

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

**TOWN OF UTICA, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

TOWN OF UTICA, MISSISSIPPI  
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September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Kenneth Broome  
and Honorable Members of the Board of Alderpersons  
Town of Utica, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Utica, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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 Town of Utica, Mississippi, 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 the management's discussion and analysis on pages pages 4-9 and budgetary comparison information on pages page 16-18 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.

## **Other Information**

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, on our consideration of the Town of Utica, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Utica, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Utica, Mississippi's internal control over financial reporting and compliance.

Ridgeland, Mississippi  
March 15, 2022

TOWN OF UTICA, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2020

## INTRODUCTION

The discussion and analysis of the Town of Utica, Mississippi's annual financial performance provides an overall narrative review of the Town's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the Town's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

## FINANCIAL HIGHLIGHTS

The assets of the Town of Utica, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$1,681,271 (*net positions*). Of this amount, \$323,080 (*unrestricted net positions*) is available to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net positions decreased by \$117,381. This decrease is due to an increase in changes in net assets.

As of close of the current fiscal year, the Town's governmental funds reported combined ending deficit fund balances of \$145,155, a deficit increase of \$32,487 in comparison with the prior year. Approximately \$345,391 or 237.95% of this total amount, is not available for spending at the Town's discretion (*unrestricted fund balance*) since this amount is a deficit.

At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of \$298,089, or 68.81% of total general fund expenditures.

The Town's total debt had a net decrease of \$32,596 or 5.17% during the current fiscal year. The key factor in this increase was due to issuance of new debt with BancorpSouth Equipment Finance for the purchase of a vehicle for the police department.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## GOVERNMENT - WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The Town reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

TOWN OF UTICA, MISSISSIPPI  
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The government-wide financial statements are divided into two categories, which are described as follows:

- ◆ **Governmental Activities** - Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- ◆ **Business - Type Activities** - Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

#### FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- ◆ **Governmental Funds** - These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- ◆ **Proprietary Fund** - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.



TOWN OF UTICA, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2020

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

**NET POSITION**

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Assets:</u>						
Current and Other Assets	\$ 194,068	216,258	929,686	938,464	\$ 1,123,754	\$ 1,154,722
Capital Assets	<u>143,235</u>	<u>158,221</u>	<u>1,687,569</u>	<u>1,353,257</u>	<u>1,830,804</u>	<u>1,511,478</u>
Total Assets	<u>337,303</u>	<u>374,479</u>	<u>2,617,255</u>	<u>2,291,721</u>	<u>2,954,558</u>	<u>2,666,200</u>
<u>Liabilities:</u>						
Current and Other						
Liabilities	434,113	430,830	241,405	233,602	675,518	664,432
Long-term Liabilities	<u>48,345</u>	<u>56,317</u>	<u>549,424</u>	<u>574,048</u>	<u>597,769</u>	<u>630,365</u>
Total Liabilities	<u>482,458</u>	<u>487,147</u>	<u>790,829</u>	<u>807,650</u>	<u>1,273,287</u>	<u>1,294,797</u>
<u>Net Position:</u>						
Invested in Capital						
Assets (Net)	139,771	146,551	1,157,955	1,224,266	1,297,726	1,370,817
Restricted	60,465	76,229	-	-	60,465	76,229
Unrestricted	<u>(345,391)</u>	<u>(335,448)</u>	<u>668,471</u>	<u>687,054</u>	<u>323,080</u>	<u>351,606</u>
Total Net Position	<u>\$ (145,155)</u>	<u>\$ (112,668)</u>	<u>1,826,426</u>	<u>1,911,320</u>	<u>\$ 1,681,271</u>	<u>\$ 1,798,652</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net positions of \$1,681,271 are invested in capital assets in the amount of \$1,297,726 or 77.19%. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired prior to September 30, 2020 less any debt used to acquire assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets in the amount of \$60,465 or 3.60% represent resources that are subject to restrictions that are imposed by agreements with the Town's requirements imposed by various revenue sources. The remaining unrestricted net assets in the amount of \$323,080 or 19.22% is available to be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF UTICA, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2020

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- ◆ Decrease in total current assets in the amount of \$30,968.
- ◆ Increase in net capital assets in the amount of \$319,326.
- ◆ Increase in current liabilities in the amount of \$11,086.
- ◆ Decrease in long-term liabilities in the amount of \$32,596.

### CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	Governmental Activities		Business Type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenue:						
Charges for services	\$ 66,376	\$ 68,498	523,985	523,167	\$ 590,361	\$ 591,665
Operating grants and contributions	7,508	9,719	-	-	7,508	9,719
Capital grants and contributions	210,900	123,521	3,750	385,929	214,650	509,450
General Revenue:						
Property taxes	130,005	102,117	-	-	130,005	102,117
Sales taxes	63,126	90,866	-	-	63,126	90,866
Franchise taxes	10,762	10,836	-	-	10,762	10,836
Licenses and permits	1,564	3,812	-	-	1,564	3,812
Fines and forfeits	27,791	28,899	-	-	27,791	28,899
Other	25,243	10,147	10,703	18,803	35,946	28,950
Total Revenue	<u>543,275</u>	<u>448,415</u>	<u>538,438</u>	<u>927,899</u>	<u>1,081,713</u>	<u>1,376,314</u>
<b>Program Expenses:</b>						
General Government						
Finance & Administrative	86,590	94,977	-	-	86,590	94,977
Public safety	264,334	280,664	-	-	264,334	280,664
Parks and recreation	12,400	14,446	-	-	12,400	14,446
Sanitation	47,481	46,680	-	-	47,481	46,680
Public works	52,362	33,290	-	-	52,362	33,290
Community development	210,400	45,777	-	-	210,400	45,777
Interest on long-term debt	195	391	16,323	17,133	16,518	17,524
Other	-	-	-	-	-	-
Cost of services	-	-	509,009	575,762	509,009	575,762
Total Expenses	<u>673,762</u>	<u>516,225</u>	<u>525,332</u>	<u>592,895</u>	<u>1,199,094</u>	<u>1,109,120</u>
Increase (decrease) in Net Assets						
Before Transfers and Special Items	(130,487)	(67,810)	13,106	335,004	(117,381)	267,194
Transfers and Special Items	98,000	108,000	(98,000)	(108,000)	-	-
Change in Net Position	<u>(32,487)</u>	<u>40,190</u>	<u>(84,894)</u>	<u>227,004</u>	<u>(117,381)</u>	<u>267,194</u>
Net Position Beginning	<u>(112,668)</u>	<u>(152,858)</u>	<u>1,907,205</u>	<u>1,680,201</u>	<u>1,794,537</u>	<u>1,527,343</u>
Net Position Ending	<u>\$ (145,155)</u>	<u>\$ (112,668)</u>	<u>1,822,311</u>	<u>1,907,205</u>	<u>\$ 1,677,156</u>	<u>\$ 1,794,537</u>

