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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.

FINANCIAL REPORT

**CITY OF NEW ALBANY,
MISSISSIPPI**

September 30, 2021

CITY OF NEW ALBANY, MISSISSIPPI

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Independent Auditors' Report

To the Board of Aldermen
City of New Albany
New Albany, Mississippi

Report on the Financial Statements

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 City of New Albany, Mississippi, as of and for the year ended September 30, 2021, 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.

Auditors' 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 of 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 City of New Albany, Mississippi, as of September 30, 2021, 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 on pages 5 through 14 and budgetary comparison information and the Schedule of the City's Proportionate Share of the Pension Liability and Schedule of City Contributions – PERS related to the City's participation in the Public Employee's Retirement System of Mississippi, on pages 48 through 55, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Albany, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of surety bonds for municipal officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of surety bonds for municipal officials 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, the schedule of expenditures of federal awards, and the schedule of surety bonds for municipal officials are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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 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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Albany's internal control over financial reporting and compliance.



Tupelo, Mississippi
March 2, 2022

Management's Discussion and Analysis (unaudited)

CITY OF NEW ALBANY, MISSISSIPPI

MANAGEMENT DISCUSSION AND ANALYSIS

As management of City of New Albany, Mississippi, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The assets of the City of New Albany, Mississippi exceeded its liabilities at September 30, 2021 by \$47,608,309 (Net position). The majority of the City's net position is invested in capital assets or unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The remaining \$2,137,069 is restricted for specific purposes. Unrestricted net position increased by \$2,019,051, restricted net position increased by \$841,419, and invested in capital assets increased by \$3,198,183.
- As of the close of the current fiscal year, the City of New Albany's proprietary funds reported combined ending net position of \$35,512,315. 94.7% of this total amount or \$33,652,628 is invested in capital assets, 2.6% or \$918,198 is unrestricted, and the remainder of 2.7% or \$941,489 is restricted for specific purposes.
- As of the close of the current fiscal year, the City of New Albany's governmental funds reported combined ending fund balances of \$9,804,616. The unassigned part of the fund balance, which is available for use within the City's policies, is \$2,406,440, the assigned part, which is intended for use for specific purposes, is \$5,703,136, the committed part, which has constraints imposed by Board action, is \$500,000 and the restricted part, which has outside constraints, is \$1,195,040.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$2,406,440.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to the financial statements. The Statement of Net Position and the Statement of Activities (on pages 16-17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 9. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and

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about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. You can think of the City's net position—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net positions are one indicator of whether its financial position is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- * Governmental activities—Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks, and sanitation. Sales tax, franchise fees, fines, and state and federal grants finance most of these activities.
- * Business-type activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, gas, electric, waste disposal and airport systems are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 12. The fund financial statements begin on page 18 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the board established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds—government, proprietary, and fiduciary—use different accounting approaches.

- * Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- * Proprietary funds—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

CITY OF NEW ALBANY, MISSISSIPPI

- * Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City's fiduciary activities are presented in a separate Statement of Fiduciary Net Position.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-45 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and net position by category may serve over time as a useful indicator of government's financial position. In the case of the City of New Albany, assets exceeded liabilities by \$47,608,309 as of September 30, 2021.

The largest portion of the City's net position (97.8%) reflects its investments in capital assets (e.g., land, timber rights, building, machinery and equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF NEW ALBANY'S NET POSITION

| | <u>GOVERNMENTAL ACTIVITIES</u> | | <u>BUSINESS-TYPE ACTIVITIES</u> | | <u>TOTAL</u> | |
|--|------------------------------------|---------------|-------------------------------------|--------------|---------------|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current and Other Assets | \$ 10,930,318 | \$ 7,571,359 | \$32,641,018 | \$33,006,643 | \$ 43,571,336 | \$ 40,578,002 |
| Capital Assets | 15,047,540 | 14,520,958 | 52,862,613 | 47,904,263 | 67,910,153 | 62,425,221 |
| Total Assets | \$ 25,977,858 | \$ 22,092,317 | \$85,503,631 | \$80,910,906 | \$111,481,489 | \$103,003,223 |
| Deferred Outflows of Resources | \$ 1,628,094 | \$ 1,318,182 | \$ 2,487,872 | \$ 1,433,349 | \$ 4,115,966 | \$ 2,751,531 |
| Long-term Liabilities | \$ 10,744,821 | \$ 11,606,076 | \$40,955,458 | \$40,791,676 | \$ 51,700,279 | \$ 52,397,752 |
| Other Liabilities | 869,605 | 984,022 | 10,495,245 | 10,385,346 | 11,364,850 | 11,369,368 |
| Total Liabilities | \$ 11,614,426 | \$ 12,590,098 | \$51,450,703 | \$51,177,022 | \$ 63,065,129 | \$ 63,767,120 |
| Deferred Inflows of Resources | \$ 3,895,532 | \$ 355,681 | \$ 1,028,485 | \$ 82,297 | \$ 4,924,017 | \$ 437,978 |
| Net Position | | | | | | |
| Invested in capital assets, net of related debt | \$ 12,903,023 | \$ 13,785,959 | \$33,652,628 | \$29,571,509 | \$ 46,555,651 | \$ 43,357,468 |
| Restricted | 1,195,580 | 538 | 941,489 | 1,295,112 | 2,137,069 | 1,295,650 |
| Unrestricted | (2,002,609) | (3,321,777) | 918,198 | 218,315 | (1,084,411) | (3,103,462) |
| Total Net Position | \$ 12,095,994 | \$ 10,464,720 | \$35,512,315 | \$31,084,936 | \$ 47,608,309 | \$ 41,549,656 |

An additional portion of the City's net position (4.5%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$1,084,411) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF NEW ALBANY, MISSISSIPPI

As of September 30, 2021, the City can report positive balances of net position, both for the government as a whole, as well as for its separate governmental and business-type activities with the exception of the unrestricted total and governmental activity net position. The total and governmental activity net positions were also negative in the prior fiscal year.

Analysis of the City's Operations—Overall the City had an increase in net position of \$6,058,653.

Governmental Activities: Governmental activities increased the net position by \$1,631,274 or 26.9% of the total gain in net position. Invested in capital assets, net of related debt decreased by \$882,936 primarily due to improvements and decreases in related debt. Unrestricted net position increased by \$1,319,168 primarily due to increases in capital assets and decreases in debt related to capital assets. Restricted net assets increased \$1,195,042 primarily due to American Rescue Plan funds.

Total revenues for governmental activities increased from the previous year by \$1,196,888. General revenues had a net increase of 8.4%, primarily due to increases in sales tax and special city sales tax collections. Program revenues had a 18.6% net increase, which was primarily due to increased charges for services, operating grants and capital grants and contributions.

Total expenses for governmental activities increased \$161,572 or 1.8%. This increase was related to increases in General Government and decreases in Public Works.

- General Government increased \$414,686 or 17.0%. Increased costs in General Government are due primarily to personal services, industrial building improvements and Community Center and Welcome Center building repairs.
- Public Works decreased \$229,148 or 20.0%. Decreased costs in Public Works are due primarily to reductions in personal services and repairs.

Business-type Activities: Net Position from business-type activities increased \$4,427,379 or 14.2% from \$31,084,936 to \$35,512,315 accounting for 73.1% of the total increase in net position. Invested in capital assets, net of related debt increased by \$4,081,119 primarily due to bonds and notes issued for construction in progress. Unrestricted net position increased by \$699,883 primarily due to decreases in net assets restricted for debt services, which decreased \$353,623.

Total revenues for business-type activities increased \$4,007,137 or 10.4%. This increase was primarily due to increases in charges for services of \$503,291 in the Gas Department and increases in capital grants and contributions of \$3,902,556 in the Sewer Department.

Total expenses for the business-type activities decreased \$325,619 or 0.8%. This decrease was primarily due to a decrease of \$274,696 in the Electric Department, a decrease of \$254,097 in the Water Department and an increase of \$391,500 in the Gas Department.

The charges for services and costs of electricity and gas variations resulted in comparable margins between years.

CITY OF NEW ALBANY, MISSISSIPPI

The following table provides a summary of the City's Operations for the year-end September 30, 2021 with comparative totals for year ended September 30, 2020.

