	-	736,559	-	(51,689)	(51,689)	
Total business-type activities	\$ 6,169,452	\$ 5,381,204	\$ -	\$ 736,559	\$ -	\$ (51,689)	\$ (51,689)	
Total primary government	\$ 26,657,585	\$ 9,215,471	\$ 1,328,196	\$ 6,537,276	\$ (9,524,953)	\$ (51,689)	\$ (9,576,642)	
Component Units:								
Judge George W. Armstrong Library	\$ 481,148	\$ 129,499	\$ -	\$ -				\$ (351,649)
Natchez Convention Promotion Commission	\$ -	\$ -	\$ -	\$ -				\$ -
Total	\$ 481,148	\$ 129,499	\$ -	\$ -				\$ (351,649)
General Revenue:								
Taxes:								
Property taxes, levied for general purposes					\$ 6,502,866	\$ -	\$ 6,502,866	\$ -
Gaming taxes					826,192	-	826,192	-
Franchise fees					559,630	-	559,630	-
Sales taxes					6,006,336	-	6,006,336	-
Unrestricted investment earnings					61,297	102,624	163,921	8,030
Miscellaneous					1,552,806	-	1,552,806	-
Transfers from City of Natchez, Mississippi					-	-	-	-
Loss on transfer of asset					(2,508,125)	-	(2,508,125)	-
Transfers					(318,000)	-	(318,000)	318,000
Total general revenues and transfers					\$ 12,683,002	\$ 102,624	\$ 12,785,626	\$ 326,030
Change in net position					\$ 3,158,049	\$ 50,935	\$ 3,208,984	\$ (25,619)
Net position - beginning					\$ 39,623,985	\$ 24,319,808	\$ 63,943,793	\$ 331,145
Prior period adjustments, net					47,189	-	47,189	-
Net position - beginning, as restated					\$ 39,671,174	\$ 24,319,808	\$ 63,990,982	\$ 331,145
Net position - ending					\$ 42,829,223	\$ 24,370,743	\$ 67,199,966	\$ 305,526

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CITY OF NATCHEZ, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	Pension Trust Fund	Casino Annual Lease Payment	Transportation - Senior Citizens	TIGER Fund	Debt Service Funds	Aggregate Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 925,058	\$ 245,197	\$ 628,522	\$ 276,491	\$ 6,125	\$ 213,316	\$ 2,898,488	\$ 5,193,197
Due from other funds	754,705	1,258	1,791,111	13,265	-	167,954	2,130,543	4,858,836
Receivable from other governments	658,006	-	-	274,285	-	25,690	1,211,307	2,169,288
Property tax receivable	3,204,294	372,370	-	-	-	86,055	799,355	4,462,074
Other receivables	133,017	-	268,574	-	-	-	-	401,591
Advances to other funds	453,929	-	538,267	180,637	-	-	596,604	1,769,437
Total assets	<u>\$ 6,129,009</u>	<u>\$ 618,825</u>	<u>\$ 3,226,474</u>	<u>\$ 744,678</u>	<u>\$ 6,125</u>	<u>\$ 493,015</u>	<u>\$ 7,636,297</u>	<u>\$ 18,854,423</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 307,191	\$ -	\$ 44	\$ 62,557	\$ -	\$ -	\$ 152,346	\$ 522,138
Bank overdrafts	-	-	-	-	-	-	166	166
Due to other funds	1,993,805	-	1,117,122	127,890	-	335,971	1,284,048	4,858,836
Payable to other governments	25,178	-	-	-	-	-	314,545	339,723
Due to outside entities	-	-	-	-	-	176,242	-	176,242
Deferred property taxes	3,204,294	372,370	-	-	-	86,055	799,355	4,462,074
Advances from other funds	737,233	-	150,000	151,282	-	-	730,922	1,769,437
Other liabilities	6,798	-	-	-	-	-	-	6,798
Total liabilities	<u>\$ 6,274,499</u>	<u>\$ 372,370</u>	<u>\$ 1,267,166</u>	<u>\$ 341,729</u>	<u>\$ -</u>	<u>\$ 598,268</u>	<u>\$ 3,281,382</u>	<u>\$ 12,135,414</u>
Fund balances:								
Reserved for:								
Nonspendable:								
Advances	\$ 453,929	\$ -	\$ 538,267	\$ 180,637	\$ -	\$ -	\$ 596,604	\$ 1,769,437
Restricted:								
Debt service	-	-	-	-	-	(105,253)	-	(105,253)
Assigned:								
Capital projects	-	-	-	-	6,125	-	3,147,446	3,153,571
Special revenue funds	-	246,455	1,421,041	222,312	-	-	610,865	2,500,673
Committed:								
Unassigned								
	(599,419)	-	-	-	-	-	-	(599,419)
Total fund balances	<u>\$ (145,490)</u>	<u>\$ 246,455</u>	<u>\$ 1,959,308</u>	<u>\$ 402,949</u>	<u>\$ 6,125</u>	<u>\$ (105,253)</u>	<u>\$ 4,354,915</u>	<u>\$ 6,719,009</u>
Total liabilities and fund balances	<u>\$ 6,129,009</u>	<u>\$ 618,825</u>	<u>\$ 3,226,474</u>	<u>\$ 744,678</u>	<u>\$ 6,125</u>	<u>\$ 493,015</u>	<u>\$ 7,636,297</u>	<u>\$ 18,854,423</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Fund Balances, Total Governmental Funds (Schedule C)		\$	6,719,009
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.			67,358,405
Deferred outflows and inflows are not financial resources or currently payable.			
Deferred outflows	\$	1,019,854	
Deferred inflows		<u>(53,176)</u>	966,678
Other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.			(23,150,607)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds and notes payable	\$	(8,546,262)	
Compensated absences payable		<u>(518,000)</u>	<u>(9,064,262)</u>
Net Position of Governmental Activities			<u>\$ 42,829,223</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Pension Trust Fund	Casino Annual Lease Payment	Transportation - Senior Citizens	TIGER Fund	Debt Service Funds	Aggregate Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:								
Ad valorem taxes	\$ 4,516,084	\$ 484,902	\$ -	\$ -	\$ -	\$ 495,029	\$ 1,006,851	\$ 6,502,866
Gaming taxes	826,192	-	-	-	-	-	-	826,192
Fees and fines	372,250	-	-	-	-	-	-	372,250
Licenses and permits	109,914	-	-	-	-	-	175,076	284,990
Intergovernmental	6,006,336	-	-	1,328,196	1,722,916	-	4,077,801	13,135,249
Charges for services	1,250,375	-	-	153,399	-	-	261,492	1,665,266
Investment earnings	12,726	2,648	7,447	1,715	-	4,361	32,400	61,297
Miscellaneous	403,763	-	-	52,104	-	-	1,264,672	1,720,539
Franchise fees	559,630	-	-	-	-	-	-	559,630
Contributions	-	-	-	-	-	-	12,345	12,345
Rents and royalties	-	-	1,381,182	-	-	-	130,579	1,511,761
Total revenues	\$ 14,057,270	\$ 487,550	\$ 1,388,629	\$ 1,535,414	\$ 1,722,916	\$ 499,390	\$ 6,961,216	\$ 26,652,385
EXPENDITURES:								
Current:								
General government	\$ 2,038,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,038,886
Public safety	6,226,399	-	-	-	-	-	86,839	6,313,238
Public works	2,915,018	-	-	-	-	-	76,944	2,991,962
Culture and recreation	441,529	-	-	1,505,778	-	-	2,213,829	4,161,136
Economic development	548,477	-	180,176	-	-	-	83,699	812,352
Miscellaneous	1,123,907	468,000	-	-	-	1,080	71,127	1,664,114
Debt service:								
Principal	964,656	-	-	-	-	1,080,000	245,365	2,290,021
Interest and other charges	30,996	-	-	-	-	156,789	80,040	267,825
Capital outlay	103,085	-	-	-	1,719,853	-	3,755,381	5,578,319
Total expenditures	\$ 14,392,953	\$ 468,000	\$ 180,176	\$ 1,505,778	\$ 1,719,853	\$ 1,237,869	\$ 6,613,224	\$ 26,117,853
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (335,683)	\$ 19,550	\$ 1,208,453	\$ 29,636	\$ 3,063	\$ (738,479)	\$ 347,992	\$ 534,532
OTHER FINANCIAL SOURCES (USES)								
Proceeds from long-term debt and capital leases, net	\$ 1,037,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,395,358	\$ 2,432,424
Other uses	(171,814)	-	-	-	-	-	-	(171,814)
Transfers in	1,066,202	-	-	236,250	-	741,000	405,019	2,448,471
Transfers out	(957,194)	-	(1,015,000)	-	-	-	(794,277)	(2,766,471)
Total other financing sources (uses)	\$ 974,260	\$ -	\$ (1,015,000)	\$ 236,250	\$ -	\$ 741,000	\$ 1,006,100	\$ 1,942,610
Net change in fund balances	\$ 638,577	\$ 19,550	\$ 193,453	\$ 265,886	\$ 3,063	\$ 2,521	\$ 1,354,092	\$ 2,477,142
Fund balances - beginning	\$ (784,067)	\$ 226,905	\$ 1,765,855	\$ 89,874	\$ 3,062	\$ (107,774)	\$ 3,000,823	\$ 4,194,678
Prior period adjustment, net	-	-	-	47,189	-	-	-	47,189
Fund balances - beginning (as restated)	\$ (784,067)	\$ 226,905	\$ 1,765,855	\$ 137,063	\$ 3,062	\$ (107,774)	\$ 3,000,823	\$ 4,241,867
Fund balances - ending	\$ (145,490)	\$ 246,455	\$ 1,959,308	\$ 402,949	\$ 6,125	\$ (105,253)	\$ 4,354,915	\$ 6,719,009

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Changes in Fund Balances, Total Governmental Funds (Statement E) \$ 2,477,142

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. Thus, the change in net position differs from the change in fund balances by which capital outlays exceeded depreciation in the period:

Capital outlay	\$ 5,579,319	
Depreciation expense	(2,585,796)	
Loss on transfer of capital assets	<u>(2,508,125)</u>	485,398

Repayment of debt principal is an expenditure in the governmental funds, and borrowing is an income item, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments and debt issued.

Repayment of debt principal		2,290,021
-----------------------------	--	-----------

Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the Statement of Activities, the net pension expense is reported according to estimates required by GASB 68:

Pension expenses paid	\$ 1,120,307	
Pension expenses per GASB 68	<u>(1,961,681)</u>	(841,374)

Some items reported in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds. These activities include changes in deferrals related to pensions.		1,289,381
---	--	-----------

Governmental funds report bond proceeds and other debt as current financial resources. In contrast, the Statement of Activities treats such debt as a liability.		(2,432,424)
--	--	-------------

Amortization of original issue discount, gain on refunding, and deferred cost		<u>(110,095)</u>
---	--	------------------

Change in Net Position of Governmental Activities		<u><u>\$ 3,158,049</u></u>
---	--	----------------------------

The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<u>ASSETS</u>		
Unrestricted current assets:		
Cash and cash equivalents	\$ 3,622,422	\$ 3,622,422
Certificates of deposit	2,959,755	2,959,755
Accounts receivable, net	940,038	940,038
Other receivables	32,431	32,431
Inventories	131,200	131,200
Prepaid expenses	14,793	14,793
Total unrestricted current assets	<u>\$ 7,700,639</u>	<u>\$ 7,700,639</u>
Restricted current assets:		
Cash	\$ 144,259	\$ 144,259
Certificate of deposit	304,040	304,040
Total restricted current assets	<u>\$ 448,299</u>	<u>\$ 448,299</u>
Total current assets	<u>\$ 8,148,938</u>	<u>\$ 8,148,938</u>
Noncurrent assets:		
Capital assets:		
Land and improvements	\$ 379,580	\$ 379,580
Buildings, equipment, and distribution systems	55,685,029	55,685,029
Less accumulated depreciation	(32,415,231)	(32,415,231)
Total capital assets	<u>\$ 23,649,378</u>	<u>\$ 23,649,378</u>
Total noncurrent assets	<u>\$ 23,649,378</u>	<u>\$ 23,649,378</u>
Total assets	<u>\$ 31,798,316</u>	<u>\$ 31,798,316</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows - pension	<u>\$ 492,972</u>	<u>\$ 492,972</u>

- continued -

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 51,310	\$ 51,310
Bank overdraft	-	-
Accrued payroll	17,553	17,553
Due to general fund	88,033	88,033
Compensated absences	175,809	175,809
Total current liabilities	<u>\$ 332,705</u>	<u>\$ 332,705</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 440,938	\$ 440,938
Accrued interest payable	-	-
Bonds, notes, and loans payable - current portion	80,340	80,340
Total current liabilities payable from restricted assets	<u>\$ 521,278</u>	<u>\$ 521,278</u>
Noncurrent liabilities:		
Net pension liability	\$ 5,277,592	\$ 5,277,592
Bonds, notes, and loans payable	1,738,608	1,738,608
Total noncurrent liabilities	<u>\$ 7,016,200</u>	<u>\$ 7,016,200</u>
Total liabilities	<u>\$ 7,870,183</u>	<u>\$ 7,870,183</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows - pension	<u>\$ 50,362</u>	<u>\$ 50,362</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$ 21,830,430	\$ 21,830,430
Unrestricted	2,540,313	2,540,313
Total net position	<u>\$ 24,370,743</u>	<u>\$ 24,370,743</u>

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<u>OPERATING REVENUES</u>		
Charges for services	\$ 5,381,204	\$ 5,381,204
Total operating revenues	<u>\$ 5,381,204</u>	<u>\$ 5,381,204</u>
<u>OPERATING EXPENSES</u>		
Cost of sales and services	\$ 3,317,050	\$ 3,317,050
Administrative	1,698,665	1,698,665
Depreciation	1,135,513	1,135,513
Total operating expenses	<u>\$ 6,151,228</u>	<u>\$ 6,151,228</u>
Operating income (loss)	<u>\$ (770,024)</u>	<u>\$ (770,024)</u>
Nonoperating income (expense)		
Interest and investment revenue	\$ 102,624	\$ 102,624
Interest expense	(18,224)	(18,224)
Grant revenue	736,559	736,559
Total nonoperating income (expense)	<u>\$ 820,959</u>	<u>\$ 820,959</u>
Income (loss) before contributions and transfers	<u>\$ 50,935</u>	<u>\$ 50,935</u>
Change in net position	\$ 50,935	\$ 50,935
Total net position - beginning	<u>24,319,808</u>	<u>24,319,808</u>
Total net position - ending	<u><u>\$ 24,370,743</u></u>	<u><u>\$ 24,370,743</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities	
	Water Works	Total Enterprise Funds
Cash flows from operating activities:		
Cash received from customers, including cash deposits	\$ 5,477,056	\$ 5,477,056
Cash paid for unemployment benefits	-	-
Cash paid to suppliers	(2,589,739)	(2,589,739)
Cash paid to employees	(2,172,896)	(2,172,896)
Net cash provided by operating activities	<u>\$ 714,421</u>	<u>\$ 714,421</u>
Cash flows from capital and related financing activities:		
Principal payments - revenue bonds	\$ (78,948)	\$ (78,948)
Interest paid - revenue bonds	(19,487)	(19,487)
Acquisition and construction of capital assets	(2,483,944)	(2,483,944)
Proceeds from debt issuance	748,378	748,378
Cash received from grants	736,559	736,559
Net cash used for capital and related financing activities	<u>\$ (1,097,442)</u>	<u>\$ (1,097,442)</u>
Cash flows from investing activities:		
Proceeds from maturities of investments	\$ 3,252,191	\$ 3,252,191
Purchase of investments	(3,267,833)	(3,267,833)
Proceeds from sale of investments	93,584	93,584
Net cash provided by investment activities	<u>\$ 77,942</u>	<u>\$ 77,942</u>
Net decrease in cash and cash equivalents	\$ (305,079)	\$ (305,079)
Cash and cash equivalents, beginning of year	<u>4,071,760</u>	<u>4,071,760</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,766,681</u></u>	<u><u>\$ 3,766,681</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities	
	Water Works	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (770,024)	\$ (770,024)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,135,513	\$ 1,135,513
(Increase) decrease in accounts receivable	86,507	86,507
(Increase) decrease in garbage receivable	-	-
(Increase) decrease in prepaid insurance	(1,746)	(1,746)
(Increase) decrease in inventory	51,747	51,747
(Increase) decrease in deferred outflows of resources	(79,150)	(79,150)
Increase (decrease) in accounts payable	14,526	14,526
Increase (decrease) in due to general fund	(2,980)	(2,980)
Increase (decrease) in accrued payroll	-	-
Increase (decrease) in compensated absences payable	29,664	29,664
Increase (decrease) in customer deposits	9,345	9,345
Increase (decrease) in net pension liability	287,701	287,701
Increase (decrease) in deferred inflows of resources	(46,682)	(46,682)
Total adjustments	\$ 1,484,445	\$ 1,484,445
Net cash provided by operating activities	\$ 714,421	\$ 714,421

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Natchez, Mississippi (the City) was incorporated January 28, 1846. The City operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Component units are reported in the City's financial statements as follows:

- **Blended Component Unit**

Natchez Water Works The Natchez Water Works' Board of Commissioners is appointed by the City's Board of Aldermen. The rates for user charges and bond issuance authorizations are approved by the City, and the legal liability for the general obligation portion of the Natchez Water Works debt remains with the City. Complete financial statements may be obtained from Natchez Water Works.