TOWN OF UTICA, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2020

The following are significant current year transactions that have had an impact on the Statement of Activities:

**Governmental activities.** Governmental activities decreased the Town's net position by \$32,487, accounting for 28.83% of the increase in the Town's net assets. A key element of this decrease is detailed as follows:

- ◆ Community development expenses increased by \$164,623 or 359.62% during the year.

**Business-type activities.** Business-type activities decreased the Town's net position by \$84,894, accounting for 4.45% of the increase in the Town's net position. Key elements of this increase are as follows:

- ◆ Capital grants and contributions decreased by \$382,199 or 99.03% during the year.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

**Governmental Funds** - The focus of the Town's governmental funds is to provide information on current inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserve fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending deficit fund balances of \$145,155, an increase of \$32,487 in comparison to the prior year. In addition, the Town's general fund, reported a deficit net position of \$284,829, which is not available for spending at the Town's discretion.

**Proprietary Funds** - are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a proprietary fund to account for the water and sewer, solid waste and electric funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.



TOWN OF UTICA, MISSISSIPPI  
Management's Discussion and Analysis  
September 30, 2020

**BUDGETARY HIGHLIGHTS OF MAJOR FUNDS**

A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report as part of the basic financial statements. Significant revisions to the General Fund's budget during the fiscal year are as follows:

- ◆ Actual intergovernmental revenues reported for the fiscal year exceeded budgeted amounts due to increase in state shared revenues.
- ◆ Actual expenditures for the general fund were less than the budgeted amounts primarily due to a reduction in spending.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Asset** - As of September 30, 2020, the Town's total capital assets were \$5,818,925. This includes land, buildings, furniture and equipment, mobile equipment and infrastructure. This amount represents a gross increase, before depreciation, of \$3,750 from the previous fiscal year. The majority of this increase is due to improvements made to Town's water/sewer system.

Total accumulated depreciation as of September 30, 2020 was \$3,989,121, including \$111,673, of depreciation expense for the year. The balance in total net capital assets was \$1,829,804 at year end.

**Debt Administration** - As of September 30, 2020, the Town had \$597,770 in long term debt outstanding. This includes state revolving loans and obligations under capital leases. Of this debt, \$43,790 is due within one year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Town of Utica at P. O. Box 335, Utica, Mississippi 39175.

TOWN OF UTICA, MISSISSIPPI  
Statement of Net Position  
For the Year Ended September 30, 2020

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 89,568	46,533	\$ 136,101
Certificate of deposits	-	188,916	188,916
Accounts receivable, net	68,287	92,016	160,303
Other receivables	12,835	-	12,835
Intergovernmental receivables	10,082	-	10,082
Due from other funds	-	602,221	602,221
Restricted Assets:			
Cash and cash equivalents	13,296	-	13,296
Capital Assets:			
Land	71,105	29,150	100,255
Buildings	20,856	-	20,856
Automotive and equipment	51,138	-	51,138
Machinery and equipment	136	182,308	182,444
Infrastructure	<u>-</u>	<u>1,476,111</u>	<u>1,476,111</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 337,303</u></b>	<b><u>2,617,255</u></b>	<b><u>\$ 2,954,558</u></b>
<b>LIABILITIES</b>			
Accounts payable, general	\$ 47,847	22,661	\$ 70,508
Accrued expenses	-	1,193	1,193
Accrued interest payable	-	1,594	1,594
Due to other funds	386,266	215,957	602,223
Noncurrent liabilities:			
Due within one year	10,594	33,196	43,790
Due in more than one year	<u>37,751</u>	<u>516,228</u>	<u>553,979</u>
<b>Total Liabilities</b>	<b><u>482,458</u></b>	<b><u>790,829</u></b>	<b><u>1,273,287</u></b>
<b>Net Position:</b>			
Net investment in capital assets	139,771	1,157,955	1,297,726
Restricted	60,465	-	60,465
Unrestricted	<u>(345,391)</u>	<u>668,471</u>	<u>323,080</u>
<b>Total Net Position</b>	<b><u>(145,155)</u></b>	<b><u>1,826,426</u></b>	<b><u>1,681,271</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 337,303</u></b>	<b><u>2,617,255</u></b>	<b><u>\$ 2,954,558</u></b>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2020