CITY OF NEW ALBANY'S CHANGES IN NET POSITION

| | <u>GOVERNMENTAL</u> <u>ACTIVITIES</u> | | <u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> | | <u>TOTAL</u> | |
|---|--|----------------------|---|----------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 666,807 | \$ 560,615 | \$ 38,925,097 | \$ 38,586,732 | \$ 39,591,904 | \$ 39,147,347 |
| Operating grants and contributions | 872,356 | 693,307 | 30,671 | 18,726 | 903,027 | 712,033 |
| Capital grants and contributions | 1,186,451 | 1,044,603 | 4,257,552 | 354,996 | 5,444,003 | 1,399,599 |
| General Revenues: | | | | | - | - |
| Property Taxes | 1,922,510 | 1,907,213 | 68,280 | 67,006 | 1,990,790 | 1,974,219 |
| Sales Tax | 4,126,596 | 3,705,295 | - | - | 4,126,596 | 3,705,295 |
| Special City Sales Tax | 1,027,533 | 907,592 | - | - | 1,027,533 | 907,592 |
| Franchise Taxes | 45,622 | 46,233 | - | - | 45,622 | 46,233 |
| Investment Earnings | 48,816 | 48,105 | 22,907 | 42,018 | 71,723 | 90,123 |
| Gain (loss) on asset disposals | (15,581) | (849) | - | - | (15,581) | (849) |
| Transfers | 660,320 | 432,428 | (660,320) | (432,428) | - | - |
| Total Revenues | <u>\$ 10,541,430</u> | <u>\$ 9,344,542</u> | <u>\$42,644,187</u> | <u>\$38,637,050</u> | <u>\$ 53,185,617</u> | <u>\$ 47,981,592</u> |
| Expenses: | | | | | | |
| General Government | \$ 2,851,003 | \$ 2,436,317 | \$ - | \$ - | \$ 2,851,003 | \$ 2,436,317 |
| Depreciation expense not included in other functions | 275,974 | 245,287 | - | - | 275,974 | 245,287 |
| Public Safety | 3,725,231 | 3,766,581 | - | - | 3,725,231 | 3,766,581 |
| Public Works | 915,307 | 1,144,455 | - | - | 915,307 | 1,144,455 |
| Culture and Recreation | 1,087,537 | 1,123,590 | - | - | 1,087,537 | 1,123,590 |
| Interest on long-term debt | 55,104 | 32,355 | - | - | 55,104 | 32,355 |
| Water | - | - | 1,442,626 | 1,696,723 | 1,442,626 | 1,696,723 |
| Sewer | - | - | 1,406,034 | 1,414,252 | 1,406,034 | 1,414,252 |
| Gas | - | - | 4,292,903 | 3,901,403 | 4,292,903 | 3,901,403 |
| Electric | - | - | 30,171,276 | 30,545,972 | 30,171,276 | 30,545,972 |
| Waste Disposal | - | - | 844,631 | 924,887 | 844,631 | 924,887 |
| Airport | - | - | 59,338 | 59,190 | 59,338 | 59,190 |
| Total expenses | <u>\$ 8,910,156</u> | <u>\$ 8,748,585</u> | <u>\$ 38,216,808</u> | <u>\$ 38,542,427</u> | <u>\$ 47,126,964</u> | <u>\$ 47,291,012</u> |
| Increase in net assets | \$ 1,631,274 | \$ 595,957 | \$ 4,427,379 | \$ 94,623 | \$ 6,058,653 | \$ 690,580 |
| Net position-October 1 | 10,464,720 | 9,868,763 | 31,084,936 | 30,990,313 | 41,549,656 | 40,859,076 |
| Net Position-September 30 | <u>\$ 12,095,994</u> | <u>\$ 10,464,720</u> | <u>\$ 35,512,315</u> | <u>\$ 31,084,936</u> | <u>\$ 47,608,309</u> | <u>\$ 41,549,656</u> |

CITY OF NEW ALBANY, MISSISSIPPI

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City of New Albany's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City of New Albany's governmental funds reported combined ending fund balances of \$9,804,616. Approximately 24.5% of this total amount (\$2,406,440) constitutes unassigned fund balance. The remainder of the fund balance is restricted (\$1,195,040), committed (\$500,000) or assigned (\$5,703,136).

General Fund Budgetary Highlights – In the general fund, the City budgeted for no change in the fund balance on a budget basis. Due to actual expenses being less than budgeted, the actual fund balance increased for fiscal year 2021 by \$350,742.

The City revised the original appropriations approved by the City Council. Overall, these changes resulted in an increase in revenues of \$317,371 and an increase in expenditures of \$26,004.

Proprietary Funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective enterprise funds are Water System - (\$226,225), Sewer System - (\$556,652), Gas System - \$787,481, Electric Department - \$662,154, Waste Disposal - \$212,830, and NA/UC Airport – \$38,610. The total of these unrestricted net assets is \$918,198. Changes in net position for enterprise funds in 2021 were as follows: Water – (\$72,544), Sewer – \$4,242,343, Gas System – (\$27,907), Electric Department – \$283,136, Waste Disposal – (\$18,303), and NA/UC Airport – \$20,654. The total change in unrestricted net assets was \$699,883.

CAPITAL ASSETS

The City of New Albany's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$67,001,339 (net of accumulated depreciation). This investment in capital assets includes land, timber rights, building, machinery and equipment, improvements, infrastructure, and construction in progress. The total increase in the City's investment in capital assets (before accumulated depreciation) for the current fiscal year was 12.8% (5.0% increase in governmental activities and 7.8% increase in business-type activities).

Major capital asset events during the current fiscal year included the following:

- Repaving Moss Hill Drive.
- Fire department purchased two diesel exhaust systems.
- Sewer department moving sewage treatment plant and lagoon is in progress.
- Gas department distribution line extension in Union County.

CITY OF NEW ALBANY, MISSISSIPPI

GOVERNMENTAL FUND ACTIVITIES

| Asset Classification | Balance 10/1/2020 | Additions | Deletions | Balance 9/30/2021 |
|---|----------------------|--------------|-------------|----------------------|
| Capital Asset Values | | | | |
| Land | \$ 1,484,295 | \$ 5,000 | \$ - | \$ 1,489,295 |
| Construction in Progress | 105,088 | 543,136 | | 648,224 |
| Timber Rights | 10,000 | | | 10,000 |
| Buildings | 4,054,449 | | | 4,054,449 |
| Improvements other than buildings | 10,692,053 | | | 10,692,053 |
| Machinery and Equipment | 4,754,018 | 222,212 | (84,231) | 4,891,999 |
| Road Network | 2,708,666 | 539,906 | | 3,248,572 |
| Bridge Network | 746,935 | | | 746,935 |
| | | | | - |
| Total at Historical Cost | \$ 24,555,504 | \$ 1,310,254 | \$ (84,231) | \$ 25,781,527 |
| Less: Capital Asset Accumulated Depreciation | | | | |
| Buildings | (1,459,728) | (107,772) | | (1,567,500) |
| Improvements other than buildings | (3,143,275) | (395,459) | | (3,538,734) |
| Machinery and Equipment | (3,605,077) | (206,969) | 68,650 | (3,743,396) |
| Road Network | (1,568,385) | (41,673) | | (1,610,058) |
| Bridge Network | (258,081) | (16,218) | | (274,299) |
| | | | | - |
| Total Accumulated Depreciation | \$ (10,034,546) | \$ (768,091) | \$ 68,650 | \$ (10,733,987) |
| Governmental Activities Capital Assets, Net | \$ 14,520,958 | \$ 542,163 | \$ (15,581) | \$ 15,047,540 |

BUSINESS-TYPE ACTIVITIES

| Asset Classification | Balance 10/1/2020 | Additions | Deletions | Balance 9/30/2021 |
|---|----------------------|----------------|--------------|----------------------|
| Capital Asset Values | | | | |
| Land | \$ 753,080 | | | \$ 753,080 |
| Construction in Progress | 10,659,412 | 4,649,533 | (27,228) | 15,281,717 |
| Distribution Plant | 70,819,216 | 1,938,864 | (248,014) | 72,510,066 |
| Machinery and Equipment | 7,164,378 | 622,768 | | 7,787,146 |
| | | | | - |
| Total at Historical Cost | \$ 89,396,086 | \$ 7,211,165 | \$ (275,242) | \$ 96,332,009 |
| Less: Capital Asset Accumulated Depreciation | | | | |
| Distribution Plant | (36,310,852) | (1,920,028) | 364,340 | (37,866,540) |
| Machinery and Equipment | (6,091,606) | (420,064) | | (6,511,670) |
| | | | | - |
| Total Accumulated Depreciation | \$ (42,402,458) | \$ (2,340,092) | \$ 364,340 | \$ (44,378,210) |
| Business-Type Activities Capital Assets, Net | \$ 46,993,628 | \$ 4,871,073 | \$ 89,098 | \$ 51,953,799 |

Additional information on the City of New Albany's capital assets can be found in note 5 on pages 32-34.

CITY OF NEW ALBANY, MISSISSIPPI

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of New Albany had a total bonded debt, bond premiums, compensated absences and notes payable of \$33,738,543. Of this amount, \$1,709,373 represents notes payable by governmental activities, \$653,000 represents bonds payable by governmental activities, \$350,251 represents compensated absences by governmental and business-type activities, \$34,724 represents bond premiums, \$12,958,325 represents bonds paid by water and sewer revenues, \$1,405,200 represents bonds paid by electric revenues, \$2,795,000 represents bonds paid by gas revenues and \$13,832,670 represents notes payable by business-type activities.

Outstanding Debt at Year End Compensated Absences, Bonds, and Notes Payable

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------|----------------------------|-------------|-----------------------------|---------------|---------------|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Bonds Payable | \$ 653,000 | \$ 735,000 | \$ 17,158,525 | \$ 17,027,315 | \$ 17,811,525 | \$ 17,762,315 |
| Notes Payable | 1,709,373 | 246,868 | 13,832,670 | 13,859,634 | 15,542,043 | 14,106,502 |
| Compensated Absences | 275,178 | 251,720 | 75,073 | 75,073 | 350,251 | 326,793 |
| Bond Premiums | | | 34,724 | 36,991 | 34,724 | 36,991 |
| Totals | \$2,637,551 | \$1,233,588 | \$ 31,100,992 | \$ 30,999,013 | \$ 33,738,543 | \$ 32,232,601 |

During the fiscal year, the City's total debt increased by \$1,505,942 or 4.7%. Compensated absences increased in governmental and business-type by \$23,458. General Obligation Taxable Refunding Bond, Series 2021 of \$1,579,100 was issued for the purpose of refunding the Series 2013 refunding bond related to the Wellspring substation construction debt of the Electric Department. USDA Revenue Bond #92-17 of \$1,064,587 was issued for improvements, repairs and extensions to the Water and Sewer Departments. Note payable to a local bank of \$1,491,518 was issued for a citywide LED lighting project. Debt in the amount of \$2,652,721 matured, refinanced or reclassified during the year.

Additional information on the City of New Albany's long-term debt can be found in note 7 on pages 34-37 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates, and fees that will be charged. One of those factors is the economy: it is estimated by city officials that the economy will increase at a small rate in the 2022 year.

The general fund budget for the year 2022 shows an increase in the receipts that the City will collect, mainly due to intergovernmental revenues showing a budgeted increase. The 2022 general fund budget shows an increase in the expenditures, mainly due to budgeted increases in personnel services. If these budgeted estimates are realized the City's budgeted general fund balance is expected to remain the same by the close of 2022.