- **Discretely Presented Component Unit**

Judge George W. Armstrong Library (the Library Service) The Library Service's Board of Directors is appointed by the City's Board of Aldermen. The City provides over 50% of the operating budget of the Library Service. Complete financial statements may be obtained from the Library Service.

- **Related Organization**

The Natchez Housing Authority (the Authority) The Authority is a related organization of the City. All five of its board members are appointed by the City. However, the City is not able to impose its will upon the Authority's Board, and there is no financial benefit burden relationship.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

- Other Reporting Entities

Natchez Convention Promotion Commission (the Commission) The Commission's Board of Directors is appointed by the City's Mayor and Board of Aldermen, and serves at their discretion. The City provides an annual appropriation and in-kind revenues to the Commission and also provides other services as specified in a management agreement. The independent audit of the Commission's financial statements as of September 30, 2020, was not complete as of the date the City's financial statements were available to be issued. As a result, the financial statements of the Commission are not included in the financial data of the City's aggregate discretely-presented component unit.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund types (the total of all funds of a particular type). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the Government-Wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction. The Government-Wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.), which are otherwise being supported by general government revenues (property, sales, and use taxes; certain intergovernmental revenues; fines, permits, and charges; etc.). The Government-Wide Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function or a business-type activity. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented, which briefly explains the adjustment necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changing therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two broad fund categories and five generic fund types as follows:

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

- **Governmental Funds**

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- **Proprietary Funds**

Enterprise Funds – Natchez Water Works, a component unit of the City, accounts for the majority of operations of the Enterprise Fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges—or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The financial statements of the Enterprise Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. They apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise 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.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

The emphasis for the fund financial statements is on major funds within the governmental and propriety fund types. The general fund is always to be reported as a major fund. Other major funds are determined annually based on the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

For the current year, the City reports the following major governmental funds:

General Fund – to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Pension Trust Fund – to account for resources held for payments to the Disability and Relief Municipal Retirement System Plan.

Casino Annual Lease Payment – to account for rents paid to the City and the subsequent use of those resources.

Debt Service Fund – to account for resources reserved for the repayment of City debt.

Transportation – Senior Citizens – to account for federal and state funds used to operate the City's public transportation system.

TIGER Fund – to account for funding and expenditures incurred for the rehabilitation and upgrade of five structurally deficient railroad truss bridges along the Natchez railway.

For the current year, the City reports the following major enterprise fund:

Natchez Water Works – to account for the provisions for water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and debt-related service, and billing and collections.

All nonmajor funds are reported in the aggregate on the fund financial statements.

The City's Fiduciary Fund activities are insignificant and are not reported in these financial statements.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fixed Assets and Long-Term Liabilities

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization thresholds are met. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The retroactive infrastructure capitalized amount was estimated using current replacement cost for a similar asset and deflating this cost through the use of price indices to the acquisition year. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require that the proceeds from the sale of historical treasures or works of art be used to acquire items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in the results of operations.

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net of current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fixed Assets and Long-Term Liabilities (continued)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. In accordance with GASB Statement 34, depreciation is calculated and allocated by function on the Government-Wide Statement of Net Position. Accumulated depreciation is reported on the Government-Wide Statement of Net Position and the Statement of Net Position for proprietary funds. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	33 1/3-80 years
Machinery and equipment	5-10 years
Vehicles	5 years
Improvements	8 years
Water and sewer lines	40-80 years
Streets and other infrastructure	80 years

D. Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available.

Taxpayer-assessed income, gross receipts, and sales tax are considered "measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time." Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, charges for services, and federal programs on which the revenue is recognized when the expenditure has been incurred. Fines and permits are not susceptible to accrual because generally they are not recognized until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on general long-term debt, which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting

In accordance with Mississippi State Law, the City budgets for the upcoming year on a modified cash basis, which includes liabilities that will be paid within 30 days of the fiscal year-end. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

1. Prior to September 1, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget, as submitted, is reviewed by the Mayor and Board of Aldermen, and necessary revisions are made to the budget. Then the budget is approved prior to September 15.
4. The budget is formally revised during July of each year or any time a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year. The budget and actual comparisons are formally presented to the Mayor and Board of Aldermen throughout the year.
6. The budgets adopted are on a modified cash (non-GAAP) basis. Revenues are recognized when receipted (cash basis) from October 1 through September 30. Expenditures are recognized when legally budgeted and disbursed throughout the fiscal year or within 30 days thereafter. However, expenditures for uncompleted improvements in progress of construction may be charged to the budget at any time.
7. All budgetary appropriations lapse at the end of each fiscal year.

F. Encumbrance System

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders, and contracts.

G. Cash and Investments

The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes. Furthermore, the City invests excess funds in various investment instruments that are allowed by statutes.

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

- Cash – All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized in an amount equal to 105% of the uninsured amount.
- Investments – The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state when such county or municipal bonds have been properly approved, or interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds.

Investments are stated at cost or amortized cost.

For the Statement of Cash Flows – Proprietary Funds, the City considers cash to be cash on hand and cash in demand deposit accounts, including restricted accounts, to be cash.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Advances to/from Other Funds

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds," representing current and long-term portions of the interfund loans, respectively.

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Prepaid Expenses

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.

J. Inventory

Inventories of the Enterprise Fund are valued at cost using the first-in/first-out (FIFO) method. The costs of inventory items are recorded as expenditures when consumed rather than when purchased.

K. Restricted Assets

Certain proceeds of the Enterprise Fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited. Cash and investments are set aside to refund customer meter deposits only in the event the customer ceases to be a user of the water system. No interest is paid on these deposits.

L. Deferred Charge

In governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs for the government-wide statements and propriety fund types are deferred and amortized over the life of the bond issue.

M. Deferred Income

Deferred investment income is recorded and amortized over the life of the investment.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Compensated Absences

Employees of the City accumulate annual and sick leave as designated in the personnel policies adopted by the City. The City is responsible for up to 30 days of accumulated annual leave for each employee. The City does not provide for the payment of accumulated sick leave. Vested or accumulated annual leave 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 annual leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated annual leave of the Enterprise Fund is recorded as an expense and liability of those funds as the benefits accrue to employees. Unused personal leave in excess of 30 days and unused sick leave may be counted as creditable service for the purpose of the retirement system.

O. Fund Equity

- Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

- Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unassigned, with reserved further defined as nonspendable, restricted, assigned, and committed. Proprietary fund equity is classified the same as in the government-wide statements. The following are the classifications of reserves used by the City for governmental funds:

1. Nonspendable – Fund balances not in a spendable form, such as prepaid items or inventory, or that cannot legally be spent or contractually required to remain intact.
2. Restricted – Amounts that are restricted by donors, creditors or other outside third parties, or by enabling legislation.
3. Assigned – Amounts that are constrained by the nature of the City’s intent for use but not restricted or committed in any formal manner.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

- Fund Statements (continued)

4. Committed - Amounts that can only be used for specific purposes pursuant to formal actions taken by the highest level of authority.
5. Unassigned - The residual fund balance.

P. Concentrations of Credit Risk

All accounts receivable of the City are deemed collectible. However, financial instruments which potentially subject the Enterprise Fund to concentrations of credit risk consist of billed accounts receivable and unbilled costs. Billed accounts receivable and unbilled amounts due on services result primarily from customer services provided for water sales, sewer charges, and garbage collection. Customer services are disconnected and their consumer deposit surrendered once two months of nonpayment occurs to limit the Enterprise Fund's credit risk to a minimal level. Historically, neither the City nor the Enterprise Fund has incurred any significant credit related losses.

Q. Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, interfund transfers have been eliminated to the extent possible.

NOTE 2 - CASH, OTHER DEPOSITS, AND INVESTMENTS

Cash and Other Deposits

Custodial Credit Risk. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the 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 FDIC.

The carrying amount of the City's deposits with financial institutions was \$8,815,619, and the bank balance was \$8,545,212.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of interfund transactions:

	<u>Due From</u>	<u>Due To</u>
Governmental funds:		
General fund	\$ 754,705	\$ 1,993,805
Pension trust fund	1,258	-
Casino annual lease payment	1,791,111	1,117,122
Debt service funds	167,954	335,971
Transportation - Senior Citizens	13,265	127,890
Aggregate nonmajor funds:		
Special revenues	246,088	712,723
Capital projects	<u>1,884,455</u>	<u>571,325</u>
	<u>\$ 4,858,836</u>	<u>\$ 4,858,836</u>
 Total due to/ due from	 <u>\$ 4,858,836</u>	 <u>\$ 4,858,836</u>
	<u>Advances From</u>	<u>Advances To</u>
Governmental funds:		
General fund	\$ 737,233	\$ 453,929
Casino annual lease payment	150,000	538,267
Transportation - Senior Citizens	151,282	180,637
Aggregate nonmajor funds:		
Special revenues	297,669	439,947
Capital projects	<u>433,253</u>	<u>156,657</u>
	<u>\$ 1,769,437</u>	<u>\$ 1,769,437</u>
 Total advances to/ from	 <u>\$ 1,769,437</u>	 <u>\$ 1,769,437</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 1,066,202	\$ 957,194
Casino annual lease payment	-	1,015,000
Debt service funds	741,000	-
Transportation - Senior Citizens	236,250	-
Aggregate nonmajor funds:		
Special revenues	228,000	253,894
Capital projects	<u>177,019</u>	<u>540,383</u>
 Total transfers - governmental	 <u>\$ 2,448,471</u>	 <u>\$ 2,766,471</u>
Discretely presented component units:		
Judge George W. Armstrong Library	<u>\$ 318,000</u>	<u>\$ -</u>
 Total transfers in/out	 <u>\$ 2,766,471</u>	 <u>\$ 2,766,471</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 4 - GENERAL AND PROPRIETARY FUND CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Primary Government

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 10,047,863	\$ -	\$ (150,000)	\$ 9,897,863
Construction in progress	<u>16,960,527</u>	<u>5,419,727</u>	<u>-</u>	<u>22,335,333</u>
	<u>\$ 27,008,390</u>	<u>\$ 5,419,727</u>	<u>\$ (150,000)</u>	<u>\$ 32,233,196</u>
Capital assets, being depreciated:				
Buildings	\$ 26,543,705	\$ 55,507	\$ (3,300,000)	\$ 23,299,212
Equipment and furniture	12,786,271	103,085	-	12,889,356
Streets and infrastructure	<u>142,816,836</u>	<u>-</u>	<u>-</u>	<u>142,816,836</u>
	<u>\$ 182,146,812</u>	<u>\$ 158,592</u>	<u>\$ (3,300,000)</u>	<u>\$ 179,005,404</u>
Less accumulated depreciation for:				
Buildings	\$ (6,854,855)	\$ (400,080)	\$ 941,875	\$ (6,313,060)
Equipment and furniture	(9,504,321)	(380,495)	-	(9,884,816)
Streets and infrastructure	<u>(125,922,019)</u>	<u>(1,805,221)</u>	<u>-</u>	<u>(127,727,240)</u>
	<u>\$ (142,281,195)</u>	<u>\$ (2,585,796)</u>	<u>\$ 941,875</u>	<u>\$ (143,925,116)</u>
Total capital assets being depreciated, net	<u>\$ 39,865,617</u>	<u>\$ (2,427,204)</u>	<u>\$ (2,358,125)</u>	<u>\$ 35,080,288</u>
Governmental activities capital assets, net	<u>\$ 66,874,007</u>	<u>\$ 2,992,523</u>	<u>\$ (2,508,125)</u>	<u>\$ 67,358,405</u>

Business-Type Activities

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020
Capital assets, not being depreciated:				
Land	\$ 379,580	\$ -	\$ -	\$ 379,580
Construction in progress	<u>1,117,841</u>	<u>2,086,384</u>	<u>-</u>	<u>3,204,225</u>
	<u>\$ 1,497,421</u>	<u>\$ 2,086,384</u>	<u>\$ -</u>	<u>\$ 3,583,805</u>
Capital assets, being depreciated:				
Building, equipment, and distribution system	\$ 52,083,244	\$ 397,560	\$ -	\$ 52,480,804
Total accumulated depreciation	<u>(31,279,719)</u>	<u>(1,135,512)</u>	<u>-</u>	<u>(32,415,231)</u>
Total capital assets being depreciated, net	<u>\$ 20,803,525</u>	<u>\$ (737,952)</u>	<u>\$ -</u>	<u>\$ 20,065,573</u>
Business-type activities capital assets, net	<u>\$ 22,300,946</u>	<u>\$ 1,348,432</u>	<u>\$ -</u>	<u>\$ 23,649,378</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 4 – GENERAL AND PROPRIETARY FUND CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$ 25,678
Public safety	216,283
Public works, including depreciation of general infrastructure assets	1,881,630
Culture and recreation	<u>462,205</u>
Total depreciation expense – governmental activities	<u>\$ 2,585,796</u>

Business-type activities:

Natchez Water Works	<u>\$ 1,135,512</u>
---------------------	---------------------

Discretely Presented Component Units

Activity for Judge George W. Armstrong Library for the year ended September 30, 2020, was as follows:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020
Capital assets, not being depreciated:				
Construction in progress	\$ 7,000	\$ 2,085	\$ (7,000)	\$ 2,085
Total capital assets, not being depreciated	<u>\$ 7,000</u>	<u>\$ 2,085</u>	<u>\$ (7,000)</u>	<u>\$ 2,085</u>
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 222,956	\$ 11,900	\$ -	\$ 234,856
Computers	129,698	12,031	-	141,729
Central air/heat system	151,445	-	-	151,445
Automation	193,257	-	-	193,257
Inexhaustible collections and books:				
Books	1,441,709	11,536	-	1,453,245
Periodicals	81,921	2,134	-	84,055
Audio/visual	<u>51,481</u>	<u>-</u>	<u>-</u>	<u>51,481</u>
Total capital assets being depreciated	<u>\$ 2,272,467</u>	<u>\$ 37,601</u>	<u>\$ -</u>	<u>\$ 2,310,068</u>
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	\$ (221,989)	\$ (822)	\$ -	\$ (222,811)
Computers	(119,490)	(5,728)	-	(125,218)
Central air/heat system	(138,438)	(4,730)	-	(143,168)
Automation	(191,053)	(1,444)	-	(192,497)
Inexhaustible collections and books:				
Books	(1,384,214)	(17,969)	-	(1,402,183)
Periodicals	(75,919)	(1,837)	-	(77,756)
Audio/visual	<u>(51,481)</u>	<u>-</u>	<u>-</u>	<u>(51,481)</u>
Total accumulated depreciation	<u>\$ (2,182,584)</u>	<u>\$ (32,530)</u>	<u>\$ -</u>	<u>\$ (2,215,114)</u>
Total capital assets being depreciated, net	<u>\$ 96,883</u>	<u>\$ 7,156</u>	<u>\$ (7,000)</u>	<u>\$ 97,039</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 – LONG-TERM DEBT