	Program Revenues				Net (Expenses) Revenues		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental activities:							
Administration	\$ 72,265	-	2,561	-	(69,704)	-	\$ (69,704)
Judicial	14,325	-	-	-	(14,325)	-	(14,325)
Public safety	264,334	-	4,947	-	(259,387)	-	(259,387)
Public works	52,362	-	-	-	(52,362)	-	(52,362)
Parks and recreation	12,400	-	-	500	(11,900)	-	(11,900)
Sanitation	47,481	66,376	-	-	18,895	-	18,895
Community development	210,400	-	-	210,400	-	-	-
Interest on long-term debt	195	-	-	-	(195)	-	(195)
Total governmental activities	<u>673,762</u>	<u>66,376</u>	<u>7,508</u>	<u>210,900</u>	<u>(388,978)</u>	<u>-</u>	<u>(388,978)</u>
Business-type activities:							
Water/Sewer	297,136	242,683	-	3,750	-	(50,703)	(50,703)
Gas	211,873	281,302	-	-	-	69,429	69,429
Interest on long-term debt	16,323	-	-	-	-	(16,323)	(16,323)
Total Business-type activities	<u>525,332</u>	<u>523,985</u>	<u>-</u>	<u>3,750</u>	<u>-</u>	<u>2,403</u>	<u>2,403</u>
Total Primary Government	<u>\$ 1,199,094</u>	<u>590,361</u>	<u>7,508</u>	<u>214,650</u>	<u>(388,978)</u>	<u>2,403</u>	<u>\$ (386,575)</u>
General Revenues:							
Property taxes					\$ 130,005	-	\$ 130,005
Sales taxes					63,126	-	63,126
Franchise taxes					10,762	-	10,762
Fines and report fees					27,791	-	27,791
License and permits					1,564	-	1,564
Miscellaneous					25,237	8,765	34,002
Unrestricted investment earnings					6	1,938	1,944
Transfers					98,000	(98,000)	-
Total general revenues, special items, and transfers					<u>356,491</u>	<u>(87,297)</u>	<u>269,194</u>
Change in net positions					(32,487)	(84,894)	(117,381)
Net Positions - Beginning					(112,668)	1,911,320	1,798,652
Net Positions - Ending					<u>\$ (145,155)</u>	<u>1,826,426</u>	<u>\$ 1,681,271</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended September 30, 2020

Amounts reported for net position in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds		\$ (237,624)
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Amounts reported for net position in the Statement of Net Position are different because:

Capital Assets	998,647	
Less: Accumulated Depreciation	<u>(855,412)</u>	143,235

Long-term liabilities not due and payable in the current period are not reported in the funds, as follows:

Notes payable	(3,465)	
Compensated absences	(44,881)	
Other adjustments	<u>(2,420)</u>	<u>(50,766)</u>

Net Position of Governmental Activities		\$ <u>(145,155)</u>
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The Accompanying Notes are an integral part of these Financial Statements.



TOWN OF UTICA, MISSISSIPPI  
Balance Sheet  
Governmental Funds  
For the Year Ended September 30, 2020

	General Fund	Fire Fund	CDBG Fund	USDA Fund	Total Governmental Fund
<b>ASSETS</b>					
Cash	\$ 59,049	46,225	10	-	\$ 105,284
Accounts receivable, net of allowances	68,287	-	-	-	68,287
Other receivables	12,835	-	851	-	13,686
Intergovernmental receivable	9,231	-	-	-	9,231
Due from other funds	-	119	-	-	119
<b>TOTAL ASSETS</b>	<u>\$ 149,402</u>	<u>46,344</u>	<u>861</u>	<u>-</u>	<u>\$ 196,607</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable, general	\$ 15,564	-	-	-	\$ 15,564
Accrued expenses	32,283	-	-	-	32,283
Due to other funds	386,384	-	-	-	386,384
<b>Total Liabilities</b>	<u>434,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,231</u>
<b>Fund Balance</b>					
Restricted	13,260	46,344	861	-	60,465
Unassigned	(298,089)	-	-	-	(298,089)
<b>Total Fund Balance</b>	<u>(284,829)</u>	<u>46,344</u>	<u>861</u>	<u>-</u>	<u>(237,624)</u>
<b>TOTAL LIABILITIES AND NET FUND BALANCES</b>	<u>\$ 149,402</u>	<u>46,344</u>	<u>861</u>	<u>-</u>	<u>\$ 196,607</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2020

	General Fund	Fire Fund	CDBG Fund	USDA Fund	Total Governmental Funds
REVENUES:					
General property taxes	\$ 126,386	-	-	-	\$ 126,386
Privilege licenses and permits	1,564	-	-	-	1,564
Intergovernmental revenues	69,806	4,947	210,400	-	285,153
Franchise taxes	10,762	-	-	-	10,762
Charges for services	70,373	-	-	-	70,373
Fines and report fees	27,791	-	-	-	27,791
Interest income	6	-	-	-	6
Rent income	1,250	-	-	-	1,250
Miscellaneous	19,992	-	-	-	19,992
TOTAL REVENUES	<u>327,930</u>	<u>4,947</u>	<u>210,400</u>	<u>-</u>	<u>543,277</u>
EXPENDITURES:					
General Government:					
Administration	65,759	-	-	-	65,759
Judicial	14,325	-	-	-	14,325
Public safety	253,201	-	-	-	253,201
Public works	31,651	-	-	-	31,651
Sanitation	47,482	-	-	-	47,482
Cemetery	12,400	-	-	-	12,400
Community development	-	-	210,400	-	210,400
Debt services:					
Principal	8,205	-	-	-	8,205
Interest and service charges	195	-	-	-	195
Capital outlay:					
Public works	-	-	20,711	-	20,711
TOTAL EXPENDITURES	<u>433,218</u>	<u>-</u>	<u>231,111</u>	<u>-</u>	<u>664,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(105,288)</u>	<u>4,947</u>	<u>(20,711)</u>	<u>-</u>	<u>(121,052)</u>
Other Financing Sources:					
Operating transfers in	98,000	-	-	-	98,000
Operating transfers out	-	-	-	-	-
Total Other Financing Sources	<u>98,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,000</u>
Net change in fund balance	(7,288)	4,947	(20,711)	-	(23,052)
Fund Balance at Beginning of Year	(277,541)	41,397	21,572	-	(214,572)
Fund Balance at End of Year	<u>\$ (284,829)</u>	<u>46,344</u>	<u>861</u>	<u>-</u>	<u>\$ (237,624)</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, 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

Amounts reported in the Statement of Activities are different because:

	<u>AMOUNTS</u>
Net change in fund balances	\$ (23,052)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Expenditures for capital assets	-
Current year depreciation expense	<u>(14,986)</u>
	(14,986)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	(8,206)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	13,523
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:	
Change in Compensated absences	<u>234</u>
	<u>234</u>
Change in fund balances of governmental activities	<u>\$ (32,487)</u>