The City of New Albany for the 2022 year is lining up several things for future growth in the City. These include continuation of a citywide LED lighting project, several street paving projects, an industrial building renovation project and a new spray park at the Sportsplex.

CITY OF NEW ALBANY, MISSISSIPPI

Water and Sewer Departments have budget increases in metered sales. The Electric, Gas and Sewer Departments have budgeted note and bond proceeds. These revenues offset increased budgeted expenses. As a result, for the City's business-type activities, we expect that the net positions do not have significant change by the close of 2022.

For 2022, the Electric Department has awarded a contract to renovate a building to use as administrative offices as well as lease to other City offices. The Electric Department plans to continue relocation of its primary substation and begin changing meters for automated meter reading. The Gas Department will begin a Tippah-Union County system expansion, that includes 6 miles of distribution line that will bring natural gas service to approximately 100 homes. The Water Department has approximately 12 miles of nearly 100-year-old main distribution lines in need of replacing. It plans to develop designs and determine funding sources for this effort. The Wastewater Department's new wastewater treatment plant should be online and fully operational in April 2022.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Clerk's Office at 101 West Bankhead Street New Albany, Mississippi 38652.



Frankie Roberts
City Clerk

Basic Financial Statements

CITY OF NEW ALBANY, MISSISSIPPI

Statement of Net Position

September 30, 2021

| Assets | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Cash | 7,379,006 | \$ 23,396,788 | \$ 30,775,794 |
| Temporary cash investments | 2,264,826 | 1,967,809 | 4,232,635 |
| Accounts and interest receivable | 1,170,456 | 5,594,405 | 6,764,861 |
| Gas held in storage | - | 480,922 | 480,922 |
| Prepaid expenses | 8,817 | 160,375 | 169,192 |
| Materials and supplies | - | 839,011 | 839,011 |
| Capital assets: | | | |
| Land, improvements and construction in progress | 2,147,519 | 16,034,797 | 18,182,316 |
| Other capital assets, net of depreciation | 12,900,021 | 35,919,002 | 48,819,023 |
| Non-utility property | - | 908,814 | 908,814 |
| Lease receivable | 107,213 | - | 107,213 |
| Other assets | - | 158,976 | 158,976 |
| Notes receivable | - | 42,732 | 42,732 |
| Total Assets | <u>25,977,858</u> | <u>85,503,631</u> | <u>111,481,489</u> |
| Deferred Outflows of Resources | | | |
| Pension plan | 1,628,094 | 2,483,638 | 4,111,732 |
| TVA Heat Pump Program | - | 4,234 | 4,234 |
| | <u>1,628,094</u> | <u>2,487,872</u> | <u>4,115,966</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 699,135 | 6,876,542 | 7,575,677 |
| Customer deposits | - | 2,368,860 | 2,368,860 |
| Noncurrent liabilities: | | | |
| Due within one year | 170,470 | 1,249,843 | 1,420,313 |
| Due in more than one year | 2,467,081 | 29,851,149 | 32,318,230 |
| Pension liability | 8,277,740 | 11,104,309 | 19,382,049 |
| Total Liabilities | <u>11,614,426</u> | <u>51,450,703</u> | <u>63,065,129</u> |
| Deferred Inflows of Resources | | | |
| Advance payments received | 1,395,591 | 4,299 | 1,399,890 |
| Pension | 2,492,902 | 1,024,186 | 3,517,088 |
| Lease interest | 7,039 | - | 7,039 |
| | <u>3,895,532</u> | <u>1,028,485</u> | <u>4,924,017</u> |
| Net Position | | | |
| Invested in capital assets, net of related debt | 12,903,023 | 33,652,628 | 46,555,651 |
| Restricted for: | | | |
| Debt service | 540 | 941,489 | 942,029 |
| Capital project | 1,195,040 | - | 1,195,040 |
| Unrestricted | <u>(2,002,609)</u> | <u>918,198</u> | <u>(1,084,411)</u> |
| Total Net Position | <u>12,095,994</u> | <u>\$ 35,512,315</u> | <u>\$ 47,608,309</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Statement of Activities

For the Year Ended September 30, 2021

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------|---------------|----------------------|--------------------------|--------------------------|---|--------------------------|----------------|
| Functions/Programs | Expenses | Charges for Services | Operating | Capital | Governmental Activities | Business-type Activities | Total |
| | | | Grants and Contributions | Grants and Contributions | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 2,851,003 | \$ 215,696 | \$ 184,864 | \$ 848,764 | \$ (1,601,679) | \$ - | \$ (1,601,679) |
| Depreciation expense | 275,974 | - | - | - | (275,974) | - | (275,974) |
| Public safety | 3,725,231 | 196,665 | 321,755 | - | (3,206,811) | - | (3,206,811) |
| Public works | 915,307 | 730 | 351,942 | 337,687 | (224,948) | - | (224,948) |
| Culture and recreation | 1,087,537 | 253,716 | 13,795 | - | (820,026) | - | (820,026) |
| Interest | 55,104 | - | - | - | (55,104) | - | (55,104) |
| Total | 8,910,156 | 666,807 | 872,356 | 1,186,451 | (6,184,542) | - | (6,184,542) |
| Business-type Activities: | | | | | | | |
| Water System | 1,442,626 | 1,394,727 | - | - | - | (47,899) | (47,899) |
| Sewer System | 1,406,034 | 1,390,038 | - | 4,257,552 | - | 4,241,556 | 4,241,556 |
| Gas System | 4,292,903 | 4,904,511 | - | - | - | 611,608 | 611,608 |
| Electric | 30,171,276 | 30,428,347 | 17,325 | - | - | 274,396 | 274,396 |
| Waste Disposal | 844,631 | 748,954 | 2,678 | - | - | (92,999) | (92,999) |
| Airport | 59,338 | 58,520 | 10,668 | - | - | 9,850 | 9,850 |
| Total | 38,216,808 | 38,925,097 | 30,671 | 4,257,552 | - | 4,996,512 | 4,996,512 |
| Total Primary Government | \$ 47,126,964 | \$ 39,591,904 | \$ 903,027 | \$ 5,444,003 | (6,184,542) | 4,996,512 | (1,188,030) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| General purpose levies | | | | | 1,922,510 | 68,280 | 1,990,790 |
| Sales taxes | | | | | 4,126,596 | - | 4,126,596 |
| Special city sales taxes | | | | | 1,027,533 | - | 1,027,533 |
| Franchise taxes | | | | | 45,622 | - | 45,622 |
| Investment earnings | | | | | 48,816 | 22,907 | 71,723 |
| Gain (loss) on asset disposals | | | | | (15,581) | - | (15,581) |
| Transfers | | | | | 660,320 | (660,320) | - |
| Total | | | | | 7,815,816 | (569,133) | 7,246,683 |
| Change in Net Position | | | | | 1,631,274 | 4,427,379 | 6,058,653 |
| Net Position, beginning | | | | | 10,464,720 | 31,084,936 | 41,549,656 |
| Net Position, ending | | | | | \$12,095,994 | \$35,512,315 | \$47,608,309 |

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

CITY OF NEW ALBANY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2021

| | <u>Major Funds</u> | | | |
|---|---------------------|---------------------|---------------------------------|---------------------------------|
| | <u>General Fund</u> | <u>Tourism Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| ASSETS | | | | |
| Cash | \$ 3,133,679 | \$ 643,145 | \$ 3,602,182 | \$ 7,379,006 |
| Investments | 2,264,826 | - | - | 2,264,826 |
| Prepaid expenses | 8,817 | - | - | 8,817 |
| Accounts receivable | 720,728 | 206,619 | 243,109 | 1,170,456 |
| Lease receivable | <u>-</u> | <u>-</u> | <u>107,213</u> | <u>107,213</u> |
| Total Assets | <u>\$ 6,128,050</u> | <u>\$ 849,764</u> | <u>\$ 3,952,504</u> | <u>\$ 10,930,318</u> |
| LIABILITIES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | <u>\$ 358,858</u> | <u>\$ 67,574</u> | <u>\$ 272,703</u> | <u>\$ 699,135</u> |
| Total Liabilities | <u>358,858</u> | <u>67,574</u> | <u>272,703</u> | <u>699,135</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Advance payments received | 82,150 | 237,500 | - | 319,650 |
| Lease principal | - | - | 99,878 | 99,878 |
| Lease interest | <u>-</u> | <u>-</u> | <u>7,039</u> | <u>7,039</u> |
| | <u>82,150</u> | <u>237,500</u> | <u>106,917</u> | <u>426,567</u> |
| FUND BALANCES | | | | |
| Restricted | - | - | 1,195,040 | 1,195,040 |
| Committed | 500,000 | - | - | 500,000 |
| Assigned | 2,780,602 | 544,690 | 2,377,844 | 5,703,136 |
| Unassigned | <u>2,406,440</u> | <u>-</u> | <u>-</u> | <u>2,406,440</u> |
| Total Fund Balances | <u>5,687,042</u> | <u>544,690</u> | <u>3,572,884</u> | <u>9,804,616</u> |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 6,128,050</u> | <u>\$ 849,764</u> | <u>\$ 3,952,504</u> | <u>\$ 10,930,318</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2021