Debt outstanding as of September 30, 2020, consists of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Special Obligation Bonds:			
Refunding Bonds 2006	\$ 4,605,000	3.50%-4.30%	07/01/2024
Limited Obligation Bonds:			
Tax Increment Limited, Series 2008	\$ 740,000	7.00%	06/01/2023
Tax Increment Limited, Series 2014	225,000	3.95%	09/01/2026
	<u>\$ 965,000</u>		

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Notes payable			
Borrowed to construct fire training facility	\$ 12,234	2.60%	05/30/2021
Vehicle purchase	5,413	2.25%	06/17/2021
Tractor purchase	21,883	2.46%	10/19/2021
Excavator purchase	15,157	2.48%	01/20/2022
Fire truck	813,096	2.00-4.19%	9/13/2029
Vehicle purchase	17,207	3.94%	6/19/2023
Vehicle purchase	81,342	3.15%	9/18/2023
Police cars	35,544	4.43%	9/30/2023
Police cars	66,817	3.94%	10/17/2023
Bucket truck	115,717	3.15%	10/9/2023
Equipment	1,591,360	Various	Various
	<u>\$ 2,775,770</u>		

Business-Type Activities:

Revenue Bonds:

American Recovery and Reinvestment Act	\$ 303,007	1.75%	03/01/2031
Mississippi Department of Environmental Quality	767,563	1.75%	06/01/2033
Mississippi Department of Health	748,378	1.95%	
	<u>\$ 1,818,948</u>		

On April 18, 2006, the City issued \$9,695,000 of Special Obligation Refunding Bonds with an average interest rate of 4.20% to advance refund \$7,440,000 of outstanding Special Obligation Bonds for the Convention Center. The net proceeds of \$9,537,093 (after payment of \$270,651 in underwriting fees, insurance, and other issuance costs) were used to purchase \$9,265,350 in U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Convention Center bonds. As a result, the Special Obligation Bonds for the Convention Center are considered defeased and the liability for those bonds has been removed from the Government-Wide Statement of Net Position. A portion of those bonds totaling \$3,785,000 was not refunded.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 - LONG-TERM DEBT (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,826,442. That difference is being charged to operations through the year 2024. The City completed this refunding to reduce its total debt service payments for the years 2015 to 2014 by \$227,241 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$222,605.

On March 9, 2009, the City issued \$3,010,000 of General Obligation Bonds for a current refunding of existing bonds totaling \$2,870,000. There were \$140,000 in bond issue costs and discounts, reducing the amount available for refunding to an amount equal to the bonds to be defeased, resulting in no economic gain or loss on the refunding. The maturity dates remained the same, with final maturity in March 2017. The interest rates ranged from 2.00% to 3.375%.

On April 1, 2009, the City issued \$2,595,000 of Tax Increment Financing Limited Obligation Bonds due in annual installments of \$110,000 to \$265,000, payable June 1, 2010 through June 1, 2023; and interest of 7.000%, payable on June 1 and December 1 of each year beginning with June 1, 2009 and ending with June 1, 2023. The bonds are funded by ad valorem taxes collected annually on the incremental increase in the value of real and personal property and any increase in sales tax revenues located within the specified benefiting area. In accordance with a tax pledge agreement between the City and Adams County, Mississippi, the County has pledged its incremental increase in value of ad valorem tax collections on benefiting property, under the terms of the Regional Economic Development Agreement (REDA) adopted by the City and the County on October 5, 2006.

On October 28, 2014, the City issued \$400,000 of Tax Incremental Financing Limited Obligation Bonds due in annual installments of \$25,000 to \$40,000, payable September 1, 2015 through September 1, 2026; and interest of 3.950%, payable annually on September 1 beginning with September 1, 2015 and ending with September 1, 2026. The bonds are funded by ad valorem taxes collected annually on the incremental increase in the value of real and personal property. In accordance with a tax pledge agreement between the City and Adams County, Mississippi, the County has pledged 50% of its incremental increase in value of ad valorem tax collections on benefiting property, under the terms of REDA.

Revenue Bonds. The City has issued bonds where the City pledges income derived from Natchez Water Works' operations to pay debt service. During 2005, Natchez Water Works issued the combined Water and Sewer Revenue Refunding Bonds, Series 2005. The intent of these bonds was to refund and refinance the Water and Sewer System revenue bonds, Series 1994, at their first call date. Natchez Water Works did call all 1994 revenue bonds on August 1, 2006.

On September 22, 2009, Natchez Water Works entered into an agreement with the Mississippi Water Pollution Control Revolving Fund to receive \$5,080,000 in both American Recovery & Reinvestment Act (ARRA) funds (\$4,318,000) and loan monies (\$762,000). The agreement was for the installation of a fine screen, replacement of return-activated sludge pumps, removal and land application of biosolids, construction of a sludge dewatering facility, and construction of solar drying chambers and related appurtenances. The project was completed during the fiscal year ended September 30, 2011, and only \$527,537 in loan monies was borrowed. The loan is currently in repayment and has an interest rate of 1.75%.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 - LONG-TERM DEBT (continued)

On April 26, 2011, Natchez Water Works entered into an agreement with the Mississippi Water Pollution Control Revolving Fund to receive \$1,364,140 in both grant funds (\$272,828) and loan proceeds (\$1,091,312). The agreement was for the installation of a diffuser system and four 50-horsepower blowers along with a new control system in the aeration basin, the installation of a diffuser system and refurbishing the three existing blowers in the digesters, a new lighting system in the basements at the clarifiers and digesters, and a new 1,800-square-foot storage building and related appurtenances. The project was completed during the fiscal year ended September 30, 2013, and \$14,663 in interest expense was added to the loan balance, totaling \$1,115,122. The loan is currently in repayment and has an interest rate of 1.75%.

On August 30, 2019, Natchez Water Works entered into an agreement with the Mississippi Drinking Water Systems Improvements Revolving Loan Fund to receive \$1,919,980 in loan proceeds. The agreement was for improvements at two pumping plants and wells and the installation of new water mains. The project was completed during the fiscal year ended September 30, 2021, for \$1,405,409 in both principal forgiveness (\$500,000) and loan proceeds (\$905,409). As of September 30, 2020, the loan proceeds that were recorded totaled \$748,378 and the project was not yet finished.

Annual debt service requirements to maturity for the following debt reported as governmental activities are as follows:

Year Ending September 30	Special Obligation Bonds	Interest
2021	\$ 930,000	\$ 134,683
2022	980,000	106,783
2023	1,005,000	79,343
2024	1,690,000	50,700
Total	\$ 4,605,000	\$ 371,509
Less deferred gain	(405,876)	
Less original issue discount	(34,506)	
	<u>\$ 4,164,618</u>	

Year Ending September 30	Limited Obligation Bonds	Interest
2021	\$ 265,000	\$ 60,688
2022	280,000	43,205
2023	300,000	24,673
2024	40,000	4,740
2025	40,000	3,160
2026	40,000	1,580
Total	<u>\$ 965,000</u>	<u>\$ 138,046</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 - LONG-TERM DEBT (continued)

Year Ending September 30	Note Payable	Interest
2021	\$ 362,909	\$ 108,319
2022	297,763	96,554
2023	286,490	85,916
2024	182,583	76,933
2025	189,707	69,813
2026-2030	930,896	231,862
2031-2035	526,699	52,250
Total	<u>\$ 2,777,047</u>	<u>\$ 721,647</u>

Annual debt service requirements to maturity, including interest of \$305,122, for the following debt reported in the Enterprise Fund are as follows:

Year Ending September 30	Revenue Bonds
2021	\$ 144,493
2022	153,705
2023	153,705
2024	153,705
2025	153,705
2026-2030	768,525
2031-2035	481,498
2036-2040	271,764
	<u>\$ 2,281,100</u>

The following changes occurred in liabilities reported at year-end:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020
Governmental activities:				
Compensated absences	\$ 518,000	\$ -	\$ -	\$ 518,000
General obligation bonds		-		
Special obligation bonds	5,440,000	-	(835,000)	4,605,000
Less deferred amounts:				
For issuance discounts	(43,133)	-	8,627	(34,506)
On refunding	(507,345)	-	101,469	(405,876)
Limited obligation bonds	1,210,000	-	(245,000)	965,000
Notes payable	1,487,637	2,432,424	(1,144,291)	2,775,770
Capital leases	188,604	-	(65,730)	122,874
	<u>\$ 8,293,763</u>	<u>\$ 2,432,424</u>	<u>\$ (2,179,925)</u>	<u>\$ 8,546,262</u>
Business-type activities:				
Loans	\$ 1,149,518	\$ 748,378	\$ (78,948)	\$ 1,818,948
	<u>\$ 1,149,518</u>	<u>\$ 748,378</u>	<u>\$ (78,948)</u>	<u>\$ 1,818,948</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 - LONG-TERM DEBT (continued)

Limitations and Restrictions

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

The following is a schedule of limitation of the bonded indebtedness of the City at September 30, 2020:

Assessed valuation for fiscal year ended September 30, 2020	\$ 126,530,000
Percent limitation	<u>15%</u>
Authorized debt limit	\$ 18,979,500
Present debt service subject to 15% limitation	<u>-</u>
Margin for further indebtedness under 15% limitation	<u>\$ 18,979,500</u>

NOTE 6 - OBLIGATIONS UNDER CAPITAL LEASES

The City has adopted the policy of acquiring certain fixed assets through the use of lease-purchase agreements. For the lease-purchases backed by full faith and credit of the City, debt service is accounted for as a governmental activity.

The following is an analysis of property leased by the City under capital leases by major classes:

<u>Class of Property</u>	<u>Balance 9/30/2020</u>
Furniture and equipment	<u>\$ 122,874</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of September 30, 2020:

<u>Year Ending September 30</u>	<u>General</u>
2021	\$ 70,326
2022	<u>57,268</u>
Total	\$ 127,594
Less amounts representing interest	<u>(4,719)</u>
Total at present value	<u>\$ 122,875</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 7 - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied in September and payable on or before February 1. All property taxes are collected and remitted to the City by the county tax collector. The millage rate for the City for the period beginning October 1, 2019 and ending September 30, 2020, was 46.732 mills, broken down as follows:

General Fund	33.560
Bond and Interest Retirement Fund	0.900
Parks and Recreation Fund	2.000
Pension Fund	3.900
Judge George W. Armstrong Library Fund	2.575
Natchez Economic Development Authority Fund	0.813
Capital Improvement	1.250
Public Properties	1.734
	<u>46.732</u>

Restrictions associated with property tax levies are established by state law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which resulted from those levies' assessments of the previous year.

NOTE 8 - LEASE COMMITMENT

Operating lease and rental expenditures for the year ended September 30, 2020, amounted to \$48,329.

NOTE 9 - RETIREMENT PLANS

The City participates in two retirement systems administered by the Public Employees Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing plan and an agent-multiple pension plan as described below. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

A. Disability and Relief Municipal Retirement Systems Plan

Plan Description - The Disability and Relief Fund for Firemen and Policemen was established in the manner provided by the act of the Legislature of the State of Mississippi. Beginning July 1, 1987, administration of the above system was transferred to PERS. Only Natchez policemen and firemen whose employment commenced prior to July 1, 1976, are eligible for coverage under this plan. Participation of those eligible is voluntary, and participants may withdraw upon request.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – RETIREMENT PLANS (continued)

A. Disability and Relief Municipal Retirement Systems Plan (continued)

Benefits Provided – Service Retirement. A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age. Any general employee member who has attained age 70 and any fireman or policeman who has attained age 65 shall be retired forthwith. The annual retirement allowance payable to a retired member is equal to:

1. 50% of average compensation, plus
2. 1.7% of average compensation for each year of credited service over 20.

The aggregate amount of (1) and (2) above shall not exceed 66 2/3% of average compensation regardless of service.

Benefits Provided – Disability Retirement. A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least five years of creditable service to be eligible for retirement. The annual disability retirement allowance payable is equal to 50% of his salary at the time of retirement if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the allowance is equal to 2.5% times credited service, not to exceed 20 times his salary at the time of retirement for firemen and policemen, and average compensation for general employees.

Death Benefits. A benefit is payable upon the death of a member under the following conditions.

- a. The member has retired,
- b. The member is eligible to retire,
- c. The death is in the line of duty, or
- d. The death is not in the line of duty but occurs after the member has 5 years of credited service.

The benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable under all conditions in the case of firemen and policemen and under other than condition (c) above in the case of general employees is equal to 2.5% of average compensation for each year of credited service up to 20 and 1.7% of average compensation for each year over 20, with a maximum benefit of 66 2/3% of average compensation. For general employee members under condition (c) above, the annual benefit payable is equal to 50% of salary at the time of death.

Refund of Contributions. Upon a member's termination of employment for any reason before retirement, his accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, his or her accumulated contributions, together with regular interest thereon, are paid to his or her beneficiary.

Post Retirement Adjustments in Allowances. The allowance of service retirees only is adjusted annually by a cost-of-living adjustment (COLA) on the basis of the annual percentage change in each fiscal year of the Consumer Price Index to a maximum of 2.5% per year (not to exceed 10%). This adjustment has been included in System liabilities.

At June 30, 2020 (measurement date), the following City employees were covered by the plan:

Active	-
Retired participants and beneficiaries currently receiving benefits	43
Inactive participants	-
Total	<u>43</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – RETIREMENT PLANS (continued)

A. Disability and Relief Municipal Retirement Systems Plan (continued)

Actuarial Assumptions:

Valuation date	June 30, 2020
Actuarial cost method	Ultimate asset reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Salary increases	3.25-4.75%, including inflation
Inflation	3.00%

Interest Rate: 7.75% per annum, compounded annually (net after investment expenses) for prior funding policy rate determination and GASB disclosure. 6.50% per annum, compounded annually (net after investment expenses) for current funding policy rate determination.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022 with males rates set forward one year. The RP-2014 Disabled Retiree Table set forward five years for males and four years for females was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption.

Marriage Assumption: 85% married with the husband three years older than his wife.

Valuation Method: Unfunded employer liabilities are amortized over a closed 30-year period from September 30, 1990, as a level percent of the municipality's assessed property valuation.

Assessed Property Value Rate of Increase: 2.0% per annum, compounded annually used in determining the millage rate under the prior funding policy.

Expense Load: 2.0% of employer contributions.

Asset Valuation Method: The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value on September 30, 2006, and smoothing commenced in 2007. 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.

Basis of Accounting

MMRS uses the accrual basis of accounting and the economics resources measurement focus. Employee and employer contributions are recognized as revenue in the period in which employees' services are performed. Investment income is recognized when earned.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (continued)

Expenses, including benefits and refunds paid, are recognized when incurred. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings.

Mortgage securities are valued on the basis of future principal and interest payments and discounted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable market value exists, PERS, in consultation with its investment advisors and custodial bank, has determined the fair values.

Funding Policy - This plan is funded through participant contributions equal to 10% of gross wages and ad valorem taxes. In order to meet current benefit payments and payments upon participants' withdrawal, if necessary, the General Fund contributes an additional amount.