The Accompanying Notes are an intergral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual  
General Fund  
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 100,317	100,317	126,386	\$ 26,069
Privilege licenses and permits	17,589	17,569	1,564	(16,005)
Intergovernmental revenues	96,000	96,000	69,806	(26,194)
Franchise taxes	13,500	13,500	10,762	(2,738)
Charges for services	65,000	65,000	70,373	5,373
Rent	500	500	1,250	750
Fines and report fees	30,000	30,000	27,791	(2,209)
Interest	50	50	6	(44)
Miscellaneous	14,739	14,739	19,992	5,253
<b>TOTAL REVENUES</b>	<b>337,695</b>	<b>337,675</b>	<b>327,930</b>	<b>(9,745)</b>
<b>OPERATING DISBURSEMENTS:</b>				
General Government				
Personal services	49,348	49,348	34,602	14,746
Supplies	1,800	1,800	5,011	(3,211)
Other services and charges	48,750	48,750	40,471	8,279
<b>Total General Government</b>	<b>99,898</b>	<b>99,898</b>	<b>80,084</b>	<b>19,814</b>
Public Safety				
Personal services	197,744	197,744	215,778	(18,034)
Supplies	23,000	23,000	17,281	5,719
Other services and charges	31,700	31,700	20,142	11,558
<b>Total Public Safety</b>	<b>252,444</b>	<b>252,444</b>	<b>253,201</b>	<b>(757)</b>
Public Works				
Other services and charges	27,000	27,000	31,651	(4,651)
<b>Total Public Works</b>	<b>27,000</b>	<b>27,000</b>	<b>31,651</b>	<b>(4,651)</b>
Sanitation				
Other services and charges	46,500	46,500	47,482	(982)
Cemetery				
Other services and charges	15,800	15,800	12,400	3,400
Debt service				
	8,400	8,400	8,400	-
<b>Total Expenditures</b>	<b>450,042</b>	<b>450,042</b>	<b>433,218</b>	<b>16,824</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,347)	(112,367)	(105,288)	7,079
Other Financing Sources:				
Operating transfers in	103,947	13,947	98,000	84,053
<b>Total Other Financing Sources</b>	<b>103,947</b>	<b>13,947</b>	<b>98,000</b>	<b>84,053</b>
Net change in fund balance	(8,400)	(98,420)	(7,288)	91,132
Fund Balance at Beginning of Year	(277,541)	(277,541)	(277,541)	-
<b>Fund Balance at End of Year</b>	<b>\$ (285,941)</b>	<b>(375,961)</b>	<b>(284,829)</b>	<b>\$ 91,132</b>

The Accompanying Notes are an integral part of these Financial Statements.



TOWN OF UTICA, MISSISSIPPI  
Fire Fund  
Statement of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual  
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 4,840	4,840	4,947	\$ 107
TOTAL REVENUES	<u>4,840</u>	<u>4,840</u>	<u>4,947</u>	<u>107</u>
OPERATING DISBURSEMENTS:				
Public Safety				
Other services and charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>4,840</u>	<u>4,840</u>	<u>4,947</u>	<u>107</u>
Other Financing Sources:				
Sale of real property/equipment	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,840	4,840	4,947	107
Fund Balance at beginning of year	41,397	41,397	41,397	-
Fund Balance at end of year	<u>\$ 46,237</u>	<u>46,237</u>	<u>46,344</u>	<u>\$ 107</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Community Development Block Grant  
Statement of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual  
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 238,728	238,728	210,400	\$ (28,328)
TOTAL REVENUES	<u>238,728</u>	<u>238,728</u>	<u>210,400</u>	<u>(28,328)</u>
OPERATING DISBURSEMENTS:				
General Government				
Community development	238,728	238,728	210,400	28,328
Capital outlays	-	-	20,711	(20,711)
Total Expenditures	<u>238,728</u>	<u>238,728</u>	<u>231,111</u>	<u>7,617</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(20,711)</u>	<u>(20,711)</u>
Other Financing Sources:				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(20,711)	(20,711)
Fund Balance at beginning of year	<u>21,572</u>	<u>21,572</u>	<u>21,572</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 21,572</u>	<u>21,572</u>	<u>861</u>	<u>\$ (20,711)</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Statement of Net Position  
Proprietary Fund  
For the Year Ended September 30, 2020

	<u>Business - Type Activities</u>		
	<u>Waterworks Fund</u>	<u>Gas Fund</u>	<u>Total Proprietary Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 32,765	13,768	\$ 46,533
Investments	49	188,867	188,916
Accounts receivable, net of allowances	61,840	30,176	92,016
Due from other funds	<u>72,989</u>	<u>529,232</u>	<u>602,221</u>
Total Current Assets	<u>167,643</u>	<u>762,043</u>	<u>929,686</u>
Property, plant and equipment, at cost			
Land	29,150	-	29,150
Utility system	4,288,411	320,408	4,608,819
Machinery and equipment	<u>103,754</u>	<u>78,554</u>	<u>182,308</u>
	4,421,315	398,962	4,820,277
Less: Accumulated Depreciation	<u>(2,733,746)</u>	<u>(398,962)</u>	<u>(3,132,708)</u>
	1,687,569	-	1,687,569
Construction in progress	-	-	-
Net property, plant and equipment	<u>1,687,569</u>	<u>-</u>	<u>1,687,569</u>
Total Assets	<u>\$ 1,855,212</u>	<u>762,043</u>	<u>\$ 2,617,255</u>
<b>Liabilities and Net Assets</b>			
Accounts payable	\$ 17,664	4,997	\$ 22,661
Accrued expenses	330	863	1,193
Due to other funds	198,958	16,999	215,957
Compensated absences	<u>2,880</u>	<u>2,880</u>	<u>5,760</u>
Total current liabilities	<u>219,832</u>	<u>25,739</u>	<u>245,571</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest payable	1,594	-	1,594
Current portion of note	<u>27,436</u>	<u>-</u>	<u>27,436</u>
Total Current Liabilities Payable from Restricted Assets	<u>29,030</u>	<u>-</u>	<u>29,030</u>
Long-Term Debt (less amounts classified as current)			
Note payable	502,178	-	502,178
Compensated absences	<u>7,025</u>	<u>7,025</u>	<u>14,050</u>
Total Long-Term Debt	<u>509,203</u>	<u>7,025</u>	<u>516,228</u>
Total Liabilities	<u>758,065</u>	<u>32,764</u>	<u>790,829</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,157,955	-	1,157,955
Unrestricted	<u>(60,808)</u>	<u>729,279</u>	<u>668,471</u>
Total Net Positions	<u>1,097,147</u>	<u>729,279</u>	<u>1,826,426</u>
Total Liabilities and Net Position	<u>\$ 1,855,212</u>	<u>762,043</u>	<u>\$ 2,617,255</u>