| | <u>Amount</u> |
|--|----------------------|
| Total Fund Balance - Total Governmental Funds | \$ 9,804,616 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| 1. Capital assets used in governmental activities are not financial resources and are, therefore, not reported in governmental funds, net of accumulated depreciation of \$ 10,733,987 | 15,047,540 |
| 2. Other long-term assets are not available to pay for current period expenditures and are, therefore, not recognized in the governmental funds. | 99,878 |
| 3. Long-term liabilities, including bonds payable, are not due and payable in the current period and are, therefore, not reported in governmental funds. | (2,362,373) |
| 4. Accrued compensated absences are not due and payable in the current year and are, therefore, not reported in the governmental funds. | (275,178) |
| 5. American Rescue Plan advance grant funding is not due and payable in the current period and are, therefore not reflected as a liability in the governmental funds. | (1,075,941) |
| 6. Pension liabilities, including related deferred outflows and inflows are not payable in the current year and are, therefore, not reported in governmental funds. | <u>(9,142,548)</u> |
| Total Net Position - Governmental Activities | <u>\$ 12,095,994</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2021

| | Major Funds | | | |
|---|-------------------------|-------------------------|---|---|
| | General Fund | Tourism Fund | Other Governmental Funds | Total Governmental Funds |
| Revenues: | | | | |
| Taxes | \$ 1,768,612 | \$ - | \$ 94,225 | \$ 1,862,837 |
| Licenses and permits | 144,228 | - | - | 144,228 |
| Intergovernmental revenue | 5,260,003 | 1,031,666 | 2,047,219 | 8,338,888 |
| Charges for services | 243,188 | - | 5,666 | 248,854 |
| Fines and forfeitures | 175,122 | - | 3,761 | 178,883 |
| Investment earnings | 31,659 | 3,941 | 13,216 | 48,816 |
| Miscellaneous | 110,312 | 27,029 | 12,786 | 150,127 |
| Total Revenues | <u>7,733,124</u> | <u>1,062,636</u> | <u>2,176,873</u> | <u>10,972,633</u> |
| Expenditures: | | | | |
| General government | 1,607,658 | 768,290 | 78,043 | 2,453,991 |
| Public safety | 3,507,489 | - | 96,835 | 3,604,324 |
| Public works | 755,963 | - | - | 755,963 |
| Culture and recreation | 835,138 | - | 13,764 | 848,902 |
| Debt service: | | | | |
| Principal | - | 82,000 | 29,013 | 111,013 |
| Interest and other charges | 3,947 | 22,050 | 7,057 | 33,054 |
| Capital outlay | 697,726 | - | 1,057,681 | 1,755,407 |
| Total Expenditures | <u>7,407,921</u> | <u>872,340</u> | <u>1,282,393</u> | <u>9,562,654</u> |
| Excess of Revenues over Expenditures | <u>325,203</u> | <u>190,296</u> | <u>894,480</u> | <u>1,409,979</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,021,000 | - | 72,627 | 1,093,627 |
| Transfers out | (368,307) | (65,000) | - | (433,307) |
| Lease principal payments | - | - | 32,805 | 32,805 |
| Loan proceeds | - | - | 1,491,518 | 1,491,518 |
| Total Other Financing Sources (Uses) | <u>652,693</u> | <u>(65,000)</u> | <u>1,596,950</u> | <u>2,184,643</u> |
| Net Change in Fund Balances | <u>977,896</u> | <u>125,296</u> | <u>2,491,430</u> | <u>3,594,622</u> |
| Fund balances - beginning | <u>4,709,146</u> | <u>419,394</u> | <u>1,081,454</u> | <u>6,209,994</u> |
| Fund balances - ending | <u>\$ 5,687,042</u> | <u>\$ 544,690</u> | <u>\$ 3,572,884</u> | <u>\$ 9,804,616</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities**

For the Year Ended September 30, 2021

| | <u>Amount</u> |
|---|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 3,594,622 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| 1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized costs exceeded depreciation expense in the current year. | 542,163 |
| 2. Governmental funds report the proceeds from the sale of capital assets as revenue, whereas, in the statement of activities, the gain or loss on the transaction is reported as income or expense. | (15,581) |
| 3. Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | (23,458) |
| 4. Some revenues reported in governmental funds, such as repayment of lease principal result in the reduction of long-term assets on the Statement of Net Assets. | (32,805) |
| 5. The amount of pension expense recognized in accordance with GASB 68 in excess of amounts requiring the use of current financial resources are not reported as expenditures in the governmental funds. | 22,779 |
| 6. Advance grant funding under the American Rescue Plan provides current financial resources to governmental funds, but increases deferred inflows in the statement of net assets due to the underlying grant terms. | (1,075,941) |
| 7. Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. | <u>(1,380,505)</u> |
| Change in Net Position of Governmental Activities | <u>\$ 1,631,274</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI
Statement of Fund Net Position - Proprietary Funds
September 30, 2021

| | Major Funds | | | | Other Enterprise Funds | Total Enterprise Funds |
|---|-------------------------|-------------------------|-----------------------|--------------------------------|---------------------------------------|---------------------------------------|
| | Water System | Sewer System | Gas System | Electric Department | | |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 295,914 | \$ 657,259 | \$ 1,783,113 | \$ 19,804,613 | \$ 855,889 | \$ 23,396,788 |
| Investments | 498,887 | - | 876,726 | 592,196 | - | 1,967,809 |
| Materials and supplies | - | - | 138,765 | 700,246 | - | 839,011 |
| Accounts receivable, net of allowance for doubtful accounts of \$ 46,564 | 419,076 | 404,458 | 304,185 | 4,390,095 | 76,591 | 5,594,405 |
| Gas held in storage | - | - | 480,922 | - | - | 480,922 |
| Other receivables | - | - | 86 | 158,890 | - | 158,976 |
| Prepayments | - | - | - | 160,375 | - | 160,375 |
| Total current assets | <u>1,213,877</u> | <u>1,061,717</u> | <u>3,583,797</u> | <u>25,806,415</u> | <u>932,480</u> | <u>32,598,286</u> |
| Noncurrent Assets | | | | | | |
| Notes receivable | - | - | - | 42,732 | - | 42,732 |
| Capital assets: | | | | | | |
| Land | 58,902 | 197,465 | 469,395 | 27,318 | - | 753,080 |
| Distribution plant | 11,081,854 | 11,038,989 | 13,564,736 | 37,293,882 | - | 72,979,461 |
| Machinery and equipment | 331,767 | 10,821 | 1,238,430 | 4,546,834 | 1,189,899 | 7,317,751 |
| Non-utility property | - | - | - | 908,814 | - | 908,814 |
| Construction in progress | - | 12,992,516 | 548,699 | 1,740,502 | - | 15,281,717 |
| Less: accumulated depreciation | <u>(6,747,548)</u> | <u>(4,781,817)</u> | <u>(9,129,244)</u> | <u>(22,659,187)</u> | <u>(1,060,414)</u> | <u>(44,378,210)</u> |
| Total non-current assets | <u>4,724,975</u> | <u>19,457,974</u> | <u>6,692,016</u> | <u>21,900,895</u> | <u>129,485</u> | <u>52,905,345</u> |
| Total assets | <u>5,938,852</u> | <u>20,519,691</u> | <u>10,275,813</u> | <u>47,707,310</u> | <u>1,061,965</u> | <u>85,503,631</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension plan | 89,937 | 180,788 | 200,694 | 1,686,687 | 325,532 | 2,483,638 |
| TVA Heat Pump Program | - | - | - | 4,234 | - | 4,234 |
| | <u>89,937</u> | <u>180,788</u> | <u>200,694</u> | <u>1,690,921</u> | <u>325,532</u> | <u>2,487,872</u> |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued expenses | 280,518 | 605,002 | 379,834 | 5,569,140 | 42,048 | 6,876,542 |
| Customer deposits | 134,110 | - | 574,722 | 1,660,028 | - | 2,368,860 |
| Current maturities of long-term debt | <u>37,140</u> | <u>460,903</u> | <u>110,000</u> | <u>641,800</u> | <u>-</u> | <u>1,249,843</u> |
| Total current liabilities | <u>451,768</u> | <u>1,065,905</u> | <u>1,064,556</u> | <u>7,870,968</u> | <u>42,048</u> | <u>10,495,245</u> |
| Non-current liabilities | | | | | | |
| Accrual for compensated absences | - | - | 9,569 | 65,504 | - | 75,073 |
| Notes payable | - | 305,231 | - | 13,203,000 | - | 13,508,231 |
| Bonds payable | 1,465,987 | 11,038,460 | 2,702,998 | 1,060,400 | - | 16,267,845 |
| Pension liability | <u>793,932</u> | <u>531,272</u> | <u>1,274,814</u> | <u>7,763,009</u> | <u>741,282</u> | <u>11,104,309</u> |
| Total non-current liabilities | <u>2,259,919</u> | <u>11,874,963</u> | <u>3,987,381</u> | <u>22,091,913</u> | <u>741,282</u> | <u>40,955,458</u> |
| Total liabilities | <u>2,711,687</u> | <u>12,940,868</u> | <u>5,051,937</u> | <u>29,962,881</u> | <u>783,330</u> | <u>51,450,703</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension plan | 257,027 | 159,997 | 383,920 | - | 223,242 | 1,024,186 |
| TVA Heat Pump Program | - | - | - | 4,299 | - | 4,299 |
| | <u>257,027</u> | <u>159,997</u> | <u>383,920</u> | <u>4,299</u> | <u>223,242</u> | <u>1,028,485</u> |
| NET POSITION | | | | | | |
| Invested in capital assets, net of related debt | 3,221,848 | 7,653,380 | 3,879,018 | 18,768,897 | 129,485 | 33,652,628 |
| Temporarily restricted | 64,452 | 502,886 | 374,151 | - | - | 941,489 |
| Unrestricted | <u>(226,225)</u> | <u>(556,652)</u> | <u>787,481</u> | <u>662,154</u> | <u>251,440</u> | <u>918,198</u> |
| Total net position | <u>\$ 3,060,075</u> | <u>\$ 7,599,614</u> | <u>\$ 5,040,650</u> | <u>\$ 19,431,051</u> | <u>\$ 380,925</u> | <u>\$ 35,512,315</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds

For the Year Ended September 30, 2021

| | Major Funds | | | | Other Enterprise Funds | Total Enterprise Funds |
|---|---------------------|---------------------|---------------------|----------------------|------------------------|------------------------|
| | Water System | Sewer System | Gas System | Electric Department | | |
| Operating revenues: | | | | | | |
| Charges for services | \$ 1,370,585 | \$ 1,375,467 | \$ 4,865,507 | \$ 29,409,726 | \$ 807,297 | \$ 37,828,582 |
| Other | 24,142 | 14,571 | 39,004 | 1,018,621 | 177 | 1,096,515 |
| Total operating revenues | <u>1,394,727</u> | <u>1,390,038</u> | <u>4,904,511</u> | <u>30,428,347</u> | <u>807,474</u> | <u>38,925,097</u> |
| Operating expenses: | | | | | | |
| Natural gas purchased | - | - | 1,954,212 | - | - | 1,954,212 |
| Operation and maintenance | 1,182,046 | 952,159 | 1,857,841 | 4,408,120 | 884,139 | 9,284,305 |
| Purchased power | - | - | - | 22,824,661 | - | 22,824,661 |
| Depreciation and amortization | 217,864 | 239,022 | 365,600 | 1,205,747 | 19,830 | 2,048,063 |
| Tax equivalents | - | - | - | 1,252,771 | - | 1,252,771 |
| Total operating expenses | <u>1,399,910</u> | <u>1,191,181</u> | <u>4,177,653</u> | <u>29,691,299</u> | <u>903,969</u> | <u>37,364,012</u> |
| Operating income (loss) | <u>(5,183)</u> | <u>198,857</u> | <u>726,858</u> | <u>737,048</u> | <u>(96,495)</u> | <u>1,561,085</u> |
| Non-operating revenues (expenses): | | | | | | |
| Interest income | 1,355 | 787 | 5,485 | 8,740 | 6,540 | 22,907 |
| Interest expense | (42,716) | (214,853) | (115,250) | (475,710) | - | (848,529) |
| Non-operating expenses | - | - | - | (4,267) | - | (4,267) |
| Property taxes | - | - | - | - | 68,280 | 68,280 |
| Intergovernmental and grant revenue | - | 4,257,552 | - | - | 13,346 | 4,270,898 |
| Other nonoperating revenues | - | - | - | 17,325 | - | 17,325 |
| Total nonoperating revenues (expenses) | <u>(41,361)</u> | <u>4,043,486</u> | <u>(109,765)</u> | <u>(453,912)</u> | <u>88,166</u> | <u>3,526,614</u> |
| Income (loss) before operating transfers | (46,544) | 4,242,343 | 617,093 | 283,136 | (8,329) | 5,087,699 |
| Transfers in (out) | <u>(26,000)</u> | <u>-</u> | <u>(645,000)</u> | <u>-</u> | <u>10,680</u> | <u>(660,320)</u> |
| Change in net position | <u>(72,544)</u> | <u>4,242,343</u> | <u>(27,907)</u> | <u>283,136</u> | <u>2,351</u> | <u>4,427,379</u> |
| Net position, beginning | <u>3,132,619</u> | <u>3,357,271</u> | <u>5,068,557</u> | <u>19,147,915</u> | <u>378,574</u> | <u>31,084,936</u> |
| Net position, ending | <u>\$ 3,060,075</u> | <u>\$ 7,599,614</u> | <u>\$ 5,040,650</u> | <u>\$ 19,431,051</u> | <u>\$ 380,925</u> | <u>\$ 35,512,315</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Statement of Cash Flows - Proprietary Funds

For the Year Ended September 30, 2021

| | Major Funds | | | | Other Enterprise Funds | Total Enterprise Funds |
|--|-------------------------|-------------------------|-----------------------|--------------------------------|---------------------------------------|---------------------------------------|
| | Water System | Sewer System | Gas System | Electric Department | | |
| Cash flows from operating activities: | | | | | | |
| Receipts from customers | \$ 1,377,242 | \$ 1,237,956 | \$ 4,929,412 | \$ 30,629,948 | \$ 813,944 | \$ 38,988,502 |
| Payments to suppliers | (669,326) | (1,617,163) | (3,084,082) | (22,945,542) | (1,352,265) | (29,668,378) |
| Payments to employees | (607,417) | (350,754) | (1,042,469) | (3,196,184) | 427,588 | (4,769,236) |
| Net cash provided (used) by operating activities | <u>100,499</u> | <u>(729,961)</u> | <u>802,861</u> | <u>4,488,222</u> | <u>(110,733)</u> | <u>4,550,888</u> |
| Cash flows from non-capital financing activities: | | | | | | |
| Transfers from (to) other funds | (26,000) | - | (645,000) | (1,081,800) | 10,680 | (1,742,120) |
| Net cash provided (used) in non-capital financing activities | <u>(26,000)</u> | <u>-</u> | <u>(645,000)</u> | <u>(1,081,800)</u> | <u>10,680</u> | <u>(1,742,120)</u> |
| Cash flows from capital and related financing activities: | | | | | | |
| Taxes and intergovernmental revenues, net | - | - | - | - | 81,626 | 81,626 |
| Proceeds from issuance of debt | - | 1,064,587 | - | 13,500,000 | - | 14,564,587 |
| Payments for acquisition of capital assets | - | (4,177,831) | (105,000) | - | - | (4,282,831) |
| Receipts from capital grants | - | 4,257,552 | - | - | - | 4,257,552 |
| Principal payments on long-term debt | (36,133) | (458,990) | (969,110) | (13,861,442) | - | (15,325,675) |
| Net additions to utility plant | - | - | - | (1,859,471) | - | (1,859,471) |
| Interest paid on long-term debt | (42,716) | (214,853) | (116,293) | (475,710) | - | (849,572) |
| Net cash provided by (used in) capital and related financing activities | <u>(78,849)</u> | <u>470,465</u> | <u>(1,190,403)</u> | <u>(2,696,623)</u> | <u>81,626</u> | <u>(3,413,784)</u> |
| Cash flows from investing activities: | | | | | | |
| Interest on investments | 1,355 | 787 | 5,511 | 8,740 | 6,540 | 22,933 |
| Increase in notes receivable | - | - | - | (12,123) | - | (12,123) |
| Cash received from maturity of certificates of deposit | - | - | - | 590,749 | - | 590,749 |
| Cash paid for investment in certificates of deposit | (1,248) | - | (2,172) | (592,196) | - | (595,616) |
| Net cash provided (used) by investing activities | <u>107</u> | <u>787</u> | <u>3,339</u> | <u>(4,830)</u> | <u>6,540</u> | <u>5,943</u> |
| Net change in cash | (4,243) | (258,709) | (1,029,203) | 704,969 | (11,887) | (599,073) |
| Cash and cash equivalents at beginning of year | <u>300,157</u> | <u>915,968</u> | <u>2,812,316</u> | <u>19,099,644</u> | <u>867,776</u> | <u>23,995,861</u> |
| Cash and cash equivalents at end of year | <u>\$ 295,914</u> | <u>\$ 657,259</u> | <u>\$ 1,783,113</u> | <u>\$ 19,804,613</u> | <u>\$ 855,889</u> | <u>\$ 23,396,788</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ (5,182) | \$ 198,857 | \$ 726,858 | \$ 737,048 | \$ (96,495) | \$ 1,561,086 |
| Nonoperating income | - | - | - | 17,325 | - | 17,325 |
| Nonoperating expenses | - | - | - | (4,267) | - | (4,267) |
| Transfers to City General Fund | - | - | - | 1,081,800 | - | 1,081,800 |
| Depreciation and amortization | 217,864 | 239,022 | 365,600 | 1,205,747 | 19,830 | 2,048,063 |
| Change in: | | | | | | |
| Accounts receivable | (19,091) | (152,082) | 5,768 | 167,702 | 6,470 | 8,767 |
| Gas held in storage | - | - | (139,691) | - | - | (139,691) |
| Materials and supplies | - | - | (48,023) | (76,853) | - | (124,876) |
| Prepayments | - | - | 11,833 | 27,483 | - | 39,316 |
| Accounts payable and accrued expenses | (87,918) | (1,026,125) | (141,004) | 987,078 | (19,766) | (287,735) |
| Pension liability | (313,788) | (111,906) | (455,860) | 1,451,474 | (170,983) | 398,937 |
| Deferred inflows/outflows | 307,010 | 122,273 | 457,290 | (1,145,119) | 150,211 | (108,335) |
| Customer deposits | 1,604 | - | 20,090 | 38,804 | - | 60,498 |
| Net cash provided (used) by operating activities | <u>\$ 100,499</u> | <u>\$ (729,961)</u> | <u>\$ 802,861</u> | <u>\$ 4,488,222</u> | <u>\$ (110,733)</u> | <u>\$ 4,550,888</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of New Albany, Mississippi (the City) operates under a mayor-board of aldermen form of government and provides the following services: public safety (police and fire), street maintenance, recreation, sanitation, electricity, gas, water and sewer services and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City can impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

B. Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the primary government. These statements include the financial activities of the overall City government. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include: (a) charges paid by the recipients for goods and services offered by the programs, (b) grants and contributions that are restricted to meeting the operations needs of a particular program, and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

The City does not allocate indirect costs.

The City eliminates internal activity in the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements:

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental, and proprietary – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds and proprietary funds are aggregated and reported as non-major funds.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **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.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- c. **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general-long term debt.
- d. **Capital project funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. Proprietary fund operating revenues, such as utilities sales and charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to at least 10 percent of their fund type total and at least 5 percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds on a qualitative basis.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – This is the city’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Tourism Fund – This fund accounts for special tourism tax revenues and the expenditures thereof which are generally geared toward expansion of tourism within the City.

The City reported the following major enterprise funds in the accompanying financial statements:

New Albany Electric Department – This fund accounts for all financial transactions relating to the City’s electric service. Services are on a user-charge basis to residents and business owners located in the City and surrounding areas.