Changes in Net Pension Liability

Changes in the City's net pension liability for the MMRS Plan for the year ended September 30, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Balance at June 30, 2019	\$ 5,997,916	\$ 1,841,771	\$ 4,156,145
Charges for the year:			
Service costs	\$ -	\$ -	\$ -
Interest	439,740	-	439,740
Changes of assumptions	-	-	-
Difference between expected and actual experience	57,415	-	57,415
Contributions - employer	-	468,000	(468,000)
Contributions - employee	-	-	-
Net investment income	-	51,226	(51,226)
Benefits payments, including refunds of employee contributions	(647,714)	(647,714)	-
Administrative expense	-	(9,360)	9,360
Other charges	-	-	-
Net changes	\$ (150,559)	\$ (137,848)	\$ (12,711)
Balance at June 30, 2020	\$ 5,847,357	\$ 1,703,923	\$ 4,143,434

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (continued)

A. Disability and Relief Municipal Retirement Systems Plan (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the MMRS Plan's (the Plan) net position liability calculated using the discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Plan's Net Pension Liability (Asset)	\$ 4,597,375	\$ 4,143,434	\$ 3,749,067

In the year ended September 30, 2020, the City's tax levy to fund the Plan was 3.9 mills. The City paid \$468,000 to the Plan during the year ended September 30, 2020. As of September 30, 2020, the City has insufficient funds in a special revenue fund from the avails of special tax levies that were set aside for future contributions to the Plan.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on Plan	53,176	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	\$ 53,176	\$ -

Deferred Outflows (Deferred Inflows) Aging:

Year ended September 30:

2021	\$ (3,226)
2022	20,042
2023	19,523
2024	16,837

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued MMRS of Mississippi's financial report.

B. Public Employees Retirement System

Plan Description - The City contributes to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature.

CITY OF NATCHEZ, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (continued)

B. Public Employees Retirement System (continued)

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), 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, membership is contingent upon approval of the entity's participation in PERS by the PERS's 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. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

Funding Policy - PERS members are required to contribute 9.00% of their annual covered salary, beginning in July 2010, and the City is required to contribute at an actuarially determined rate. The rate in effect for this fiscal year was 17.4%. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the year ended September 30, 2020, were \$1,120,307, equal to the required contributions for the year. The contributions for the Enterprise Fund for the year September 30, 2020, was \$320,862, equal to the required contributions for the year. The contributions for Judge George W. Armstrong Library for the year ended September 30, 2020, was \$29,894, equal to the required contributions for each year. The employees of Natchez Convention Promotion Commission are City employees, and their required contribution is included in the above numbers.

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

At September 30, 2020, the City reported a liability of \$19,107,173 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2020, and the total PERS pension liability used to calculate the PERS net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the PERS net pension liability was based on a projection of the City's long-term share of contributions to the PERS pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.0985652%, which was a negligible decrease from its proportion measured as of June 30, 2020.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (continued)

B. Public Employees Retirement System (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to PERS (continued)

For the year ended September 30, 2020, the City recognized pension expense related to PERS of \$2,128,553. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$ 116,638	\$ -
Changes in assumptions	75,169	-
Net difference between projected and actual earnings on Plan	551,957	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	276,090	-
Total	<u>\$ 1,019,854</u>	<u>\$ -</u>

The \$276,090 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Deferred Outflows (Deferred Inflows) Aging:

Year ended September 30

2021	\$ 313,824
2022	313,824
2023	<u>116,115</u>
	<u>\$ 743,763</u>

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.:

Inflation	2.75%
Salary increases	3.00-18.25%, including inflation
Investment rate of return	7.75%, net of Plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (continued)

B. Public Employees Retirement System (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to PERS (continued)

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2022 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Debt Securities	20.00%	0.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	6.25%
Cash	1.00%	-
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the City's proportionate share of the net pension liability of PERS based on the June 30, 2016 actuarial valuations, calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	<u>1% Decrease 6.75%</u>	<u>Current Discount Rate 7.75%</u>	<u>1% Increase 8.75%</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 24,731,888	\$ 19,107,173	\$ 14,464,523

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (continued)

B. Public Employees Retirement System (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to PERS (continued)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

NOTE 10 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

Deficit fund balance of individual funds

Special Revenue Funds:

Parks and Recreation	\$ (404,644)
Visitor Center Operations	(140,568)
Natchez-Adams EDA	(3,522)
Public Properties	(48,698)
Downtown Christmas Tree	(1,897)
Food and Lodging	(119,952)

Capital Improvement Funds:

Yazoo & MS Valley Railroad Depot	\$ (108,462)
Colonnades and Visitor Welcome Center	(19,672)
Regional Transit Construction	(56,770)
MDOT - Natchez Trails	(1,158)
Schneider Electric	(5)
ERBR	(6)

NOTE 11 - SEGMENT INFORMATION FOR NATCHEZ WATER WORKS

Natchez Water Works, a component unit of the City, provides water and sewer utility services. The following is a summary of disclosures required by GASB Statements 34 and 37:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Administration</u>	<u>Total</u>
Operating revenues	\$ 2,721,936	\$ 2,659,268	\$ -	\$ 5,381,204
Operating expenses	(1,753,843)	(1,563,207)	(1,698,665)	(5,015,715)
Depreciation	(567,757)	(567,756)	-	(1,135,513)
Operating income (loss)	\$ 400,336	\$ 528,305	\$ (1,698,665)	\$ (770,024)
Transfers out to City of Natchez				-
Nonoperating revenues (expenses):				
Interest income				102,624
Grant revenue				736,559
Interest expense				(18,224)
Net income				<u>\$ (50,934)</u>

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 - TRANSFER OF CAPITAL ASSETS

On July 23, 2020, the City transferred assets totaling \$3,450,000 to the National Park Service. These assets included the Visitor Center building and land on Canal Street. The City had recognized accumulated depreciation of \$941,875 on these assets prior to the transfer.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The following describes prior period adjustments made as of September 30, 2020, to both Government-Wide and Governmental Fund financial statements.

<u>Balance Sheet at September 30, 2019</u>	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
Due from state sources	\$ 384,507	\$ 431,696	\$ 47,189
Fund balance – ending	\$ 89,874	\$ 137,063	\$ 47,189

NOTE 15 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes.

Management of the City evaluated the activity of the City through September 28, 2021, the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of the coronavirus (COVID-19). The pandemic is ongoing as of September 28, 2021, and has significantly affected economic conditions in the United States of America. However, the impact of this event on the City's activities and financial position cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Revenues				
Property and gaming taxes	\$ 5,336,500	\$ 5,149,700	\$ 4,970,365	\$ (179,335)
Licenses, permits, fees, and fines	460,000	350,000	482,164	132,164
Intergovernmental	6,145,500	6,002,000	5,843,650	(158,350)
Charges for services	1,469,000	1,250,400	1,250,375	(25)
Franchise fees	600,000	559,600	559,630	30
Miscellaneous	372,000	466,900	835,460	368,560
Total revenues	<u>\$ 14,383,000</u>	<u>\$ 13,778,600</u>	<u>\$ 13,941,644</u>	<u>\$ 163,044</u>
Expenditures				
Current:				
General government	\$ 2,868,305	\$ 2,920,400	\$ 2,891,843	\$ 28,557
Public safety	6,825,290	6,182,600	6,226,399	(43,799)
Public works	3,480,876	3,002,900	2,915,018	87,882
Culture and recreation	743,165	638,900	441,529	197,371
Economic development	189,760	300,600	548,477	(247,877)
Miscellaneous	892,277	549,300	691,148	(141,848)
Debt service:				
Principal	1,006,000	803,600	964,656	(161,056)
Interest and other charges	-	-	30,996	(30,996)
Capital outlay	-	-	103,085	(103,085)
Total expenditures	<u>\$ 16,005,673</u>	<u>\$ 14,398,300</u>	<u>\$ 14,813,151</u>	<u>\$ (414,851)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,622,673)</u>	<u>\$ (619,700)</u>	<u>\$ (871,507)</u>	<u>\$ (251,807)</u>
Other financing sources (uses)				
Other uses	\$ -	\$ -	\$ (171,814)	\$ (171,814)
Proceeds from long-term debt	1,353,000	870,000	1,037,066	167,066
Transfers in	1,000,000	1,013,900	1,066,202	52,302
Transfers out	(1,226,500)	(241,000)	(957,194)	(716,194)
Total other financing sources (uses)	<u>\$ 1,126,500</u>	<u>\$ 1,642,900</u>	<u>\$ 974,260</u>	<u>\$ (668,640)</u>
Net change in fund balance	<u>\$ (496,173)</u>	<u>\$ 1,023,200</u>	<u>\$ 102,753</u>	<u>\$ (920,447)</u>
Fund balance - beginning of year	<u>\$ 822,305</u>	<u>\$ 822,305</u>	<u>\$ 822,305</u>	<u>\$ -</u>
Fund balance - end of year	<u>\$ 326,132</u>	<u>\$ 1,845,505</u>	<u>\$ 925,058</u>	<u>\$ (920,447)</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION - SENIOR CITIZENS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 1,511,680	\$ 1,158,500	\$ 1,414,532	\$ 256,032
Charges for services	200,000	174,100	152,899	(21,201)
Investment earnings	500	1,500	1,715	215
Miscellaneous	10,000	52,100	52,104	4
Total revenues	<u>\$ 1,722,180</u>	<u>\$ 1,386,200</u>	<u>\$ 1,621,250</u>	<u>\$ 235,050</u>
Expenditures				
Current:				
Culture and recreation	\$ 1,613,655	\$ 1,589,100	\$ 1,606,423	\$ (17,323)
Capital outlay	53,250	33,300	-	33,300
Total expenditures	<u>\$ 1,666,905</u>	<u>\$ 1,622,400</u>	<u>\$ 1,606,423</u>	<u>\$ 15,977</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 55,275</u>	<u>\$ (236,200)</u>	<u>\$ 14,827</u>	<u>\$ 251,027</u>
Other financing sources				
Transfers in	\$ 190,000	\$ 236,200	\$ 236,250	\$ 50
Total other financing sources	<u>\$ 190,000</u>	<u>\$ 236,200</u>	<u>\$ 236,250</u>	<u>\$ 50</u>
Net change in fund balance	<u>\$ 245,275</u>	<u>\$ -</u>	<u>\$ 251,077</u>	<u>\$ 251,077</u>
Fund balance - beginning of year	\$ 25,414	\$ 25,414	\$ 25,414	\$ -
Prior period adjustment	-	-	-	-
Fund balance - beginning of year, restated	<u>\$ 25,414</u>	<u>\$ 25,414</u>	<u>\$ 25,414</u>	<u>\$ -</u>
Fund balance - end of year	<u>\$ 270,689</u>	<u>\$ 25,414</u>	<u>\$ 276,491</u>	<u>\$ 251,077</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI
 BUDGETARY COMPARISON SCHEDULE
 CASINO ANNUAL LEASE PAYMENT
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ 6,800	\$ 7,447	\$ 647
Rents and royalties	1,074,500	1,388,000	1,381,182	(6,818)
Miscellaneous	-	-	-	-
Total revenues	<u>\$ 1,074,500</u>	<u>\$ 1,394,800</u>	<u>\$ 1,388,629</u>	<u>\$ (6,171)</u>
Expenditures				
Current:				
Economic development	\$ -	\$ 180,200	\$ 180,175	\$ 25
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 180,200</u>	<u>\$ 180,175</u>	<u>\$ 25</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,074,500</u>	<u>\$ 1,214,600</u>	<u>\$ 1,208,454</u>	<u>\$ (6,196)</u>
Other financing uses				
Transfers out	\$ (1,000,000)	\$ (1,015,000)	\$ (1,015,000)	\$ -
Total other financing uses	<u>\$ (1,000,000)</u>	<u>\$ (1,015,000)</u>	<u>\$ (1,015,000)</u>	<u>\$ -</u>
Net change in fund balance	\$ 74,500	\$ 199,600	\$ 193,454	\$ (6,196)
Fund balance - beginning of year	<u>435,068</u>	<u>435,068</u>	<u>435,068</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 509,568</u></u>	<u><u>\$ 634,668</u></u>	<u><u>\$ 628,522</u></u>	<u><u>\$ (6,196)</u></u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI
 BUDGETARY COMPARISON SCHEDULE
 PENSION TRUST FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 482,000	\$ 468,000	\$ 484,902	\$ 16,902
Intergovernmental	-	-	-	-
Investment earnings	-	-	2,648	2,648
Total revenues	<u>\$ 482,000</u>	<u>\$ 468,000</u>	<u>\$ 487,550</u>	<u>\$ 19,550</u>
Expenditures				
Current:				
Miscellaneous	\$ 468,000	\$ 468,000	\$ 468,000	\$ -
Total expenditures	<u>\$ 468,000</u>	<u>\$ 468,000</u>	<u>\$ 468,000</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ 19,550</u>	<u>\$ 19,550</u>
Net change in fund balance	\$ 14,000	\$ -	\$ 19,550	\$ 19,550
Fund balance - beginning of year	<u>225,647</u>	<u>225,647</u>	<u>225,647</u>	<u>-</u>
Fund balance - end of year	<u>\$ 239,647</u>	<u>\$ 225,647</u>	<u>\$ 245,197</u>	<u>\$ 19,550</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI
 BUDGETARY COMPARISON SCHEDULE
 TIGER FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,900,000	1,719,900	1,722,916	3,016
Investment earnings	-	-	-	-
Total revenues	<u>\$ 3,900,000</u>	<u>\$ 1,719,900</u>	<u>\$ 1,722,916</u>	<u>\$ 3,016</u>
Expenditures				
Current:				
Capital Outlay	\$ 3,900,000	\$ 1,719,900	\$ 1,719,853	\$ 47
Total expenditures	<u>\$ 3,900,000</u>	<u>\$ 1,719,900</u>	<u>\$ 1,719,853</u>	<u>\$ 47</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,063</u>	<u>\$ 2,969</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,063</u>	<u>\$ 2,969</u>
Fund balance - beginning of year	<u>3,062</u>	<u>3,062</u>	<u>3,062</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 3,062</u></u>	<u><u>\$ 3,062</u></u>	<u><u>\$ 6,125</u></u>	<u><u>\$ 2,969</u></u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

YEAR ENDED SEPTEMBER 30, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total pension liability						
Service cost	\$ 8,713	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	590,574	575,620	536,049	526,976	497,749	439,740
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	24,636	(321,817)	65,267	(187,585)	(565,058)	57,415
Changes of assumptions	211,132	-	23,672	-	(9,472)	-
Benefit payments	<u>(797,844)</u>	<u>(781,925)</u>	<u>(746,855)</u>	<u>(737,275)</u>	<u>(695,743)</u>	<u>(647,714)</u>
Net change in total pension liability	\$ 37,211	\$ (528,122)	\$ (121,867)	\$ (397,884)	\$ (772,524)	\$ (150,559)
Total pension liability - beginning	<u>7,781,102</u>	<u>7,818,313</u>	<u>7,290,191</u>	<u>7,168,324</u>	<u>6,770,440</u>	<u>5,997,916</u>
Total pension liability - ending (a)	<u>\$ 7,818,313</u>	<u>\$ 7,290,191</u>	<u>\$ 7,168,324</u>	<u>\$ 6,770,440</u>	<u>\$ 5,997,916</u>	<u>\$ 5,847,357</u>
Plan fiduciary net position						
Contributions - employer	\$ 465,798	\$ 468,000	\$ 468,000	\$ 351,000	\$ 546,000	\$ 468,000
Contributions - member	2,202	-	-	-	-	-
Net investment income	75,057	4,777	271,127	146,673	125,738	51,226
Benefit payments	(797,844)	(781,925)	(746,855)	(737,275)	(695,743)	(647,714)
Administrative expense	(9,316)	(9,360)	(9,360)	(7,020)	(10,920)	(9,360)
Other	<u>-</u>	<u>49,678</u>	<u>(1,619)</u>	<u>(196)</u>	<u>750</u>	<u>-</u>
Net change in plan fiduciary net position	\$ (264,103)	\$ (268,830)	\$ (18,707)	\$ (246,818)	\$ (34,175)	\$ (119,128)
Plan net position - beginning	<u>2,674,404</u>	<u>2,410,301</u>	<u>2,141,471</u>	<u>2,122,764</u>	<u>1,875,946</u>	<u>1,841,771</u>
Plan net position - ending (b)	<u>\$ 2,410,301</u>	<u>\$ 2,141,471</u>	<u>\$ 2,122,764</u>	<u>\$ 1,875,946</u>	<u>\$ 1,841,771</u>	<u>\$ 1,703,923</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 5,408,012</u>	<u>\$ 5,148,720</u>	<u>\$ 5,045,560</u>	<u>\$ 4,894,494</u>	<u>\$ 4,156,145</u>	<u>\$ 4,143,434</u>
Plan fiduciary net position as a percentage of total pension liability	30.83%	29.37%	29.61%	27.71%	30.71%	29.14%
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A

*Payroll-related information not provided because plan is closed to new entrants, there are very few remaining active members, and many municipalities have no remaining active members.