The Accompanying Notes are an integral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Statement of Revenues, Expenditures, and Changes in Net Position  
Proprietary Funds  
For the Year Ended September 30, 2020

	<u>Business - Type Activities</u>		
	<u>Waterworks</u>	<u>Gas</u>	<u>Totals</u>
	<u>Fund</u>	<u>Fund</u>	
Operating Revenues:			
Water/sewer sales to customers	\$ 242,683	-	\$ 242,683
Gas sales to customers	-	281,302	281,302
Other revenue	<u>6,666</u>	<u>2,099</u>	<u>8,765</u>
Total Operating Revenues	<u>249,349</u>	<u>283,401</u>	<u>532,750</u>
Operating Expenses:			
Personnel services	79,655	79,660	159,315
Supplies	26,634	16,920	43,554
Other services and charges	94,160	41,312	135,472
Natural gas purchases	-	73,981	73,981
Depreciation	<u>96,687</u>	<u>-</u>	<u>96,687</u>
Total Operating Expenses	<u>297,136</u>	<u>211,873</u>	<u>509,009</u>
Operating Income (Loss)	<u>(47,787)</u>	<u>71,528</u>	<u>23,741</u>
Nonoperating revenues (expenses)			
Interest income	8	1,930	1,938
Interest and service charges on long-term debt	(16,323)	-	(16,323)
Federal grant contribution	<u>3,750</u>	<u>-</u>	<u>3,750</u>
Total nonoperating revenues	<u>(12,565)</u>	<u>1,930</u>	<u>(10,635)</u>
Net Income Before Operating Transfers	(60,352)	73,458	13,106
Operating Transfers (Out)	<u>(10,000)</u>	<u>(88,000)</u>	<u>(98,000)</u>
Change in net position	(70,352)	(14,542)	(84,894)
Total net position, beginning	<u>1,167,499</u>	<u>743,821</u>	<u>1,911,320</u>
Total net position, ending	<u>\$ 1,097,147</u>	<u>729,279</u>	<u>\$ 1,826,426</u>

The Accompanying Notes are an intergral part of these Financial Statements.



TOWN OF UTICA, MISSISSIPPI  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended September 30, 2020

	<u>Business-Type Activities</u>		
	<u>Waterworks Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from water customers and users	\$ 163,156	-	\$ 163,156
Receipts from sewer customers and users	51,955	-	51,955
Receipts from gas customers and users	-	277,436	277,436
Payments to employees	(78,653)	(78,658)	(157,311)
Payments to suppliers	(89,523)	(132,700)	(222,223)
Net cash provided by (used for) operating activities	<u>46,935</u>	<u>66,078</u>	<u>113,013</u>
CASH FLOWS FROM NON-CAPITAL FINANCIAL ACTIVITIES:			
Operating transfer out	(10,000)	(88,000)	(98,000)
Net cash provided by (used in) non-capital financing activities	<u>(10,000)</u>	<u>(88,000)</u>	<u>(98,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital grants and contributions	3,750	-	3,750
Principal paid on capital debt	(26,626)	-	(26,626)
Interest paid on capital debt	(16,323)	-	(16,323)
Acquisition of capital assets	(3,750)	-	(3,750)
Net cash provided by (used in) capital and related financing activities	<u>(42,949)</u>	<u>-</u>	<u>(42,949)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Earnings on investments	8	1,930	1,938
Purchase of investments	4,217	23,089	27,306
Other	-	(2,818)	(2,818)
Net cash provided by (used in) investing activities	<u>4,225</u>	<u>22,201</u>	<u>26,426</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,789)	279	(1,510)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>34,554</u>	<u>13,489</u>	<u>48,043</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 32,765</u>	<u>\$ 13,768</u>	<u>\$ 46,533</u>
<b><u>Supplemental cash flow information:</u></b>			
Cash paid during the year:			
Interest Expense	<u>\$ 16,323</u>	<u>-</u>	<u>\$ 16,323</u>

The Accompanying Notes are an intergral part of these Financial Statements.

TOWN OF UTICA, MISSISSIPPI  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended September 30, 2020

	<u>Business-Type Activities</u>		
	<u>Waterworks</u>	<u>Gas</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ <u>(47,787)</u>	<u>71,528</u>	\$ <u>23,741</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	<u>96,687</u>	<u>-</u>	<u>96,687</u>
(Increase) Decrease in:			
Accounts receivable	(7,653)	(9,093)	(16,746)
Due from other funds	-	(2,056)	(2,056)
Increase (Decrease) in:			
Accounts payable	4,637	(487)	4,150
Compensated absences payable	1,001	1,001	2,002
Accrued liabilities	-	309	309
Due to other funds	-	4,876	4,876
Sales tax payable	<u>50</u>	<u>-</u>	<u>50</u>
Total adjustments	<u>94,722</u>	<u>(5,450)</u>	<u>89,272</u>
Net Cash Provided by (used in) Operating Activities	\$ <u>46,935</u>	<u>66,078</u>	\$ <u>113,013</u>
Recap of cash and cash equivalents:			
Cash and cash equivalent	<u>32,765</u>	<u>13,768</u>	<u>46,533</u>
Net Cash Provided by (used in) Operating Activities	\$ <u>32,765</u>	<u>13,768</u>	\$ <u>46,533</u>

TOWN OF UTICA, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Utica, Mississippi (the City) was incorporated under the provisions of Mississippi Law. The Town is governed by its Mayor and a Board of Aldermen/Alderwomen consisting of five members. Services provided to the citizens of Utica include but are not limited to public safety (police and fire protection), streets, recreation, and utility services (water and sewer).