New Albany Gas Department – This fund accounts for all financial transactions relating to the City’s gas service. Services are on a user-charge basis to residents and business owners located in the City and surrounding areas.

New Albany Sewer Department - This fund accounts for all financial transactions relating to the City’s sewer service. Services are on a user-charge basis to residents and business owners located in the City and surrounding areas.

New Albany Water Department - This fund accounts for all financial transactions relating to the City’s water service. Services are on a user-charge basis to residents and business owners located in the City and surrounding areas.

C. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources* measurement focus and the *full accrual* basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers revenues susceptible to accrual reported in the governmental funds to be available if the revenues are collected within sixty days after year end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

Revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities. Transactions representing the exchange of interfund goods and services have also been included.

D. Financial Statement Amounts

1. Cash and Cash Equivalents:

The City has defined cash and cash equivalents to include cash on hand and demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statements of cash flows, the proprietary funds consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

2. Investments:

Investments consist of bank certificates of deposit with maturities of three months or more and are stated at cost, which equals market.

3. Inventories:

Inventories of materials and supplies are stated at average cost; inventory of natural gas is valued at moving average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as expenditures at the time inventory items are used, rather than purchased.

4. Prepaid items:

Prepaid items are recorded at cost. Using the consumption method, prepaid items are recorded as expenditures over the period that service is provided.

5. Capital assets:

Capital assets purchased or acquired fixed assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest accrued on financing costs during construction is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | <i><u>Estimated Useful Life</u></i> |
|-------------------------|---|
| Buildings | 20-50 years |
| Improvements | 10-40 years |
| Machinery and equipment | 5-10 years |
| Other infrastructure | 10-50 years |
| Water and sewer systems | 30-50 years |

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Amounts (continued)

6. Deferred Outflows of Resources and Deferred Inflows of Resources:

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period.

7. Pensions:

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

8. Compensated Absences:

In the event that available vacation time is not used within 180 days after the end of the benefit year, employees will forfeit the unused time. Compensated absences for sick time are credited against retirement and not paid directly to an employee that has left the City's service.

9. Revenues:

Substantially all governmental fund revenues are accrued. Union County (the County) assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, assessing a fee to the City for the service provided. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33.

10. Inter-fund Activity:

Inter-fund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

11. Restricted Resources:

Restricted resources are used first before unrestricted resources to fund appropriations when applicable.

12. Accounts Receivable:

The City reports trade receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses, current economic conditions, and other factors. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the existing allowance for doubtful accounts or against income.

13. Electric Department Year End:

Data listed in this report for the Electric Department represent balances as of June 30, 2021, and cumulative totals for the 12-month period then ending.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Amounts (continued)

14. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. Concentrations of Credit Risk:

Financial instruments that potentially subject the City to concentrations of credit risk consist primarily of proprietary fund accounts receivable. The City grants unsecured credit to customers in and around the City of New Albany. Consequently, the City's ability to collect the amounts due from customers is affected by economic fluctuations in that region, although a security deposit is generally required before credit is granted.

16. Subsequent Events:

In preparing these financial statements, the City has evaluated events and transaction for potential recognition or disclosure through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

17. Budgets and Budgetary Accounting:

- a. The City Clerk submits proposed operating and capital budgets to the Mayor and Board of Aldermen for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain comments on the proposed budgets.
- c. The budgets are approved with the adoption of a budget ordinance for the General and Tourism Funds.
- d. Budgets are adopted on modified cash basis of accounting.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

At year end, the carrying amounts of the City's deposits were covered by federal depository insurance or by collateral pledged by the City's depository to the Mississippi State Treasurer as described below.

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 Federal Depository Insurance Corporation.

Cash and investments are categorized in three categories of credit risk:

- Category 1 - Insured by FDIC or collateralized with securities held by the City or by its agent in its name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized with no written or approved collateral agreement.

At year-end, all cash and investments were considered category one.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 3. RECEIVABLES

A summary of accounts and receivables at September 30, 2021 follows:

| | <i>Accounts Receivable</i> | <i>Due from Other Governments</i> | <i>Other</i> | <i>Total Receivables</i> |
|--------------------------------|--------------------------------|---|------------------|------------------------------|
| Governmental activities: | | | | |
| General | \$ - | \$ 717,071 | \$ 3,657 | \$ 720,728 |
| Tourism | - | 170,621 | 35,998 | 206,619 |
| Other governmental | 286 | 240,624 | 2,199 | 243,109 |
| Total governmental activities | <u>\$ 286</u> | <u>\$ 1,128,316</u> | <u>\$ 41,854</u> | <u>\$ 1,170,456</u> |
| Business-type activities: | | | | |
| Electric | \$ 3,986,153 | \$ 403,942 | \$ - | \$ 4,390,095 |
| Gas | 49,523 | 254,662 | - | 304,185 |
| Water | 239,407 | 179,669 | - | 419,076 |
| Sewer | 252,536 | 151,922 | - | 404,458 |
| Other business-type | 51,088 | - | 25,503 | 76,591 |
| Total business-type activities | <u>\$ 4,578,707</u> | <u>\$ 990,195</u> | <u>\$ 25,503</u> | <u>\$ 5,594,405</u> |

NOTE 4. NOTES RECEIVABLE

The Electric Department's servicing organization, Central Services Association, Inc. ("CSA"), is operated as a cooperative of which the Electric Department is a member. CSA refunds, annually, a percentage of billings to its members. Certain unremitted refunds are included in notes receivable and bear interest.

NOTE 5. CAPITAL LEASE RECEIVABLE

The City has entered into capital lease agreements with both CEC Production Metal Processing, Inc. (CEC) and Abby Manufacturing Co., Inc. (Abby) to lease/sell buildings to them. These are capital leases accounted for as "direct financing leases" for the following reasons: There is a clause at the term of the leases that allows the lessees to purchase the buildings in a "bargain" purchase. It is the City's intention to sell the buildings to the lessees.

The City borrowed \$ 191,984 through a CAP loan in fiscal year 2006 to construct the building under lease to CEC. In consideration of the sale of the building, the City is expecting CEC to pay a total of \$ 279,212 in rents over the term of the lease in monthly payments of \$ 1,163.39 per month from October 1, 2006 through September 1, 2026.

Total minimum lease payments at inception of the lease with CEC were \$ 279,212. The carrying amount of the building was \$ 191,984. Therefore, the implicit interest in the transaction is the difference or \$ 87,228 of unearned interest income. The effective interest method is used to amortize the interest revenue over the term of the lease. The interest rate implicit in the calculation and used for amortization is 4%.

The City also borrowed \$ 350,000 through a CAP loan in fiscal year 2006 to renovate the building currently under lease to Abby. In consideration of the sale of the building, the City is expecting Abby to pay a total of \$ 259,411 in rents over the term of the lease in monthly payments of \$ 2,000 per month from June 1, 2012 through May 1, 2022 including \$ 19,411 at the end of the lease term.

Total minimum lease payments at inception of the lease with Abby were \$ 259,411. The present value of the

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 5. CAPITAL LEASE RECEIVABLE (continued)

minimum lease payments was \$ 221,473. Therefore, the implicit interest in the transaction is the difference, or \$ 37,938 of unearned interest income at inception. The effective interest method is used to amortize the interest revenue over the term of the lease. The interest rate implicit in the calculation and used for amortization is 3%. Future minimum lease receivables are as follows:

| <i>Years ending September 30:</i> | <i>Principal</i> | <i>Interest</i> |
|-----------------------------------|-------------------|-----------------|
| 2022 | 47,790 | 2,745 |
| 2023 | 12,161 | 1,800 |
| 2024 | 12,656 | 1,305 |
| 2025 | 13,172 | 788 |
| 2026 | 14,395 | 401 |
| | <u>\$ 100,174</u> | <u>\$ 7,039</u> |

The County has identical agreements with MDA, CEC and Abby.

NOTE 6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended September 30, 2021, was as follows:

| | <i>Beginning Balance</i> | <i>Additions</i> | <i>Retirements</i> | <i>Ending Balance</i> |
|--|------------------------------|-------------------|--------------------|---------------------------|
| Governmental Activities: | | | | |
| Non-depreciable capital assets: | | | | |
| Land | \$ 1,484,295 | \$ 5,000 | \$ - | \$ 1,489,295 |
| Construction in progress | 105,088 | 543,136 | - | 648,224 |
| Timber rights | 10,000 | - | - | 10,000 |
| Total non-depreciable capital assets | <u>1,599,383</u> | <u>548,136</u> | <u>-</u> | <u>2,147,519</u> |
| Depreciable capital assets: | | | | |
| Buildings | 4,054,449 | - | - | 4,054,449 |
| Improvements other than buildings | 10,692,053 | - | - | 10,692,053 |
| Machinery and equipment | 4,754,018 | 222,212 | 84,231 | 4,891,999 |
| Road network | 2,708,666 | 539,906 | - | 3,248,572 |
| Bridge network | 746,935 | - | - | 746,935 |
| Total depreciable capital assets | <u>22,956,121</u> | <u>762,118</u> | <u>84,231</u> | <u>23,634,008</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,459,728 | 107,772 | - | 1,567,500 |
| Improvements other than buildings | 3,143,275 | 395,459 | - | 3,538,734 |
| Machinery and equipment | 3,605,077 | 206,969 | 68,650 | 3,743,396 |
| Road network | 1,568,385 | 41,673 | - | 1,610,058 |
| Bridge network | 258,081 | 16,218 | - | 274,299 |
| Total accumulated depreciation | <u>10,034,546</u> | <u>768,091</u> | <u>68,650</u> | <u>10,733,987</u> |
| Net depreciable capital assets | <u>12,921,575</u> | <u>(5,973)</u> | <u>15,581</u> | <u>12,900,021</u> |
| Governmental activities capital assets | <u>\$ 14,520,958</u> | <u>\$ 542,163</u> | <u>\$ 15,581</u> | <u>\$ 15,047,540</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 6. CAPITAL ASSETS (continued)