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF NATCHEZ, MISSISSIPPI
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2020

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 465,798	\$ 468,000	\$ 468,000	\$ 351,000	\$ 546,000	\$ 468,000
Contributions in relation to the actuarially determined contribution	465,798	468,000	468,000	351,000	546,000	468,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A

*Payroll-related information not provided because plan is closed to new entrants, there are very few remaining active members, and many municipalities have no remaining active members.

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2020, were based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Inflation	3.00%
Salary increases	3.25-4.75%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

CITY OF NATCHEZ, MISSISSIPPI

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PERS

YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportionate share of the collective net pension liability	\$ 19,107,173	\$ 18,735,451	\$ 18,329,534	\$ 18,717,942	\$ 20,757,829	\$ 17,918,173
City's proportion of the collective net pension liability	0.098652%	0.106545%	0.110248%	0.112563%	0.116209%	0.115915%
City's covered-employee payroll	\$ 6,403,669	\$ 6,815,649	\$ 6,868,736	\$ 7,038,710	\$ 7,413,225	\$ 7,289,682
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	298.38%	274.89%	266.85%	265.93%	280.01%	245.80%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	61.49%	61.49%	57.47%	61.70%

- Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

CITY OF NATCHEZ, MISSISSIPPI
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PERS
YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,143,008	\$ 1,092,889	\$ 1,081,826	\$ 1,120,609	\$ 1,096,190	\$ 1,083,252
Contributions in relation to the contractually required contributions	<u>1,120,307</u>	<u>1,111,410</u>	<u>1,107,106</u>	<u>1,108,597</u>	<u>1,167,583</u>	<u>1,148,123</u>
Contribution deficiency (excess)	<u>\$ (22,701)</u>	<u>\$ 18,521</u>	<u>\$ 25,280</u>	<u>\$ 12,012</u>	<u>\$ (71,393)</u>	<u>\$ (64,871)</u>
City's covered-employee payroll	\$ 6,403,669	\$ 6,815,649	\$ 6,868,736	\$ 7,038,710	\$ 7,413,225	\$ 7,289,682
Contributions as a percentage of covered-employee payroll	17.49%	16.31%	16.12%	15.75%	15.75%	15.75%

- Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF NATCHEZ, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget Adoption and Amendments

Preliminary budgets for the ensuing year are prepared by the City Clerk prior to September 30 of each fiscal year. The availability of the proposed budgets for public inspection and the date of the public hearing on the proposed budgets are advertised in public notices. During its September meeting, the Board of Aldermen holds a public hearing on the proposed budgets in order to receive comments from residents of the City. Changes are made to the proposed budgets based on the public hearing and the desires of the Board of Aldermen. The budgets are then adopted during the Board of Aldermen's regular September meeting.

During regular meetings, the Board of Aldermen reviews any proposed amendments, makes changes as it deems necessary, and formally adopts the amendments. The adoption of the amendments is included in the Board of Aldermen meeting minutes and published in public notices.

Appropriations lapse at year-end and must be appropriated for the following year to be expended. All changes in the budgets must be approved by the Board and the grantor agencies.

3. Budget/GAAP Reconciliation

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

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

CITY OF NATCHEZ, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

Budgetary Comparison Schedule (continued)

The following schedule reconciles net change in fund balances on the budgetary basis financial statements for the General Fund and each major special revenue fund, in which there were no changes:

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Casino Fund</u>	<u>Pension Fund</u>	<u>TIGER Fund</u>
Net change budget basis	\$ 102,753	\$ 251,077	\$ 193,454	\$ 19,550	\$ 3,063
Increase (decrease):					
Net adjustments for revenue accruals	115,626	(85,836)	-	-	-
Net adjustments for expenditure accruals	<u>420,198</u>	<u>100,645</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Net change GAAP basis	<u>\$ 638,577</u>	<u>\$ 265,886</u>	<u>\$ 193,453</u>	<u>\$ 19,550</u>	<u>\$ 3,063</u>

**COMBINING SCHEDULE OF
NONMAJOR GOVERNMENTAL FUNDS**

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET

SEPTEMBER 30, 2020

	Total Special Revenue Funds	Total Capital Projects Funds	Aggregate Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,627,084	\$ 1,271,404	\$ 2,898,488
Due from other funds	246,088	1,884,455	2,130,543
Receivable from other governments	134,641	1,076,666	1,211,307
Due from outside parties	-	-	-
Property tax receivable	680,006	119,349	799,355
Advances to other funds	439,947	156,657	596,604
Total assets	<u>\$ 3,127,766</u>	<u>\$ 4,508,531</u>	<u>\$ 7,636,297</u>
Liabilities and fund balances			
Liabilities:			
Bank overdraft	\$ -	\$ 166	\$ 166
Accounts payable	72,011	80,335	152,346
Due to other funds	712,723	571,325	1,284,048
Payable to other governments	314,545	-	314,545
Deferred property taxes	680,006	119,349	799,355
Advances from other funds	297,669	433,253	730,922
Total liabilities	<u>\$ 2,076,954</u>	<u>\$ 1,204,428</u>	<u>\$ 3,281,382</u>
Fund balances:			
Assigned:			
Capital projects	\$ -	\$ 3,147,446	\$ 3,147,446
Special revenue	610,865	-	610,865
Nonspendable:			
Advances	439,947	156,657	596,604
Committed:			
Cemetery fund	-	-	-
Unassigned	-	-	-
Total fund balances	<u>\$ 1,050,812</u>	<u>\$ 3,304,103</u>	<u>\$ 4,354,915</u>
Total liabilities and fund balances	<u>\$ 3,127,766</u>	<u>\$ 4,508,531</u>	<u>\$ 7,636,297</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Total Special Revenue Funds	Total Capital Projects Funds	Aggregate Nonmajor Governmental Funds
Revenues			
Ad valorem taxes	\$ 859,978	\$ 146,873	\$ 1,006,851
Licenses and permits	175,076	-	175,076
Intergovernmental	1,283,833	2,793,968	4,077,801
Charges for services	261,492	-	261,492
Investment earnings	18,283	14,117	32,400
Miscellaneous	579,750	684,922	1,264,672
Contributions	12,345	-	12,345
Rents and royalties	130,579	-	130,579
Total revenues	<u>\$ 3,321,336</u>	<u>\$ 3,639,880</u>	<u>\$ 6,961,216</u>
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	86,839	-	86,839
Public works	76,944	-	76,944
Culture and recreation	2,213,829	-	2,213,829
Economic development	83,699	-	83,699
Miscellaneous	54,327	16,800	71,127
Debt service:			
Principal	216,820	28,545	245,365
Interest and other charges	30,965	49,075	80,040
Capital outlay	55,507	3,699,874	3,755,381
Total expenditures	<u>\$ 2,818,930</u>	<u>\$ 3,794,294</u>	<u>\$ 6,613,224</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 502,406</u>	<u>\$ (154,414)</u>	<u>\$ 347,992</u>
Other financing sources (uses)			
Proceeds from long-term debt, net	\$ -	\$ 1,395,358	\$ 1,395,358
Proceeds from sale of land	-	-	-
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Transfers in	228,000	177,019	405,019
Transfers out	(253,894)	(540,383)	(794,277)
Total other financing sources (uses)	<u>\$ (25,894)</u>	<u>\$ 1,031,994</u>	<u>\$ 1,006,100</u>
Net change in fund balances	<u>\$ 476,512</u>	<u>\$ 877,580</u>	<u>\$ 1,354,092</u>
Fund balances - beginning	\$ 574,300	\$ 2,426,523	\$ 3,000,823
Prior period adjustment, net	-	-	-
Fund balances - beginning (as restated)	<u>\$ 574,300</u>	<u>\$ 2,426,523</u>	<u>\$ 3,000,823</u>
Total liabilities and fund balances	<u>\$ 1,050,812</u>	<u>\$ 3,304,103</u>	<u>\$ 4,354,915</u>

See Independent Auditor's Report.

COMPONENT UNITS

COMPONENT UNITS

Judge George W. Armstrong Library operates one public library in Southwest Mississippi.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS

SEPTEMBER 30, 2020

	Judge George W. Armstrong Library	Total
Assets		
Cash and cash equivalents	\$ 158,737	\$ 158,737
Investments	530,000	530,000
Accounts receivable	939	939
Receivable from other governments	52,903	52,903
Prepaid expenses	3,767	3,767
Capital assets, net	97,039	97,039
Total assets	<u>\$ 843,385</u>	<u>\$ 843,385</u>
Deferred outflows of resources	<u>\$ 51,745</u>	<u>\$ 51,745</u>
Liabilities and fund balances		
Accounts payable and accrued liabilities	\$ 12,048	\$ 12,048
Net pension liability	572,091	572,091
Total liabilities	<u>\$ 584,139</u>	<u>\$ 584,139</u>
Deferred inflows of resources	<u>\$ 5,465</u>	<u>\$ 5,465</u>
Net position		
Invested in capital assets	\$ 97,039	\$ 97,039
Restricted	706,009	706,009
Unrestricted (deficit)	(497,522)	(497,522)
Total net position	<u><u>\$ 305,526</u></u>	<u><u>\$ 305,526</u></u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Judge George W. Armstrong Library	Total
Expenses		
Governmental activities:		
Culture and recreation	\$ 481,148	\$ 481,148
Miscellaneous	-	-
Total expenses	<u>\$ 481,148</u>	<u>\$ 481,148</u>
Program revenues		
Charges for services	\$ 8,746	\$ 8,746
Operating grants and contributions	120,753	120,753
Total program revenues	<u>\$ 129,499</u>	<u>\$ 129,499</u>
Net (expenses) revenue	<u>\$ (351,649)</u>	<u>\$ (351,649)</u>
General revenues		
Public service taxes	\$ -	\$ -
Transfers in	318,000	318,000
Investment earnings	8,030	8,030
Total general revenues	<u>\$ 326,030</u>	<u>\$ 326,030</u>
Change in net position	<u>\$ (25,619)</u>	<u>\$ (25,619)</u>
Net position, beginning of year	<u>\$ 331,145</u>	<u>\$ 331,145</u>
Net position, end of year	<u><u>\$ 305,526</u></u>	<u><u>\$ 305,526</u></u>

See Independent Auditor's Report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

SPECIAL REVENUE FUNDS

Soil Conservation Service Special – to account for improvements to areas that have suffered soil erosion.

Public Properties – to account for maintenance and improvements to public properties owned by the City. Financing is provided by insurance proceeds from the loss of a City-owned building.

Auburn Maintenance Fund – to segregate funds collected from antebellum home Auburn used specifically for maintenance.

Food and Lodging Tax II – to account for the tax assessed in addition to the general sales tax for food and lodging.

Special Fire Fund – to account for money received from the State's "Municipal Fire Protection Fund."

Senior Citizens Fund – to account for expenditures for a recreational program for senior citizens. Financing is provided by federal grants and local resources.

Police Grant Fund – to account for expenditures incurred in providing two additional police officers. Financing is provided by federal grants and local matching of funds.

Senior Citizens Swim Fund – to account for fees received for participation in the enjoyment of the facilities. Financing is self-supported.

Retired and Seniors Volunteers Fund – to account for expenditures to provide a variety of opportunities for retired persons to serve their community through volunteer service. Financing is provided by federal grants and local resources.

Transportation – Senior Citizens – to account for expenditures incurred in connection with a transportation system. Financing is provided by federal grants, user fees, and local resources.

Parks and Recreation – to account for the operation and maintenance of all City-owned parks and recreational facilities. Financing is provided by a specific annual property tax levy to the extent charges for use of the facilities are not sufficient to provide such financing.

Recreation Department – Donations – to account for private donations for recreational uses.

Visitors Center Operations – to account for revenues and expenditures associated with operating the Visitor's Reception and Intermodal Transportation Center.

City Auditorium Maintenance – to account for funds related to the maintenance of the City Auditorium.

Downtown Christmas Tree – to account for donations and related expenditures for the Christmas tree centered downtown.

Special Fire Fund #2 – second fund established to track monies related to the fire department but not available for general purposes.

Regional Transit Operations – to account for monies received to reimburse the City for personnel costs for a coordinator of the new Regional Transit Facility.

Tricentennial Donations – to account for donated funds received in support of activities throughout 2016 in celebration of Natchez's tricentennial.

SPECIAL REVENUE FUNDS (continued)

Fire Department FEMA Grant – used to purchase fire equipment.

Forks of the Road – to collect and accumulate private donations for the Forks of the Road project.

Housing Revolving Loan Program – loan program for first-time homebuyers.

HOME Down Payment Assistance – program to assist eligible participants in receiving funds to purchase a home.

Department of Tourism Management – to further segregate Visitor Center revenue sources and expenditures.

Recycling Fund – to account for funds used to establish a recycling program in the City, including the cost of purchasing appropriate receptacles for collection.

Pension Trust Fund – to account for tax monies and employee contributions and payments to PERS.

Judge George W. Armstrong Library Fund – to account for tax monies allocated for the maintenance and support of Judge George W. Armstrong Library, Natchez branch.

Natchez Economic Development Authority – to account for tax monies levied in direct support of the Natchez EDA.

Casino Annual Lease Payment – established solely to segregate rental receipts from the Magnolia Bluffs Casino.

Road and Bridge Tax – to further segregate tax receipts specifically identified by Adams County as road and bridge collections.

SNAP 2014 – to account for the funding received under this program.

Humana Foundation Grant – to account for funds received from a grant encouraging healthy lifestyles through nutrition and exercise.