The Town's accompanying policies conform to generally accepted accounting principles for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Town's more significant accounting policies are described as follows:

***FINANCIAL REPORTING ENTITY***

The accompanying financial statements reflect only the primary government of the Town of Utica. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the Town.

***BASIC FINANCIAL STATEMENTS***

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

1. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
2. Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncement that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.



TOWN OF UTICA, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2020

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

**FUND FINANCIAL STATEMENTS**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

**MAJOR GOVERNMENTAL FUNDS**

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

**MAJOR BUSINESS- TYPE FUNDS**

Water/Sewer System - The water/sewer system fund is used to account for the operation of the Town's water/sewer system, which is supported by user charges.

Natural Gas System - The natural gas system fund is used to account for the operation of the Town's natural gas system, which is supported by user charges and special taxes.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service and gas services.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.



TOWN OF UTICA, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2020

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

***Cash and Cash Equivalents***

The Town's deposits excess funds in the financial institutions selected by the Mayor and governing board. State statute specify how these depositories are to be selected.

Cash and cash equivalents consists of amounts on deposit in demand accounts and certificate of deposits with maturities of 12 months or less. Cash and cash equivalents are valued at costs.

***Investments***

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

Investments are reported at fair value.

***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***INTERFUND TRANSACTIONS AND BALANCES***

Interfund transactions and balances are the result of timing differences between the date expense/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are not offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

**INTERNAL ACTIVITY**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

**Restricted Assets** - Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

**Capital Assets** - Capital assets, which include property, equipment and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5-50
Improvement, other than buildings	5-50
Mobile equipment	5-10
Furniture, machinery, and equipment	5-10
Infrastructure	8-50

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.



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**Compensated Absences** - Full-time, permanent employees are granted forty (40) hours vacation benefits per year in varying amounts to specified maximums depending on tenure with the Town. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one (1) year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. Police officers are not entitled to their proportionate sick leave balance until they retire or become disabled. However, these employees historically remain with the Town until retirement. Selected management employees are entitled to varying amounts of accrued sick and vacation leave balances at termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary financial statements.

**Use of Estimates** - The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance Spending Policy** - The City has not adopted a formal spending policy as it relates to the fund balance therefore, excess amounts are expended in the following manner in accordance with GASB 54 default level: committed, assigned and unassigned.

**Deferred Outflows/Inflows of Resources** - In additions to assets, the statement of financial position sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

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

## NOTE 2 - BUDGETARY CONTROL

The Town Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Town Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

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**NOTE 3 - CASH AND CASH EQUIVALENTS**

The collateral for public entities, deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

The carrying amount of the Town's deposits with financial institutions in the governmental activities and the business-type activities funds was \$102,864 and \$235,449, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$136,101, certificate of deposits of \$188,916 and restricted assets of \$13,296.

**Custodial Credit Risk - Deposits.** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institutions, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of September 30, 2020, none of the Town's bank balance of \$337,054 was exposed to custodial credit risk.

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

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

**Custodial Credit Risk - Investments.** Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the city. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the city. As of September 30, 2020, none of the city's bank balance of \$337,054 was exposed to custodial credit risk.

**Concentration of Credit Risk.** Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2020, the city had no investments.



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

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

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

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

**NOTE 4 - AD VALOREM TAXES**

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2020, the Town levied and collected 40.00 mills of taxes for general corporate purposes of the Town.

**NOTE 5 - INTERFUND BALANCES AND TRANSFERS**

Individual fund interfund receivable and payable balances are presented as of September 30, 2020 as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ -	\$ 386,384
Water/sewer system funds	72,989	198,958
Gas system fund	529,232	16,998
Non Major Fund		
Fire Fund	119	-
Total	<u>\$ 602,340</u>	<u>\$ 602,340</u>

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Individual fund interfund transfers are presented as of September 30, 2020 as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 98,000	\$ -
Gas System Fund	-	88,000
Waterworks Fund	-	10,000
	<u>          </u>	<u>          </u>
Total	<u>\$ 98,000</u>	<u>\$ 98,000</u>

**NOTE 6 - RECEIVABLES**

Receivables at September 30, 2020 consisted of the following:

	<u>General Fund</u>	<u>CDBG Fund</u>	<u>Waterworks Fund</u>	<u>Gas Fund</u>	<u>Total</u>
<u>Accounts Receivable</u>					
Charges for services	\$ 15,103	-	58,269	27,514	\$ 100,886
Franchise taxes	2,758	-	-	-	2,758
Property taxes	2,822	-	-	-	2,822
Police fines and assessments	322,419	-	-	-	322,419
Interest	2	-	39	61	102
Other	12,833	-	5,532	4,601	22,966
Total accounts receivable	<u>355,937</u>	<u>-</u>	<u>63,840</u>	<u>32,176</u>	<u>451,953</u>
<u>Due From Other Governments</u>					
Sales Taxes	9,231	-	-	-	9,231
Mississippi Development Authority	-	851	-	-	851
Total due from other governments	<u>9,231</u>	<u>851</u>	<u>-</u>	<u>-</u>	<u>10,082</u>
Less: allowance for uncollectibles	<u>(274,815)</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(278,815)</u>
Receivables, net of allowance	<u>\$ 90,353</u>	<u>851</u>	<u>61,840</u>	<u>30,176</u>	<u>\$ 183,220</u>

TOWN OF UTICA, MISSISSIPPI  
Notes to the Financial Statements  
September 30, 2020