Depreciation expense for governmental activities was charged to functions as follows:

| | |
|--|-------------------|
| General government | \$ 275,974 |
| Public safety | 125,298 |
| Public works, including road and bridge networks | 147,738 |
| Culture and recreation | 219,081 |
| | <u>\$ 768,091</u> |

Capital asset activity for business-type activities for the year ended September 30, 2021, was as follows:

| | <i><u>Beginning Balance</u></i> | <i><u>Additions</u></i> | <i><u>Retirements</u></i> | <i><u>Ending Balance</u></i> |
|---|-------------------------------------|-------------------------|---------------------------|----------------------------------|
| Business-Type Activities: | | | | |
| Non-depreciable capital assets: | | | | |
| Land | \$ 753,080 | \$ - | \$ - | \$ 753,080 |
| Construction in progress | 10,659,412 | 4,649,533 | 27,228 | 15,281,717 |
| Total non-depreciable capital assets | <u>11,412,492</u> | <u>4,649,533</u> | <u>27,228</u> | <u>16,034,797</u> |
| Depreciable capital assets: | | | | |
| Distribution plant | 70,819,216 | 1,938,864 | 248,014 | 72,510,066 |
| Machinery and equipment | 7,164,378 | 622,768 | - | 7,787,146 |
| Total depreciable capital assets | <u>77,983,594</u> | <u>2,561,632</u> | <u>248,014</u> | <u>80,297,212</u> |
| Less accumulated depreciation for: | | | | |
| Distribution plant | 36,310,852 | 1,920,028 | 364,340 | 37,866,540 |
| Machinery and equipment | 6,091,606 | 420,064 | - | 6,511,670 |
| Total accumulated depreciation | <u>42,402,458</u> | <u>2,340,092</u> | <u>364,340</u> | <u>44,378,210</u> |
| Net depreciable capital assets | <u>35,581,136</u> | <u>221,540</u> | <u>(116,326)</u> | <u>35,919,002</u> |
| Business-Type activities capital assets | <u>\$ 46,993,628</u> | <u>\$ 4,871,073</u> | <u>\$ (89,098)</u> | <u>\$ 51,953,799</u> |

Depreciation expense for business-type activities was charged to functions as follows:

| | |
|-----------------------------------|---------------------|
| Electric | \$ 1,497,776 |
| Gas | 365,600 |
| Water | 217,864 |
| Sewer | 239,022 |
| Other non-major proprietary funds | 19,830 |
| | <u>\$ 2,340,092</u> |

Commitments under executed construction contracts at September 30, 2021 amounted to \$ 2,469,966.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 6. CAPITAL ASSETS (continued)

During their fiscal year ended June 30, 2020, the City of New Albany Electric Department acquired certain real estate that will eventually serve as the primary office facility for the Department. In addition, the Department also acquired certain land upon which a substation will be constructed in the future. These properties have not been placed into service as a component of utility plant as of the fiscal year end, and, accordingly, are not yet subject to periodic depreciation charges. Until such time as these properties are placed into service as utility plant, the Department has recorded the cost of such property in nonutility plant in the accompanying statement of net position. The following is a summary of changes in nonutility plant:

| | <i>Beginning Balance</i> | <i>Additions</i> | <i>Retirements</i> | <i>Ending Balance</i> |
|---------------------|-------------------------------------|-------------------------|---------------------------|----------------------------------|
| Nonutility property | \$ 908,814 | \$ - | \$ - | \$ 908,814 |

NOTE 7. PAYABLES

Governmental activities payables at September 30, 2021, were as follows:

| | <i>Vendors</i> | <i>Salaries and Benefits</i> | <i>Other</i> | <i>Total</i> |
|-------------------------------|-----------------------|---|---------------------|---------------------|
| Governmental activities: | | | | |
| General | \$ 196,121 | \$ 145,025 | \$ 17,712 | \$ 358,858 |
| Tourism | 46,568 | 20,925 | 81 | 67,574 |
| Other governmental | 258,777 | - | 13,926 | 272,703 |
| Total governmental activities | \$ 501,466 | \$ 165,950 | \$ 31,719 | \$ 699,135 |

Business-type activity payables at September 30, 2021, were as follows:

| | <i>Vendors</i> | <i>Salaries and Benefits</i> | <i>Other</i> | <i>Total</i> |
|--------------------------------|-----------------------|---|---------------------|---------------------|
| Business-type activities: | | | | |
| Electric | \$ 4,654,512 | \$ 89,848 | \$ 824,780 | \$ 5,569,140 |
| Gas | 263,315 | 35,713 | 80,806 | 379,834 |
| Water | - | 749 | 279,769 | 280,518 |
| Sewer | 121,846 | - | 483,156 | 605,002 |
| Other business-type | 31,210 | 10,360 | 478 | 42,048 |
| Total business-type activities | \$ 5,070,883 | \$ 136,670 | \$ 1,668,989 | \$ 6,876,542 |

NOTE 8. NONCURRENT LIABILITIES

The City's noncurrent liabilities (excluding pension liability) are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. Amounts included in noncurrent liabilities due within one year represent the current maturities of long-term debt.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 8. NONCURRENT LIABILITIES (continued)

As of September 30, 2021, the governmental noncurrent liabilities consisted of the following:

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance</u> |
|----------------------------------|----------------------|----------------------|---------------------|
| Capital improvement loan | 3.000% | 7/1/2029 | \$ 159,756 |
| Capital improvement loan | 3.000% | 9/1/2026 | 58,099 |
| G.O. improvement bond | 3.000% | 6/1/2028 | 653,000 |
| Note payable to bank | 2.300% | 8/15/2038 | 1,491,518 |
| Accrual for compensated absences | | | 275,178 |
| | | | <u>\$ 2,637,551</u> |

As of September 30, 2021, the business-type noncurrent liabilities payable consisted of the following:

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance</u> |
|---|----------------------|----------------------|----------------------|
| State of MS Commission on Environmental Quality | 1.750% | 10/31/32 | \$ 332,670 |
| Combined Revenue Bond R-1 | 2.750% | 03/11/49 | 1,503,128 |
| Series 2013 Refunding Bond | 2.00%-3.25% | 05/01/33 | 2,520,000 |
| G.O. Taxable Refunding Bond Series 2021 | 1.250% | 05/16/25 | 1,405,200 |
| Series 2018 G.O. Utility Bond | 4.000% | 06/01/38 | 2,795,000 |
| Series 2018 Utility Bond Premium | | | 34,724 |
| Series 2020, MS Development Bank Note | 2.900% | 06/01/45 | 13,500,000 |
| USDA Revenue Bond #92-15 | 1.500% | 08/17/55 | 7,715,047 |
| USDA Revenue Bond #92-17 | 1.500% | | 1,220,150 |
| Accrual for compensated absences | | | 75,073 |
| | | | <u>\$ 31,100,992</u> |

The following is a summary of changes in noncurrent liabilities for the year ended September 30, 2021:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|------------------------------|------------------------------|---------------------|---------------------|---------------------------|---|
| Governmental activities: | | | | | |
| Notes payable | \$ 246,868 | \$ 1,491,518 | \$ 29,013 | \$ 1,709,373 | \$ 85,470 |
| Bonds payable | 735,000 | - | 82,000 | 653,000 | 85,000 |
| Total governmental fund debt | 981,868 | 1,491,518 | 111,013 | 2,362,373 | 170,470 |
| Compensated absences | 251,720 | 23,458 | - | 275,178 | - |
| | <u>\$ 1,233,588</u> | <u>\$ 1,514,976</u> | <u>\$ 111,013</u> | <u>\$ 2,637,551</u> | <u>\$ 170,470</u> |
| Business-type activities: | | | | | |
| Bonds payable | \$ 17,027,315 | \$ 2,643,687 | \$ 2,512,477 | \$ 17,158,525 | \$ 925,403 |
| Notes payable | 13,859,634 | - | 26,964 | 13,832,670 | 324,440 |
| Total enterprise fund debt | 30,886,949 | 2,643,687 | 2,539,441 | 30,991,195 | 1,249,843 |
| Bond premiums | 36,991 | | 2,267 | 34,724 | - |
| Compensated absences | 75,073 | - | - | 75,073 | - |
| | <u>\$ 30,999,013</u> | <u>\$ 2,643,687</u> | <u>\$ 2,541,708</u> | <u>\$ 31,100,992</u> | <u>\$ 1,249,843</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 8. NONCURRENT LIABILITIES (continued)

The City's outstanding notes payable related to governmental activities are from direct borrowings and direct placements with the Mississippi Development Authority (MDA) and a local bank. The MDA loan programs contain a provision that, in the event of default, homestead exemption reimbursements and sales tax remittances to the City may be withheld by the Mississippi Department of Finance and Administration until the related loan is certified as current by the MDA.

The City's outstanding notes payable related to business-type activities are from direct borrowing and direct placements. The note payable to the Mississippi Department of Environmental Quality is serviced from the City's sales tax receipts and the revenue note represents interim financing to be repaid from the issuance of a revenue bond at completion of the related construction project.