Traffic Fund/MDOT Intersections – to account for funds related to a specific maintenance project in conjunction with MDOT.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Soil Conservation Service Special	Public Properties	Auburn Maintenance Fund	Food and Lodging Tax II	Special Fire Fund	Senior Citizens Fund
Assets						
Cash and cash equivalents	\$ -	\$ 116,355	\$ 23,328	\$ 51,201	\$ 337,856	\$ 294,428
Due from other funds	3,059	-	-	22,500	-	41,000
Due from other governments	-	-	-	105,013	-	-
Advances to other funds	-	103,236	-	-	130,476	138,778
Other receivables	-	-	-	-	-	-
Property tax receivable	-	165,562	-	-	-	-
Total assets	<u>\$ 3,059</u>	<u>\$ 385,153</u>	<u>\$ 23,328</u>	<u>\$ 178,714</u>	<u>\$ 468,332</u>	<u>\$ 474,206</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ 2,479	\$ -	\$ -	\$ 17,212	\$ 8,270
Bank overdrafts	-	-	-	-	-	-
Due to other funds	-	238,539	11,500	65,608	-	13,274
Payable to other governments	-	-	-	233,058	-	-
Deferred property taxes	-	165,562	-	-	-	-
Advances from other funds	3,000	27,271	-	-	-	-
Total liabilities	<u>\$ 3,000</u>	<u>\$ 433,851</u>	<u>\$ 11,500</u>	<u>\$ 298,666</u>	<u>\$ 17,212</u>	<u>\$ 21,544</u>
Reserved for:						
Nonspendable:						
Advances	\$ -	\$ 103,236	\$ -	\$ -	\$ 130,476	\$ 138,778
Committed:						
Other purposes	-	-	-	-	-	-
Unassigned	59	(151,934)	11,828	(119,952)	320,644	313,884
Total fund balances	<u>\$ 59</u>	<u>\$ (48,698)</u>	<u>\$ 11,828</u>	<u>\$ (119,952)</u>	<u>\$ 451,120</u>	<u>\$ 452,662</u>
Total liabilities and fund balances	<u>\$ 3,059</u>	<u>\$ 385,153</u>	<u>\$ 23,328</u>	<u>\$ 178,714</u>	<u>\$ 468,332</u>	<u>\$ 474,206</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Police Grant Fund	Senior Citizens Swim Fund	Retired and Seniors Volunteers Fund	Parks and Recreation
Assets				
Cash and cash equivalents	\$ 26,309	\$ 1,332	\$ -	\$ 47,650
Due from other funds	4,370	-	427	225
Due from other governments	-	-	-	3,244
Advances to other funds	-	-	-	5,000
Other receivables	-	-	-	-
Property tax receivable	-	-	-	190,959
Total assets	<u>\$ 30,679</u>	<u>\$ 1,332</u>	<u>\$ 427</u>	<u>\$ 247,078</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 27,450
Bank overdrafts	-	-	-	-
Due to other funds	-	-	-	284,815
Payable to other governments	-	-	-	-
Deferred property taxes	-	-	-	190,959
Advances from other funds	-	-	-	148,498
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,722</u>
Reserved for:				
Nonspendable:				
Advances	\$ -	\$ -	\$ -	\$ 5,000
Committed:				
Other purposes	-	-	-	-
Unassigned	30,679	1,332	427	(409,644)
Total fund balances	<u>\$ 30,679</u>	<u>\$ 1,332</u>	<u>\$ 427</u>	<u>\$ (404,644)</u>
Total liabilities and fund balances	<u>\$ 30,679</u>	<u>\$ 1,332</u>	<u>\$ 427</u>	<u>\$ 247,078</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Recreation Department - Donations	Visitors Center Operations	City Auditorium Maintenance Fund	Downtown Christmas Tree	Special Fire Fund #2
Assets					
Cash and cash equivalents	\$ 3,327	\$ 4,179	\$ 15,107	\$ 1,253	\$ 51,287
Due from other funds	37,223	-	-	-	-
Due from other governments	-	24,956	-	-	-
Advances to other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Property tax receivable	-	-	-	-	-
Total assets	<u>\$ 40,550</u>	<u>\$ 29,135</u>	<u>\$ 15,107</u>	<u>\$ 1,253</u>	<u>\$ 51,287</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 600	\$ 1,531	\$ 250	\$ 3,150	\$ -
Bank overdrafts	-	-	-	-	-
Due to other funds	6,500	55,685	7,000	-	-
Payable to other governments	-	81,487	-	-	-
Deferred property taxes	-	-	-	-	-
Advances from other funds	-	31,000	-	-	-
Total liabilities	<u>\$ 7,100</u>	<u>\$ 169,703</u>	<u>\$ 7,250</u>	<u>\$ 3,150</u>	<u>\$ -</u>
Reserved for:					
Nonspendable:					
Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Committed:					
Other purposes	-	-	-	-	-
Unassigned	33,450	(140,568)	7,857	(1,897)	51,287
Total fund balances	<u>\$ 33,450</u>	<u>\$ (140,568)</u>	<u>\$ 7,857</u>	<u>\$ (1,897)</u>	<u>\$ 51,287</u>
Total liabilities and fund balances	<u>\$ 40,550</u>	<u>\$ 29,135</u>	<u>\$ 15,107</u>	<u>\$ 1,253</u>	<u>\$ 51,287</u>

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Regional Transit Operations	Tricentennial Donations	Fire Department/ FEMA Grant	Forks of the Road	Housing Revolving Loan Program	HOME Down Payment Assistance
Assets						
Cash and cash equivalents	\$ -	\$ 10,801	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	17,842	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 10,801</u>	<u>\$ 17,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank overdrafts	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Payable to other governments	-	-	-	-	-	-
Deferred property taxes	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reserved for:						
Nonspendable:						
Advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed:						
Other purposes	-	-	-	-	-	-
Unassigned	-	10,801	17,842	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 10,801</u>	<u>\$ 17,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 10,801</u>	<u>\$ 17,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Department of Tourism Management	Recycling Fund	Armstrong Library Fund	Natchez EDA Fund
Assets				
Cash and cash equivalents	\$ 19,775	\$ 5,995	\$ 97,049	\$ 26,592
Due from other funds	-	-	-	-
Due from other governments	-	-	-	1,428
Advances to other funds	62,457	-	-	-
Other receivables	-	-	-	-
Property tax receivable	-	-	245,860	77,625
Total assets	<u>\$ 82,232</u>	<u>\$ 5,995</u>	<u>\$ 342,909</u>	<u>\$ 105,645</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 1,057	\$ -	\$ -
Bank overdrafts	-	-	-	-
Due to other funds	-	-	18,804	7,392
Payable to other governments	-	-	-	-
Deferred property taxes	-	-	245,860	77,625
Advances from other funds	-	-	63,750	24,150
Total liabilities	<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 328,414</u>	<u>\$ 109,167</u>
Reserved for:				
Nonspendable:				
Advances	\$ 62,457	\$ -	\$ -	\$ -
Committed:				
Other purposes	-	-	-	-
Unassigned	19,775	4,938	14,495	(3,522)
Total fund balances	<u>\$ 82,232</u>	<u>\$ 4,938</u>	<u>\$ 14,495</u>	<u>\$ (3,522)</u>
Total liabilities and fund balances	<u>\$ 82,232</u>	<u>\$ 5,995</u>	<u>\$ 342,909</u>	<u>\$ 105,645</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2020

	Road and Bridge Tax	SNAP 2014	Humana Foundation Grant	Traffic Fund/MDOT Intersections	Total
Assets					
Cash and cash equivalents	\$ 344,740	\$ 9,203	\$ 10,279	\$ 129,038	\$ 1,627,084
Due from other funds	45,000	-	-	74,442	246,088
Due from other governments	-	-	-	-	134,641
Advances to other funds	-	-	-	-	439,947
Other receivables	-	-	-	-	-
Property tax receivable	-	-	-	-	680,006
Total assets	<u>\$ 389,740</u>	<u>\$ 9,203</u>	<u>\$ 10,279</u>	<u>\$ 203,480</u>	<u>\$ 3,127,766</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 9,691	\$ -	\$ -	\$ 321	\$ 72,011
Bank overdrafts	-	-	-	-	-
Due to other funds	2,925	-	681	-	712,723
Payable to other governments	-	-	-	-	314,545
Deferred property taxes	-	-	-	-	680,006
Advances from other funds	-	-	-	-	297,669
Total liabilities	<u>\$ 12,616</u>	<u>\$ -</u>	<u>\$ 681</u>	<u>\$ 321</u>	<u>\$ 2,076,954</u>
Reserved for:					
Nonspendable:					
Advances	\$ -	\$ -	\$ -	\$ -	\$ 439,947
Committed:					
Other purposes	-	-	-	-	-
Unassigned	377,124	9,203	9,598	203,159	610,865
Total fund balances	<u>\$ 377,124</u>	<u>\$ 9,203</u>	<u>\$ 9,598</u>	<u>\$ 203,159</u>	<u>\$ 1,050,812</u>
Total liabilities and fund balances	<u>\$ 389,740</u>	<u>\$ 9,203</u>	<u>\$ 10,279</u>	<u>\$ 203,480</u>	<u>\$ 3,127,766</u>

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Soil Conservation Service Special	Public Properties	Auburn Maintenance Fund	Food and Lodging Tax II	Special Fire Fund	Senior Citizens Fund
Revenues						
Property taxes	\$ -	\$ 203,740	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	19,346	282,178	95,271	296,298
Charges for services	-	-	-	-	-	8,817
Investment earnings	-	1,157	76	1,201	3,952	3,363
Miscellaneous	-	27,691	-	-	60,000	584
Contributions	-	-	-	-	-	-
Rents and royalties	-	6,362	4,004	-	-	2,100
Total revenues	\$ -	\$ 238,950	\$ 23,426	\$ 283,379	\$ 159,223	\$ 311,162
Expenditures						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	50,929	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	79,047	12,180	-	-	404,897
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	21,467
Debt service:						
Principal	-	5,469	-	-	105,389	-
Interest	-	651	-	-	25,234	-
Capital projects	-	55,507	-	-	-	-
Total expenditures	\$ -	\$ 191,603	\$ 12,180	\$ -	\$ 130,623	\$ 426,364
Excess (deficiency) of revenues over expenditures	\$ -	\$ 47,347	\$ 11,246	\$ 283,379	\$ 28,600	\$ (115,202)
Other financing sources (uses)						
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of land	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-
Other source	-	-	-	-	-	-
Other use	-	-	-	-	-	-
Transfers in	-	-	5,000	-	(2,000)	155,000
Transfers out	-	-	-	(240,000)	-	-
Total other financial sources (uses)	\$ -	\$ -	\$ 5,000	\$ (240,000)	\$ (2,000)	\$ 155,000
Net change in fund balances	\$ -	\$ 47,347	\$ 16,246	\$ 43,379	\$ 26,600	\$ 39,798
Fund balances - beginning	\$ 59	\$ (96,045)	\$ (4,418)	\$ (163,331)	\$ 424,520	\$ 412,864
Prior period adjustment, net	-	-	-	-	-	-
Fund balances - beginning (as restated)	\$ 59	\$ (96,045)	\$ (4,418)	\$ (163,331)	\$ 424,520	\$ 412,864
Fund balances - ending	\$ 59	\$ (48,698)	\$ 11,828	\$ (119,952)	\$ 451,120	\$ 452,662

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Police Grant Fund	Senior Citizens Swim Fund	Retired and Seniors Volunteers Program	Parks and Recreation
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 234,995
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	289,227
Charges for services	-	-	-	250,130
Investment earnings	359	-	-	483
Miscellaneous	2,248	-	-	-
Contributions	-	-	-	-
Rents and royalties	-	-	-	35
Total revenues	<u>\$ 2,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,870</u>
Expenditures				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	1,135	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	753,671
Economic development	-	-	-	-
Miscellaneous	-	-	-	23,815
Debt service:				
Principal	-	-	-	17,983
Interest	-	-	-	712
Capital projects	-	-	-	-
Total expenditures	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,181</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,311)</u>
Other financing sources (uses)				
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of land	-	-	-	-
Proceeds from capital leases	-	-	-	-
Other source	-	-	-	-
Other use	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financial sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 1,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,311)</u>
Fund balances - beginning	\$ 29,207	\$ 1,332	\$ 427	\$ (383,333)
Prior period adjustment, net	-	-	-	-
Fund balances - beginning (as restated)	<u>\$ 29,207</u>	<u>\$ 1,332</u>	<u>\$ 427</u>	<u>\$ (383,333)</u>
Fund balances - ending	<u>\$ 30,679</u>	<u>\$ 1,332</u>	<u>\$ 427</u>	<u>\$ (404,644)</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Recreation Department - Donations	Visitors Center Operations	City Auditorium Maintenance Fund	Downtown Christmas Tree	Special Fire Fund #2
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	153,101	-	-	-
Charges for services	-	2,545	-	-	-
Investment earnings	87	781	107	-	856
Miscellaneous	15,501	374,115	-	-	-
Contributions	12,345	-	-	-	-
Rents and royalties	-	101,628	16,450	-	-
Total revenues	\$ 27,933	\$ 632,170	\$ 16,557	\$ -	\$ 856
Expenditures					
Current:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	18,828	667,039	11,183	-	-
Economic development	-	-	-	-	-
Miscellaneous	-	-	500	-	2,983
Debt service:					
Principal	-	6,154	-	-	-
Interest	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	\$ 18,828	\$ 673,193	\$ 11,683	\$ -	\$ 2,983
Excess (deficiency) of revenues over expenditures	\$ 9,105	\$ (41,023)	\$ 4,874	\$ -	\$ (2,127)
Other financing sources (uses)					
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of land	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-
Other source	-	-	-	-	-
Other use	-	-	-	-	-
Transfers in	-	70,000	-	-	-
Transfers out	(13,894)	-	-	-	-
Total other financial sources (uses)	\$ (13,894)	\$ 70,000	\$ -	\$ -	\$ -
Net change in fund balances	\$ (4,789)	\$ 28,977	\$ 4,874	\$ -	\$ (2,127)
Fund balances - beginning	\$ 38,239	\$ (169,545)	\$ 2,983	\$ (1,897)	\$ 53,414
Prior period adjustment, net	-	-	-	-	-
Fund balances - beginning (as restated)	\$ 38,239	\$ (169,545)	\$ 2,983	\$ (1,897)	\$ 53,414
Fund balances - ending	\$ 33,450	\$ (140,568)	\$ 7,857	\$ (1,897)	\$ 51,287

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Regional Transit Operations	Tricentennial Donations	Fire Department/ FEMA Grant	Forks of the Road	Housing Revolving Loan Program	HOME Down Payment Assistance
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	7,416	-	-	-	-
Contributions	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ 7,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 7,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources (uses)						
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of land	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-
Other source	-	-	-	-	-	-
Other use	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financial sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 7,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning	<u>\$ -</u>	<u>\$ 3,385</u>	<u>\$ 17,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Prior period adjustment, net	-	-	-	-	-	-
Fund balances - beginning (as restated)	<u>\$ -</u>	<u>\$ 3,385</u>	<u>\$ 17,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 10,801</u>	<u>\$ 17,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Department of Tourism Management	Recycling Fund	Judge George W. Armstrong Library Fund	Natchez EDA Fund
Revenues				
Property taxes	\$ -	\$ -	\$ 320,160	\$ 101,083
Licenses and permits	-	-	-	-
Intergovernmental	-	13,650	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	1,089	333
Miscellaneous	-	-	-	-
Contributions	-	-	-	-
Rents and royalties	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ 13,650</u>	<u>\$ 321,249</u>	<u>\$ 101,416</u>
Expenditures				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	10,950	-	-
Culture and recreation	-	1,887	265,097	-
Economic development	-	-	-	83,699
Miscellaneous	-	198	-	5,364
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 13,035</u>	<u>\$ 265,097</u>	<u>\$ 89,063</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 615</u>	<u>\$ 56,152</u>	<u>\$ 12,353</u>
Other financing sources (uses)				
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of land	-	-	-	-
Proceeds from capital leases	-	-	-	-
Other source	-	-	-	-
Other use	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financial sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 615</u>	<u>\$ 56,152</u>	<u>\$ 12,353</u>
Fund balances - beginning	\$ 82,232	\$ 4,323	\$ (41,657)	\$ (15,875)
Prior period adjustment, net	-	-	-	-
Fund balances - beginning (as restated)	<u>\$ 82,232</u>	<u>\$ 4,323</u>	<u>\$ (41,657)</u>	<u>\$ (15,875)</u>
Fund balances - ending	<u>\$ 82,232</u>	<u>\$ 4,938</u>	<u>\$ 14,495</u>	<u>\$ (3,522)</u>

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Road and Bridge Tax	SNAP 2014	Humana Foundation Grant	Traffic Fund/MDOT Intersections	Total
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 859,978
Licenses and permits	175,076	-	-	-	175,076
Intergovernmental	133,037	1,725	-	-	1,283,833
Charges for services	-	-	-	-	261,492
Investment earnings	3,145	-	-	1,294	18,283
Miscellaneous	-	150	-	92,045	579,750
Contributions	-	-	-	-	12,345
Rents and royalties	-	-	-	-	130,579
Total revenues	\$ 311,258	\$ 1,875	\$ -	\$ 93,339	\$ 3,321,336
Expenditures					
Current:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	34,775	86,839
Public works	65,994	-	-	-	76,944
Culture and recreation	-	-	-	-	2,213,829
Economic development	-	-	-	-	83,699
Miscellaneous	-	-	-	-	54,327
Debt service:					
Principal	81,825	-	-	-	216,820
Interest	4,368	-	-	-	30,965
Capital projects	-	-	-	-	55,507
Total expenditures	\$ 152,187	\$ -	\$ -	\$ 34,775	\$ 2,818,930
Excess (deficiency) of revenues over expenditures	\$ 159,071	\$ 1,875	\$ -	\$ 58,564	\$ 502,406
Other financing sources (uses)					
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of land	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-
Other source	-	-	-	-	-
Other use	-	-	-	-	-
Transfers in	-	-	-	-	228,000
Transfers out	-	-	-	-	(253,894)
Total other financial sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ (25,894)
Net change in fund balances	\$ 159,071	\$ 1,875	\$ -	\$ 58,564	\$ 476,512
Fund balances - beginning	\$ 218,053	\$ 7,328	\$ 9,598	\$ 144,595	\$ 574,300
Prior period adjustment, net	-	-	-	-	-
Fund balances - beginning (as restated)	\$ 218,053	\$ 7,328	\$ 9,598	\$ 144,595	\$ 574,300
Fund balances - ending	<u>\$ 377,124</u>	<u>\$ 9,203</u>	<u>\$ 9,598</u>	<u>\$ 203,159</u>	<u>\$ 1,050,812</u>

DEBT SERVICE FUNDS

Bond and Interest Fund – to accumulate monies for payment of general long-term debt. Financing is to be provided by a specific annual property tax levy. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

Bond and Interest Escrow Fund – to accumulate monies for payment of the Convention Center Bonds. Financing is to be provided by transfers of gaming and restaurant tax revenues.