**NOTE 7 - CAPITAL ASSETS**

A summary of capital asset transactions for the year ended September 30, 2020 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Non Depreciable Capital Assets				
Land	\$ 71,105	-	-	\$ 71,105
Total non depreciable capital assets	<u>71,105</u>	<u>-</u>	<u>-</u>	<u>71,105</u>
Depreciable Capital Assets				
Buildings and Improvements	187,623	-	-	187,623
Infrastructure	97,355	-	-	97,355
Automotive and equipment	84,749	-	-	84,749
Machinery and Equipment	<u>557,816</u>	<u>-</u>	<u>-</u>	<u>557,816</u>
Total depreciable capital assets	927,543	-	-	927,543
Accumulated Depreciation	<u>(840,427)</u>	<u>(14,986)</u>	<u>-</u>	<u>(855,413)</u>
Net depreciable capital assets	87,116	<u>(14,986)</u>	<u>-</u>	72,130
Total Governmental Activities	<u>\$ 158,221</u>	<u>(14,986)</u>	<u>-</u>	<u>\$ 143,235</u>
<b>Business-Type Activities:</b>				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 29,150	-	-	\$ 29,150
Utility Construction in Process	<u>427,249</u>	<u>3,750</u>	<u>(430,999)</u>	<u>-</u>
Total nondepreciable capital assets	<u>456,399</u>	<u>3,750</u>	<u>(430,999)</u>	<u>29,150</u>
Depreciable Capital Assets				
Waterworks and sewage system	3,857,412	430,999	-	4,288,411
Natural gas system	320,408	-	-	320,408
Machinery and equipment - waterworks	103,754	-	-	103,754
Machinery and equipment - natural gas	<u>78,554</u>	<u>-</u>	<u>-</u>	<u>78,554</u>
Total depreciable capital assets	4,360,128	430,999	-	4,791,127
Less: Accumulated Depreciation				
Waterworks fund	(2,638,058)	(96,687)	-	(2,734,745)
Gas fund	<u>(398,963)</u>	<u>-</u>	<u>-</u>	<u>(398,963)</u>
Total accumulated depreciation	<u>(3,037,021)</u>	<u>(96,687)</u>	<u>-</u>	<u>(3,133,708)</u>
Net depreciable capital assets	1,323,107	<u>334,312</u>	<u>-</u>	1,657,419
Total Business-type activities capital assets, net	<u>\$ 1,779,506</u>	<u>338,062</u>	<u>(430,999)</u>	<u>\$ 1,686,569</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 6,487	-	\$ 6,487
Police Protection	8,499	-	8,499
Water/Sewer System	-	96,687	96,687
Gas System	-	-	-
Total Depreciation Expense	<u>\$ 14,986</u>	<u>96,687</u>	<u>\$ 111,673</u>



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**NOTE 8 - LONG-TERM DEBT**

***Governmental Activities***

A summary of long-term debt transactions for the year ended September 30, 2020, were as follows:

Governmental activities:	Beginning Balance at 10/01/2019	Additions	Reductions	Ending Balance at 9/30/2020	Amount Due Within One Year
Compensated absences	\$ 44,648	6,463	(6,230)	\$ 44,881	\$ 7,130
Capital Lease Obligation	11,670	-	(8,206)	3,464	3,464
Total	<u>\$ 56,318</u>	<u>6,463</u>	<u>(14,436)</u>	<u>\$ 48,345</u>	<u>\$ 10,594</u>

***Obligations Under Capital Leases***

The outstanding Obligations Under Capital Leases are as follows as of September 30, 2020.

	<u>Amount Outstanding</u>
During May 2017, the Town executed a capital lease agreement with BancorpSouth Equipment Finance, a division of Bancorp South Bank for the purpose of acquiring a police vehicle. The agreement is in the amount of \$30,693 with an interest rate of 2.44.%, with annual installment payments of \$8,152, which includes principal and interest payable from the General Fund. The agreement has a maturity dated of May 24, 2021. The lease-purchase agreement qualifies as a capital lease for accounting purposes. This debt will be retired from the general fund.	
Total	\$ <u>3,464</u> \$ <u>3,464</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, were as follows:

Fiscal year ending <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,464	20	\$ 3,484
Total minimum lease payments	<u>\$ 3,464</u>	<u>20</u>	3,484
Less: amount representing interest			(20)
Present value of minimum lease payments			<u>\$ 3,464</u>

Included in capital assets is a motor vehicle with costs totaling \$30,693 under capital lease. The accumulated amortization for this capital asset is \$20,974 as of September 30, 2020, and is recorded as a component of depreciation expense. Amortization expense was \$6,139 for the year ended September 30, 2020.



TOWN OF UTICA, MISSISSIPPI  
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September 30, 2020

**Business-Type Activities**

Long-term debt activity for the year ended September 30, 2020, is presented as follows:

Business-type activities:	Beginning Balance at 10/01/2019	Additions	Reductions	Ending Balance at 9/30/2020	Amount Due Within One Year
Notes payable	\$ 556,240	-	(26,626)	\$ 529,614	\$ 27,436
Compensated absences	17,808	7,763	(5,760)	19,811	5,760
Totals	<u>\$ 574,048</u>	<u>7,763</u>	<u>(32,386)</u>	<u>\$ 549,425</u>	<u>\$ 33,196</u>

Notes payable consist of the following at September 30, 2020.

**Mississippi Development Authority**

Note payable to the Mississippi Development Authority under the Authority's Capital Improvement Revolving Loan Program. The note is due in monthly installments of \$3,579, which includes principal and interest starting June 2016 through May 2036 with an interest rate of 3.00%. The note is to be paid by the Town's Waterworks Fund.

\$ 529,614

Debt service requirements at September 30, 2020 are as follows:

Fiscal year ending September 30	Principal	Interest	Total
2021	\$ 27,231	15,718	\$ 42,949
2022	28,036	14,913	42,949
2023	29,130	13,819	42,949
2024	29,732	13,217	42,949
2025	30,675	12,274	42,949
2026-2030	167,939	46,806	214,745
2031-2035	187,925	26,820	214,745
2036	<u>28,946</u>	<u>333</u>	<u>29,279</u>
Total payments	<u>\$ 529,614</u>	<u>143,900</u>	<u>\$ 673,514</u>

**NOTE 9 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL**

The Town has implemented GASB Statement 54, as such, the fund balances of the governmental funds are classified by specific purpose as follows:

**Restricted** - amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TOWN OF UTICA, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2020

**Unassigned** - amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

Fund Balances:	General Fund	Sepecial Revenue Funds	Total
Restricted for:			
Public safety	\$ -	46,344	\$ 46,344
Cemetery maintenance	13,260	-	13,260
Community development	-	861	861
Unassigned:			
Other purposes	(298,089)	-	(298,089)
Total Fund Balances	<u>\$ (284,829)</u>	<u>47,205</u>	<u>\$ (237,624)</u>

#### NOTE 10 - COMMITMENTS AND CONTINGENCIES

##### *Litigation*

The Town has been named as a defendant in several lawsuits as of September 30, 2020. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the Town's liability. The Town's legal counsel believes that the Town of Utica will prevail in these lawsuits.

##### *Construction in Progress*

The Town has under construction the following project:

Project Description:	Estimated Cost of Project	Balance 10/01/2019	Additions	Deletions	Balance 9/30/2020	Estimated Cost to Complete
<b>Business Activities:</b>						
CDBG Water Tank Project	\$ 431,000	427,249	3,750	-	\$ 430,999	\$ 1
Total	<u>\$ 431,000</u>	<u>427,249</u>	<u>3,750</u>	<u>-</u>	<u>\$ 430,999</u>	<u>\$ 1</u>

At September 30, 2020, the construction project was completed during fiscal year 2020 and the related cost of this project will be capitalized in the Water/Sewer Fund.

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September 30, 2020

**NOTE 11 - RESERVED FUND BALANCES AND RETAINED EARNINGS**

Various bond covenants require the Town to maintain cash reserves that can only be used under specific circumstances. The Town has no bond covenants.

**NOTE 12 - RISK MANAGEMENT**

The Town 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. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

**NOTE 13 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR**

Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Alderwomen. At fiscal year-end, the receivable represent delinquent taxes.

Property taxes on real, personal and public utilities attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds County bill and collect the real, personal and ad valorem taxes for the Town of Utica, Mississippi. The taxes are remitted to the Town on a monthly basis.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments are received February through May, are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

**NOTE 14 - SUBSEQUENT EVENTS**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Town of Utica, Mississippi evaluated the activity of the Organization through March 15, 2022, which is the date the financial statements are available to be issued.



TOWN OF UTICA, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2020

**NOTE 15 - COVID-19 FINANCIAL STATEMENT IMPACTS**

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

**NOTE 16 - NEW ACCOUNTING STANDARDS**

***In fiscal year 2020, the City implemented the following GASB Statements:***

In April 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

***The City will adopt the following new accounting pronouncements in future years:***

The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2017, the GASB issued Statement No. 87, "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

TOWN OF UTICA, MISSISSIPPI  
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**NOTE 16 - NEW ACCOUNTING STANDARDS (Continued)**

In April 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

TOWN OF UTICA, MISSISSIPPI

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020





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

The Honorable Mayor Kenneth Broome  
and Honorable Members of the Board of Alderman  
Town of Utica, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Utica, Mississippi (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Utica, Mississippi's basic financial statements and have issued our report thereon dated March 15, 2022.

**Internal Control Over Financial Reporting**

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

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **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.

Ridgeland, Mississippi  
March 15, 2022



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

To the Honorable Mayor Kenneth Broome, and  
Honorable Members of the Board of Alderpersons  
of the Town of Utica, Mississippi

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Utica, Mississippi (the Town) as of and for the year ended September 30, 2020, which collectively comprise the Town of Utica, Mississippi's basic financial statements and have issued our report thereon dated March 15, 2022. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations disclosed no instances of noncompliance.

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

Ridgeland, Mississippi  
March 15, 2022



TOWN OF UTICA, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2020

Official Name	Position	Insured By	Bond Amount
Kenneth Broome	Mayor	Travelers Casualty	\$ 50,000
Robin Robinson	Aldерwoman, Ward I	Travelers Casualty	25,000
Georger Walker	Alderman, Ward II	Travelers Casualty	25,000
Aerrione Green	Aldерwoman, Ward III	Travelers Casualty	25,000
Calvin Williams	Alderman, Ward IV	Travelers Casualty	25,000
Doris Ross	Aldерwoman-at-Large	Travelers Casualty	25,000
Lisa Morris	Town Clerk	Travelers Casualty	50,000
Mary Moreland	Deputy Clerk	Travelers Casualty	50,000
Timothy Myles	Chief of Police	Travelers Casualty	50,000
Lisa Morris	Court Clerk	Travelers Casualty	50,000
Mary Moreland	Court Clerk	Travelers Casualty	50,000

TOWN OF UTICA, MISSISSIPPI  
Statement of Legal Debt Limit  
September 30, 2020

Authorized Debt Limit Percent Rule

Authorized Debt Limit Percent	10%	15%
2020 Tax Roll Estimation	\$ 5,991,958	\$ 5,991,958
Less: Homestead Exemption	(7,762)	(7,762)
Net 2020 Estimation Tax Roll	<u>\$ 5,984,196</u>	<u>\$ 5,984,196</u>
Assessed Valuation under respective debt limit	\$ 598,420	\$ 897,629
Less: All Bonded Indebtness	-	-
Deduct: Authorized Exemptions		
Utility Fund Revenue Bonds	-	-
Present debt subject to limitation	-	-
Margin for further debt under respective debt limits	<u>\$ 598,420</u>	<u>\$ 897,629</u>

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

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

TOWN OF UTICA, MISSISSIPPI  
Schedule of Long-Term Debt  
September 30, 2020

	During Fiscal Year				Balance Outstanding 09/30/2020
	Authorized	Issued	Balance Outstanding 10/01/2019	Issued	Retired
<b><u>General Government:</u></b>					
Obligation under capital lease	\$ 30,693	30,693	11,670	-	8,206 \$ 3,464
Total General Government	<u>30,693</u>	<u>30,693</u>	<u>11,670</u>	<u>-</u>	<u>8,206</u> <u>3,464</u>
<b><u>Proprietary:</u></b>					
Long-term Debt					
Ms Development Authority Cap Loan	633,478	633,478	556,240	-	26,626 529,614
Total Long-Term Debt	<u>633,478</u>	<u>633,478</u>	<u>556,240</u>	<u>-</u>	<u>26,626</u> <u>529,614</u>
Total Long-Term Debt	<u>\$ 664,171</u>	<u>664,171</u>	<u>567,910</u>	<u>-</u>	<u>34,832</u> <u>\$ 533,078</u>