TIF Bond Series 2008 – to accumulate monies for payment of limited obligation tax increment financing bond for improvements around the Convention Center Hotel.

TIF Bond Series 2014 – to accumulate monies for payment of limited obligation tax increment financing bond for improvements around the Holiday Inn Express.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS

SEPTEMBER 30, 2020

	Bond and Interest Fund	TIF Bond Series 2008	TIF Bond Series 2014	Total
Assets				
Cash and cash equivalents	\$ 23,280	\$ 189,934	\$ 102	\$ 213,316
Advances to other funds	-	-	-	-
Due from other funds	1,129	79,866	86,959	167,954
Receivable from other governments	9,326	16,364	-	25,690
Property tax receivable	86,055	-	-	86,055
Total assets	<u>\$ 119,790</u>	<u>\$ 286,164</u>	<u>\$ 87,061</u>	<u>\$ 493,015</u>
Liabilities and fund balances				
Liabilities:				
Due to other funds	\$ 248,312	\$ 86,959	\$ 700	\$ 335,971
Due to outside entities	-	150,262	25,980	176,242
Deferred property taxes	86,055	-	-	86,055
Total liabilities	<u>\$ 334,367</u>	<u>\$ 237,221</u>	<u>\$ 26,680</u>	<u>\$ 598,268</u>
Fund balances:				
Restricted:				
Debt service	\$ (214,577)	\$ 48,943	\$ 60,381	\$ (105,253)
Total fund balances	<u>\$ (214,577)</u>	<u>\$ 48,943</u>	<u>\$ 60,381</u>	<u>\$ (105,253)</u>
Total liabilities and fund balances	<u>\$ 119,790</u>	<u>\$ 286,164</u>	<u>\$ 87,061</u>	<u>\$ 493,015</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Bond and Interest Fund	TIF Bond Series 2008	TIF Bond Series 2014	Total
Revenues				
Ad valorem taxes	\$ 117,944	\$ 290,126	\$ 86,959	\$ 495,029
Investment earnings	1,153	2,757	451	4,361
Total revenues	<u>\$ 119,097</u>	<u>\$ 292,883</u>	<u>\$ 87,410</u>	<u>\$ 499,390</u>
Expenditures				
Miscellaneous	\$ -	\$ 1,080	\$ -	\$ 1,080
Debt service:				
Principal	835,000	215,000	30,000	1,080,000
Interest and other charges	79,866	66,850	10,073	156,789
Total expenditures	<u>\$ 914,866</u>	<u>\$ 282,930</u>	<u>\$ 40,073</u>	<u>\$ 1,237,869</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (795,769)</u>	<u>\$ 9,953</u>	<u>\$ 47,337</u>	<u>\$ (738,479)</u>
Other financing sources:				
Transfers in	\$ 741,000	\$ -	\$ -	\$ 741,000
Total other financing sources (uses)	<u>\$ 741,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,000</u>
Net change in fund balances	\$ (54,769)	\$ 9,953	\$ 47,337	\$ 2,521
Fund balances - beginning	(159,808)	38,990	13,044	(107,774)
Fund balances - ending	<u>\$ (214,577)</u>	<u>\$ 48,943</u>	<u>\$ 60,381</u>	<u>\$ (105,253)</u>

See Independent Auditor's Report.

CAPITAL PROJECTS FUNDS

Capital Improvements Fund – to account for the expenditures incurred for capital improvements in the City. Financing is provided by a specific annual tax levy.

Regional Transit Construction – to account for funding and expenditures related to the construction of the Regional Transit Facility.

Yazoo and MS Valley Railroad Depot – to account for grants received and expended to renovate and restore the Yazoo and MS Valley Railroad Depot.

Colonnades and Visitor Welcome Center – to account for funding and expenditures related to the restoration of the Colonnades at the Visitor Welcome Center and other maintenance projects there.

Community Development – to account for receipts received related to future development of recreation facilities and other community projects.

Highland Boulevard/Highway 61 Lift Station – to account for funding and expenditures related to the repairs of the lift station at this location.

TIGER Fund – to account for funding and expenditures incurred for the rehabilitation and upgrade of five structurally deficient railroad truss bridges along the Natchez railway.

North Natchez Drainage – to account for expenditures incurred for the repair and reconstruction of the drainage system in the northern section of the City.

Senior Center Renovation – to account for funds received under CDBG grants for the renovation of the Senior Center.

Casino Park Pool Renovation – to account for monies to be used in the future renovation of the Duncan Park swimming pool.

Natchez Trails Project – to account for funding received from various sources in conjunction with the development of a downtown walking trail.

Schneider Electric Fund – to account for funding and expenditures incurred for energy efficient improvements at City-owned buildings and street lights in an effort to reduce utility costs.

ERBR Fund – to account for funding and expenditures incurred for emergency road and bridge repair.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2020

	Capital Improvements Fund	Regional Transit Construction	Yazoo and MS Valley Railroad Depot	Colonnades and Visitor Welcome Center	Community Development	CDBG Water Improvement	BP SB2002 EWP Match Fund
Assets							
Cash and cash equivalents	\$ 477,298	\$ -	\$ 27,218	\$ -	\$ 295,418	\$ -	\$ 209,010
Due from other funds	337,274	68,230	-	-	1,215,814	-	263,137
Receivable from other governments	2,027	-	-	-	-	-	1,074,639
Advances to other funds	-	-	-	-	156,657	-	-
Property tax receivable	119,349	-	-	-	-	-	-
Total assets	<u>\$ 935,948</u>	<u>\$ 68,230</u>	<u>\$ 27,218</u>	<u>\$ -</u>	<u>\$ 1,667,889</u>	<u>\$ -</u>	<u>\$ 1,546,786</u>
Liabilities and Fund Balances							
Liabilities:							
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	161	-	-	-
Due to other funds	290,136	125,000	135,680	19,511	-	-	-
Deferred property taxes	119,349	-	-	-	-	-	-
Advances from other funds	251,986	-	-	-	181,267	-	-
Total liabilities	<u>\$ 661,471</u>	<u>\$ 125,000</u>	<u>\$ 135,680</u>	<u>\$ 19,672</u>	<u>\$ 181,267</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:							
Reserved for:							
Advances	\$ -	\$ -	\$ -	\$ -	\$ 156,657		\$ -
Assigned:							
Capital projects	274,477	(56,770)	(108,462)	(19,672)	1,329,965	-	1,546,786
Total fund balances	<u>\$ 274,477</u>	<u>\$ (56,770)</u>	<u>\$ (108,462)</u>	<u>\$ (19,672)</u>	<u>\$ 1,486,622</u>	<u>\$ -</u>	<u>\$ 1,546,786</u>
Total liabilities and fund balances	<u>\$ 935,948</u>	<u>\$ 68,230</u>	<u>\$ 27,218</u>	<u>\$ -</u>	<u>\$ 1,667,889</u>	<u>\$ -</u>	<u>\$ 1,546,786</u>

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2020

	North Natchez Drainage	Senior Citizen Renovation - CDBG-PF	Casino Pool Fund	MDOT - Natchez Trails Project	Schneider Electric Fund	ERBR Fund	Totals
Assets							
Cash and cash equivalents	\$ 262,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,271,404
Due from other funds	-	-	-	-	-	-	1,884,455
Receivable from other governments	-	-	-	-	-	-	1,076,666
Advances to other funds	-	-	-	-	-	-	156,657
Property tax receivable	-	-	-	-	-	-	119,349
Total assets	<u>\$ 262,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,508,531</u>
Liabilities and Fund Balances							
Liabilities:							
Bank overdraft	\$ -	\$ -	\$ -	\$ 160	\$ -	\$ 6	\$ 166
Accounts payable	80,169	-	-	-	5	-	80,335
Due to other funds	-	-	-	998	-	-	571,325
Deferred property taxes	-	-	-	-	-	-	119,349
Advances from other funds	-	-	-	-	-	-	433,253
Total liabilities	<u>\$ 80,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 1,204,428</u>
Fund balances:							
Reserved for:							
Advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,657
Assigned:							
Capital projects	182,291	-	-	(1,158)	(5)	(6)	3,147,446
Total fund balances	<u>\$ 182,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,158)</u>	<u>\$ (5)</u>	<u>\$ (6)</u>	<u>\$ 3,304,103</u>
Total liabilities and fund balances	<u>\$ 262,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,508,531</u>

CITY OF NATCHEZ, MISSISSIPPI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS**

SEPTEMBER 30, 2020

	Capital Improvements Fund	Regional Transit Construction	Yazoo and MS Valley Railroad Depot	Colonnades and Visitor Welcome Center	Community Development	CDBG Water Improvement	BP SB2002 EWP Match Fund
Revenues							
Ad valorem taxes	\$ 146,873	\$ -	\$ -	\$ -	\$ -		\$ -
Intergovernmental	7,586	-	-	-	-		1,894,719
Investment earnings	4,578	-	-	-	3,405		1,970
Miscellaneous	-	-	-	-	243,338	379,403	-
Total revenues	<u>\$ 159,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,743</u>	<u>\$ 379,403</u>	<u>\$ 1,896,689</u>
Expenditures							
Current:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Culture and recreation	-	-	-	-	-		-
Miscellaneous	16,800	-	-	-	-		-
Debt service:							
Principal	-	-	-	-	-		-
Interest	-	-	-	-	-		-
Capital outlay	-	-	-	-	-	379,403	1,088,249
Total expenditures	<u>\$ 16,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,403</u>	<u>\$ 1,088,249</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 142,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,743</u>	<u>\$ -</u>	<u>\$ 808,440</u>
Other financing sources (uses)							
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 76,482
Transfers out	(422,043)	-	-	-	(118,340)	-	-
Total other financial sources (uses)	<u>\$ (422,043)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (118,340)</u>	<u>\$ -</u>	<u>\$ 76,482</u>
Net change in fund balances	<u>\$ (279,806)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,403</u>	<u>\$ -</u>	<u>\$ 884,922</u>
Fund balances - beginning	554,283	(56,770)	(108,462)	(19,672)	1,358,219	-	661,864
Fund balances - ending	<u>\$ 274,477</u>	<u>\$ (56,770)</u>	<u>\$ (108,462)</u>	<u>\$ (19,672)</u>	<u>\$ 1,486,622</u>	<u>\$ -</u>	<u>\$ 1,546,786</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	North Natchez Drainage	Senior Citizen Renovation - CDBG-PF	Casino Pool Fund	MDOT - Natchez Trails Project	Schneider Electric Fund	ERBR Fund	Total
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,873
Intergovernmental	623,663	-	-	-	-	268,000	2,793,968
Investment earnings	2,505	-	-	-	-	1,659	14,117
Miscellaneous	-	-	-	-	62,181	-	684,922
Total revenues	<u>\$ 626,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,181</u>	<u>\$ 269,659</u>	<u>\$ 3,639,880</u>
Expenditures							
Current:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	16,800
Debt service:							
Principal	-	-	-	-	28,545	-	28,545
Interest	-	-	-	-	49,075	-	49,075
Capital outlay	549,204	-	-	-	1,380,168	302,850	3,699,874
Total expenditures	<u>\$ 549,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457,788</u>	<u>\$ 302,850</u>	<u>\$ 3,794,294</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 76,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,395,607)</u>	<u>\$ (33,191)</u>	<u>\$ (154,414)</u>
Other financing sources (uses)							
Proceeds from long-term debt	\$ -	\$ -	\$ -	\$ -	\$ 1,395,358	\$ -	\$ 1,395,358
Transfers in	66,148	-	-	-	249	34,140	177,019
Transfers out	-	-	-	-	-	-	(540,383)
Total other financial sources (uses)	<u>\$ 66,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,395,607</u>	<u>\$ 34,140</u>	<u>\$ 1,031,994</u>
Net change in fund balances	\$ 143,112	\$ -	\$ -	\$ -	\$ -	\$ 949	\$ 877,580
Fund balances - beginning	39,179	-	-	(1,158)	(5)	(955)	2,426,523
Fund balances - ending	<u>\$ 182,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,158)</u>	<u>\$ (5)</u>	<u>\$ (6)</u>	<u>\$ 3,304,103</u>

CITY OF NATCHEZ, MISSISSIPPI
 SCHEDULE OF CERTIFICATES OF DEPOSIT - ALL FUNDS
 SEPTEMBER 30, 2020

PROPRIETARY FUNDS:

Certificates of Deposit - Unrestricted:

Concordia Bank & Trust Co., dated January 10, 2020, maturity January 10, 2021, rate 1.75%	\$ 1,976,864
Concordia Bank & Trust Co., dated January 10, 2020, maturity January 10, 2021, rate 0.09%	<u>982,891</u>
	<u>\$ 2,959,755</u>

Certificates of Deposit - Restricted:

Concordia Bank & Trust Co., dated January 11, 2019, maturity October 11, 2021, rate 1.90%	\$ 253,583
Concordia Bank & Trust Co., dated January 10, 2020, maturity July 6, 2021, rate 1.75%	<u>50,457</u>
	<u>\$ 304,040</u>
Total Certificates of Deposit - Proprietary Funds	<u>\$ 3,263,795</u>

CITY OF NATCHEZ, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS

SEPTEMBER 30, 2020

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>	<u>Term</u>
Darryl V. Grennell	Mayor	Western Surety	\$ 100,000	7/2016 - 7/2020
Dan M. Gibson	Mayor	Western Surety	\$ 100,000	7/2020 - current
Servia Fortenberry	City Clerk	Western Surety	\$ 50,000	11/2019 - current
Denise Bell	Deputy City Clerk	Western Surety	\$ 50,000	11/2018 - 9/2020
Lisa Jordan Dale	City Judge	Western Surety	\$ 50,000	12/1995 - current
Joyce Arceneaux	Alderman	RLI Insurance	\$ 100,000	7/1994 - 7/2020
Billie Joe Frazier	Alderman	Western Surety	\$ 100,000	7/2016 - current
Sarah Carter Smith	Alderman	Western Surety	\$ 100,000	7/2012 - current
Felicia Irving	Alderman	Western Surety	\$ 100,000	7/2016 - current
Benjamin Davis	Alderman	Western Surety	\$ 100,000	7/2016 - current
Daniel Dillard	Alderman	FCCI Insurance Group	\$ 100,000	7/2008 - current

CITY OF NATCHEZ, MISSISSIPPI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Army Corps of Engineers</u>			
Section 592 Project			
North Natchez Drainage Phase II-D	12.124	21.02	\$ 418,183
<u>U.S. Department of Transportation</u>			
Passed through Mississippi Department of Transportation: 2016 TIGER - Natchez Railroad and Grade Safety Improvement Program	20.933	FR-TII-0048-18	\$ 1,758,823
Federal Transit Formula Grants	20.509	MDOT #502043	1,271,618
Total U.S. Department of Transportation			\$ 3,030,441
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Mississippi Development Authority: Small cities Community Development Block Grant Citywide Water Improvement Project	14.228	1102-18-272-PF-01	\$ 461,553
<u>U.S. Department of the Interior</u>			
Passed through to National Park Service Natchez Visitors Reception Center	15.946	P15AC01454 (#4)	\$ 45,649
<u>Natural Resource Conservation Service</u>			
Emergency Watershed Program (EWP)	10.923	NU50CK000414-03-04	\$ 309,816
Total Federal Financial Assistance - Governmental Activities			\$ 4,265,642

Notes to Schedule:

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the fund financial statements.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

Mayor and Board of Aldermen
City of Natchez, Mississippi
Natchez, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Natchez, Mississippi (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Items 2020-1, 2020-2, 2020-3, 2020-4, 2020-5, 2020-6, and 2020-7, that we consider to be material weaknesses:

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2020-5 and 2020-7.

City of Natchez, Mississippi's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the 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.

A handwritten signature in black ink that reads "Silas Simmons, LLP". The signature is written in a cursive, flowing style.

Natchez, Mississippi
September 28, 2021



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

Mayor and Board of Aldermen
City of Natchez, Mississippi
Natchez, Mississippi

Report on Compliance with Requirements for Each Major Federal Program

We have audited City of Natchez, Mississippi's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in black ink that reads "Silas Simmons, LLP". The signature is written in a cursive, flowing style.

Natchez, Mississippi
September 28, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF NATCHEZ, MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|---|-------------------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Adverse,
Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the basic financial statements? | Yes |

Federal Awards:

- | | | |
|-----|---|---------------------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 6. | Any audit finding(s) reported as required by U.S. <i>Code of Fed. Reg.</i> Part 200, Uniform Guidance? | Yes |
| 7. | Federal program identified as a major program:
U.S. Department of Transportation
CFDA #14.228 Water Improvement Project
CFDA #20.509 Federal Transit Formula Grants | |
| 8. | The dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133 and/or the Uniform Guidance? | See accompanying schedule |

CITY OF NATCHEZ, MISSISSIPPI
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Status</u>
Section I – Internal Control and Compliance Material to the Financial Statements:		
2019-1	<u>Financial Statement Submission to State Auditor</u> The City's audited financials were not submitted to the Mississippi State Auditor's office by the statutory date of September 30, 2020.	Resolved
2019-2	<u>Bank Reconciliations</u> Bank reconciliations are not being properly reconciled to the general ledger or in a timely manner.	Not Resolved
2019-3	<u>Accounting Records and Financial Statement Preparation</u> Transactions are not being recorded to the City's general ledger in a timely manner.	Not Resolved
2019-4	<u>Interfund Transfers, Due To/From, and Advances</u> Interfund transactions are not being recorded timely or accurately.	Not Resolved
2019-5	<u>Segregation of Duties</u> During the process of obtaining an understanding of internal control in planning the audit, assessing control risk, and assessing fraud risk, a lack of segregation of duties was noted.	Not Resolved
2019-7	<u>General Fund Expenditures Over Budget</u> The City's General Fund expenditures exceeded its budgeted amount by \$1,015,773.	Not Resolved
2019-8	<u>Casino Annual Lease Fund Expenditures Over Budget</u> The City's Casino Annual Lease Fund expenditures exceeded its budgeted amount by \$350,490.	Resolved
Section II – Internal Control and Compliance Material to Federal Awards:		
2019-6	<u>Compliance with Reporting Requirements of OMB - Single Audit</u> The City's Single Audit was not filed with the Federal Audit Clearinghouse by June 30, 2020.	Resolved
Section III – Management Letter:		
No management letter issued.		

CITY OF NATCHEZ, MISSISSIPPI
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Section I – Internal Control and Compliance Material to the Financial Statements:

2020-1 Bank Reconciliations (Internal Control Deficiency)

Condition

Bank accounts are not being properly reconciled to the general ledger accurately or in a timely manner. This internal control deficiency is causing the City's general ledger balances to be incorrect throughout the year. When accounts are not reconciled, it increases the likelihood that a misstatement will occur and not be prevented, or detected and corrected, on a timely basis.

Criteria

Timely reconciliation of bank accounts to the general ledger is a key component of any adequate system of internal control. Reconciliations should be prepared to ensure that (1) all cash receipts, disbursements, and transfers are recorded; (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.

Cause of Condition

Turnover in the City Clerk position, turnover in accounting staff, limited accounting staff, and accounting staff with limited training and experience.

Effect of Condition

Material weakness in internal controls; financial statements and financial data relied upon by the Board of Aldermen and City management for decision making is not accurate or current.

Recommendation

We recommend that all bank accounts, including payroll clearing accounts, be reconciled to the general ledger on a monthly basis. The City Clerk should receive monthly bank statements unopened from the bank and review them for unusual deposits or disbursement activity. Within 15 days of the date of the statement, a reconciliation of each account should be performed by an adequately trained staff member that has no authorization to sign checks, receive or deposit cash, or authorize disbursements. The reconciliation should be initialed and dated by the responsible staff member. The City Clerk should review, initial, and date each reconciliation promptly after completion. Furthermore, we recommend that copies of the completed and reviewed reconciliations be included in the board packet for the first Board of Aldermen meeting subsequent to completion of the bank reconciliations. The Board of Aldermen should carefully review the reconciliations included in the board packet to ensure that this internal control procedure is being performed accurately and timely.

2020-2 Accounting Records and Financial Statement Preparation (Internal Control Deficiency)

Condition

Transactions are not being recorded to the City's general ledger in a timely manner. Our audit field work commenced in July of 2021. At that time, transactions relating to fiscal year-end September 30, 2020, were in the process of being recorded to the general ledger.

Criteria

Transactions should be recorded to the City's general ledger at the time of initiation.

CITY OF NATCHEZ, MISSISSIPPI

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2020

2020-2 Accounting Records and Financial Statement Preparation (Internal Control Deficiency) (continued)Cause of Condition

Turnover in the City Clerk position, limited accounting staff, and accounting staff with limited training and experience.

Effect of Condition

Material weakness in internal controls; financial data that is derived from the City's general ledger and relied upon by the Board of Aldermen and City management for decision making is not accurate or current.

2020-3 Interfund Transfers, Due To/Due From, and Advances (Internal Control Deficiency)Condition

Interfund transfers, interfund loans, and interfund advances are not being recorded timely or accurately. More specifically, amounts were noted as being moved between funds without consideration of the intent and final accounting treatment of the transactions.

Criteria

The intent of any interfund activity determines the proper accounting treatment.

- (1) Interfund transfers are flows of resources between funds with no corresponding requirement for repayment.
- (2) Interfund loans and advances are amounts provided with a requirement for repayment.

Timely and accurate recording of interfund activity is necessary for City management and the Board of Aldermen to know the financial resources available for each fund.

Cause of Condition

The City regularly has cash deficits in certain funds. To ensure that these funds have the necessary cash to cover immediate expenditures, interfund activity in the form of cash transfers, cash advances, or interfund loans are necessary. Correctly and timely recording these interfund transactions has consistently been difficult for the City due to turnover in the City Clerk position, turnover in accounting staff, limited accounting staff, and accounting staff with limited training and experience.

Effect of Condition

Material weakness in internal controls; financial data that is derived from the City's general ledger and relied upon by the Board of Aldermen and City management for decision making is not accurate or current.

Recommendation

In regard to all interfund activity, we recommend the following:

- (1) All interfund transactions should be authorized by the Board of Aldermen or the appropriate member of City management before the transaction is initiated with the bank.
- (2) All interfund transactions should be recorded to the appropriate general ledger accounts (transfer, due to/due from, or advance) upon initiation, based on the intent of the Board of Aldermen or City management. In addition, all interfund balances and transactions should be recorded on a subsidiary schedule or ledger.

CITY OF NATCHEZ, MISSISSIPPI

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2020

2020-3 Interfund Transfers, Due To/Due From, and Advances (Internal Control Deficiency) (continued)

- (3) On a monthly basis, the subsidiary schedule of transfers, due to/due from balances, and advance balances should be reconciled to the general ledger by a designated member of the accounting staff.
- (4) The City Clerk should review, initial, and date the reconciled schedule promptly after completion.
- (5) Furthermore, we recommend that the reconciled and reviewed subsidiary schedule be included in the board packet for the first Board of Aldermen meeting subsequent to completion.

2020-4 Segregation of Duties (Internal Control Deficiency)Condition

During the process of obtaining an understanding of internal control in planning the audit, assessing control risk, and assessing fraud risk, a lack of segregation of duties was noted. Specifically, it was noted that the City Clerk was responsible for initiating, recording, authorizing, and reconciling cash transactions pertaining to the fiscal year.

Criteria

Segregation of duties is a key component of any internal control environment, with the primary objective being the prevention of fraud and errors. The objective is achieved through the separation of the functional responsibilities of a financial transaction among different individuals. Ideally, no single individual should be able to initiate, record, authorize, and reconcile any one transaction.

Cause of Condition

Turnover in accounting staff, limited accounting staff, and accounting staff with limited training and experience.

Effect of Condition

Material weakness in internal controls.

Recommendation

We recommend that the City hire additional accounting staff or train existing staff to allow the functional responsibilities of recording and processing transactions to be adequately segregated.

2020-5 General Fund Expenditures Over Budget (Compliance Finding)Condition

The City's General Fund expenditures exceeded its budgeted amount by \$414,851.

Criteria

Mississippi statute [Section 21-35-15, Miss. Code Ann. (1972)] says that governments' expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses, and payment of emergency warrants.

Cause of Condition

The City did not adjust its budgeted amount for General Fund expenditures during the year in an amount that would have prevented noncompliance.

CITY OF NATCHEZ, MISSISSIPPI
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2020-5 General Fund Expenditures Over Budget (Compliance Finding) (continued)

Effect of Condition

Material weakness in internal controls.

Recommendation

We recommend that City management review the budget to actual regularly during the year and ensure that the budget is amended as necessary.

2020-6 Documentation of Adjusting Journal Entries (Internal Control Deficiency)

Condition

We noted that numerous adjusting journal entries recorded in the City's accounting records lacked an adequate description and proper documentation. Further, the City does not have a formal set of policies and procedures in place to track and account for adjusting journal entries.

Criteria

Adjusting journal entries are prepared for transactions that have not been recorded in the accounting records through another process or to correctly restate an account balance or previously recorded transaction. Policies and procedures specific to adjusting journal entries are necessary to ensure that any journal entries posted to the City's general ledger are properly prepared, documented, reviewed, approved, and recorded.

Cause of Condition

Lack of formal accounting policies and procedures, turnover in accounting staff, limited accounting staff, and accounting staff with limited training and experience.

Effect of Condition

Material weakness in internal controls.

Recommendation

In regard to adjusting journal entries, we recommend the City take the following steps:

- (1) Develop and implement a set of policies and procedures that are specific to the accounting for adjusting journal entries. At a minimum, the policy should require the following:
 - a. Review and approval of any adjusting journal entry by an individual not responsible for its preparation and posting.
 - b. All journal entries should have supporting documentation as well as a brief description and reference number included in the journal entry's line item on the City's detailed general ledger report.
 - c. The supporting documentation should be maintained in an accessible file for review by management or external auditors, whenever necessary.

CITY OF NATCHEZ, MISSISSIPPI
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2020-6 Documentation of Adjusting Journal Entries (Internal Control Deficiency) (continued)

- (2) Implement a formal documentation system, such as use of a Journal Entry Form, to be maintained separately and apart from the City's Springbrook accounting platform and general ledger report. The documentation form should be completed for each journal entry posted, and at a minimum include the following information -
- a. Approval and posting date
 - b. General Ledger effective date
 - c. Applicable fund(s) and department(s)
 - d. Applicable General Ledger account numbers
 - e. Amounts debited and credited to each General Ledger account
 - f. An adequate description of purpose of then entry
 - g. Name of individual who initiated and posted
 - h. Name of individual who reviewed and approved

2020-7 Unauthorized Use of Funds

Condition

One of the interest payments for the 2006 Refunding Bonds was paid from the 2008 Construction Fund bank account.

Criteria

Specific bank accounts are set up and authorized for payment of that specific bond principal and interest payments, in accordance with bond covenants.

Cause of Condition

Turnover in the City Clerk position, turnover in accounting staff, limited accounting staff, and accounting staff with limited training and experience.

Effect of Condition

Material weakness in internal controls.

Recommendation

We recommend that City management be diligent and pay special attention to the bank accounts from which payments are being made, especially those related to bond payments.

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



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

Mayor and Board of Aldermen
City of Natchez, Mississippi
Natchez, Mississippi

We were engaged to audit the basic financial statements of City of Natchez, Mississippi as of and for the year ended September 30, 2020, and have issued our report dated September 28, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

We were engaged to audit the accompanying financial statements 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 and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

Item specifically noted as findings as they relate to items required to be tested by the State of Mississippi are as follows:

1. Inventory was not taken as prescribed for the year ended September 30, 2020.

This report is intended solely for the information and use of the Board of Aldermen, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Silas Simmons, LLP

Natchez, Mississippi
September 28, 2021

CITY OF NATCHEZ, MISSISSIPPI
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

City of Natchez, Mississippi respectfully submits the following corrective action plan for the year ended September 30, 2020:

Independent Public Accounting Firm: Silas Simmons, LLP
209 N. Commerce Street
Natchez, Mississippi 39120

Audit Period: October 1, 2019 through September 30, 2020

2020-1 Bank Reconciliations

Management's response: The City Clerk will ensure that all bank reconciliations are prepared on a monthly basis and reviewed by management.

Servia Fortenberry
September 28, 2021

2020-2 Accounting Records and Financial Statement Preparation

Management's response: The City Clerk will ensure that all transactions are recorded and prepared on a monthly basis and reviewed by management.

Servia Fortenberry
September 28, 2021

2020-3 Interfund Transfers, Due To/Due From, and Advances

Management's response: The City Clerk will ensure that all interfund transfers and loans are approved by the Board of Aldermen. The interfund loans and transfers will be recorded in a timely manner and approved by management.

Servia Fortenberry
September 28, 2021

2020-4 Segregation of Duties

Management's response: The City Clerk will ensure that segregation of duties exist: the accountant will review, record, and prepare transactions, and the City Clerk or Deputy Clerk will review and sign documents.

Servia Fortenberry
September 28, 2021

CITY OF NATCHEZ, MISSISSIPPI
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2020-5 General Fund Expenditures Over Budget (Compliance Finding)

Management's response: The City Clerk will review and make amendments to the budget with cooperation of each department head.

Servia Fortenberry
September 28, 2021

2020-6 Documentation of Adjusting Journal Entries (Internal Control Deficiency)

Management's response: The City Clerk will work to implement policies and procedures relating to the review and approval of adjusting journal entries.

Servia Fortenberry
September 28, 2021

2020-7 Unauthorized Use of Funds

Management's response: The City Clerk will work to be diligent and pay special attention to the bank accounts from which payments are being made, especially those related to bond payments.

Servia Fortenberry
September 28, 2021