The annual debt service requirements to maturity, including principal and interest, for debt included in noncurrent liabilities as of September 30, 2021 are as follows:

| <i>Year Ending September 30,</i> | <i>Governmental Activities</i> | | | |
|--------------------------------------|---------------------------------|---------------------|----------------------|---------------------|
| | <i>Bonds</i> | | <i>Notes Payable</i> | |
| | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> |
| 2022 | 85,000 | 19,590 | \$ 85,470 | 40,046 |
| 2023 | 88,000 | 17,040 | 106,405 | 37,490 |
| 2024 | 90,000 | 14,400 | 109,100 | 34,795 |
| 2025 | 93,000 | 11,700 | 111,864 | 32,032 |
| 2026 | 96,000 | 8,910 | 113,544 | 29,197 |
| 2027-2031 | 201,000 | 9,090 | 494,179 | 107,611 |
| 2032-2036 | - | - | 486,912 | 52,218 |
| 2037-2038 | - | - | 201,899 | 4,674 |
| | <u>\$ 653,000</u> | <u>\$ 80,730</u> | <u>\$ 1,709,373</u> | <u>\$ 338,063</u> |
| <i>Year Ending September 30,</i> | <i>Business Type Activities</i> | | | |
| | <i>Bonds</i> | | <i>Note Payable</i> | |
| | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> |
| 2022 | 925,396 | 370,784 | 324,440 | 397,102 |
| 2023 | 943,782 | 353,288 | 584,924 | 388,005 |
| 2024 | 967,242 | 334,776 | 600,416 | 371,360 |
| 2025 | 985,980 | 315,402 | 616,918 | 354,270 |
| 2026 | 637,394 | 295,365 | 635,428 | 336,708 |
| 2027-2031 | 3,144,511 | 1,217,679 | 3,459,112 | 1,401,606 |
| 2032-2036 | 2,579,946 | 826,072 | 3,848,432 | 884,138 |
| 2037-2041 | 2,217,007 | 507,673 | 2,602,000 | 398,431 |
| 2042-2046 | 1,751,935 | 325,545 | 1,161,000 | 78,619 |
| 2047-2051 | 1,707,607 | 173,103 | - | - |
| 2052-2055 | 1,297,725 | 48,954 | - | - |
| | <u>\$ 17,158,525</u> | <u>\$ 4,768,641</u> | <u>\$ 13,832,670</u> | <u>\$ 4,610,239</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 8. NONCURRENT LIABILITIES (continued)

Revenue bonds issued by the utility departments require the departments to establish a bond and interest fund, a depreciation fund, and a contingent fund. At September 30, 2021, the System has segregated funds aggregating \$ 534,596. The balance of these accounts is included in restricted net position on the statements of net position of the Department to which the debt is allocated. Also included in restricted net position are unexpended bond funds totaling \$ 406,893.

NOTE 9. CONDUIT DEBT OBLIGATION

During the fiscal year ended September 30, 2014, the City entered into an interlocal cooperative agreement with Union County, Pontotoc County, Chickasaw County, the City of Pontotoc, the City of Houston, the Town of New Houlka, the Town of Ecu and the Town of Algoma. The interlocal agreement was entered into because the City of New Albany agreed to make application (i.e. be the “Applicant City”) with the Mississippi Development Authority through the Capital Improvements Revolving Loan Program (“CAP loan”) for purpose of securing funding necessary for GM&O Rails to Trails Recreational District of North Mississippi (of which the City of New Albany is a participating entity along with the aforementioned municipalities) to complete the construction of the Tanglefoot Trail.

The GM&O Rails to Trails Recreational District of North Mississippi (hereafter “the District”) was formed to support right-of-way purchase, development, design, construction, and management of the more than 44 miles of abandoned railroad corridor, which has become a multi-use recreational trail called “the Tanglefoot Trail”, and which spans from the City of Houston to the City of New Albany.

During the fiscal year ended September 30, 2014, the City of New Albany received advances on long-term debt under the CAP loan program of \$ 1,000,000 as a conduit for the District, in turn remitting the proceeds of those advances to the District. Under the terms of the interlocal agreement, each of the District member entities have committed an amount equal to one quarter of a mill from each of their respective general funds for fifteen consecutive years to be paid to the District to service the CAP loan debt and to maintain the Tanglefoot Trail.

Each municipality has pledged their homestead exemption or sales tax rebates as collateral for the CAP loan debt. Based on guidance of GASB Statement No. 91 issued in May 2019, this debt meets the definition of a conduit debt obligation. GASB Statement No. 91 requires that conduit debt obligations be disclosed only in the notes to the financial statements rather than being recorded as liabilities in the financial statements.

The City of New Albany has not extended any additional commitment for the debt service payments beyond the sales tax rebates pledged as collateral and the payments received from the GM&O Rails to Trails Recreational District of North Mississippi. At September 30, 2020, the conduit debt obligation has an outstanding principal amount payable of \$ 516,554, which, as outlined above, is not recognized as a liability by the City pursuant to GASB Statement No. 91. The debt matures in January 2029.

During the current fiscal year, the City of New Albany, acting as a conduit, received \$ 77,221 from the District to fund the required CAP loan note payments of \$ 65,753 in principal payments and \$ 11,468 in interest payments remitted to the Mississippi Development Authority.

As a result of the interlocal agreement, the City’s obligation (other than acting as agent for the conduit transactions outlined above) is to, annually, provide a quarter of a mill to the District. During the year ended September 30, 2021, the City’s contribution to the district amounted to \$ 18,510 which was recorded as “aid to other governments” expenditures.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 10. INTERFUND BALANCES

Inter-fund balances, included in accounts receivable and accounts payable in the applicable funds at September 30, 2021, consisted of the following:

| | <i><u>Due From General Fund</u></i> |
|---------------------|---|
| Due to Tourism Fund | \$ 35,998 |

NOTE 11. INTER-FUND TRANSFERS

Inter-fund transfers for the year ended September 30, 2021, consisted of the following:

| | | Transfer From | | | | | |
|-------------|----------------------|-------------------------|---------------------------------|----------------|--------------|------------|--------------|
| | | <i>General Fund</i> | <i>Nonmajor Proprietary</i> | <i>Tourism</i> | <i>Water</i> | <i>Gas</i> | <i>Total</i> |
| Transfer to | General fund | \$ 350,000 | \$ - | \$ - | \$ 26,000 | \$ 645,000 | \$ 1,021,000 |
| | Capital projects | 7,627 | - | 65,000 | - | - | 72,627 |
| | Nonmajor proprietary | 10,680 | - | - | - | - | 10,680 |
| | | \$ 368,307 | \$ - | \$ 65,000 | \$ 26,000 | \$ 645,000 | \$ 1,104,307 |

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

NOTE 12. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied at the city board meeting prior to September 15 and are payable in three installments on February 1, May 1, and July 1. The County bills, collects, and remits City and City Separate School District property taxes to the City. In turn, the City forwards the City Separate School District taxes to the School district. The City property tax revenues are recognized when levied to the extent that they result in current receivables.

NOTE 13. RELATED PARTY TRANSACTIONS

The City provides all four utility departments with certain services of the Mayor and Board of Aldermen at no charge.

Electricity is supplied to the Electric Department by the Tennessee Valley Authority under a contract which limits the withdrawal of profits from the Department by the City to a computed in-lieu-of property tax payment and a 3% annual return on the City's investment in the Department.

The Electric Department's billings to customers are combined with those of the City's other utility departments. The Electric Department services the accounts receivable, reimbursing the other utility departments for total billings each month and adjusting for bad debts, forfeited discounts and other adjustments on a periodic basis. Various purchases and payroll are paid by the Electric Department on behalf of the City's other utility departments and are later reimbursed. Included in accounts payable at September 30, 2021 are \$ 481,732 for amounts owed to the Electric Department for such expenses by the other utility departments.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 13. RELATED PARTY TRANSACTIONS (continued)

During the year ended June 30, 2021, the Electric Department transferred \$ 1,081,800 in cash payments to the City of New Albany. During the year ended September 30, 2021, the other utility departments transferred \$ 671,000 in cash payments to the City of New Albany. The four utility departments also conduct other transactions with each other. These transactions are routine in nature and are not material to the financial statements of the utility departments or to the City.

NOTE 14. LEASING ARRANGEMENTS

The Electric, Gas and Water & Sewer Departments lease certain equipment, as needed, for repairs or additions to the system under day-to-day or month-to-month terms. The Departments also incur a monthly facilities rental charge payable to Tennessee Valley Authority. Rental expense related to these leases for the Electric Department amounted to \$ 124,817 during the year ended June 30, 2021, for the Gas, Water, and Sewer Departments amounted to \$ 12,526 during the year ended September 30, 2021.

NOTE 15. FINANCIAL INSTRUMENTS

The carrying amount of cash, investments, accounts and other receivables, accounts payable and accrued expenses approximates fair value because of the short maturity of these financial instruments.

NOTE 16. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability and workers' compensation coverage. The City joined the Mississippi Municipal Service Company (the Company), which is a public entity risk pool established in 1991 by the Mississippi Municipal League. The City pays annual premiums to the Company for the above policies. The Company provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risks of property damage and employee dishonesty. Settled claims have not exceeded this commercial coverage or the coverage provided by the Company in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year.

NOTE 17. JOINT VENTURES

The City participates in the following joint ventures with Union County, Mississippi. The financial statements for these ventures may be obtained directly from the entity.

New Albany Main Street Association is involved in promotion of downtown business. For the fiscal year ended September 30, 2021, the City provided \$ 25,322 in support to the Association.

The Union County Library administers the countywide library. For the fiscal year ended September 30, 2021, the City provided \$ 50,000 in support to the Library.

Union County Development Association is involved in business development. For the fiscal year ended September 30, 2021, the City provided \$ 30,500 in support to the Association.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 17. JOINT VENTURES (continued)

The City has entered into a Memorandum of Understanding with Union County to foster economic develop and pursue certain industries. In conjunction with these agreements, the City may purchase certain real estate and be jointly liable for acquisition indebtedness in order to entice certain businesses to domicile within the City.

Union County Literacy Council is involved in the promotion of literacy throughout the county. For the fiscal year ended September 30, 2021, the City provided \$ 4,800 in support to the Council.

Union County Welfare Department administers the operations of the local welfare department. For the fiscal year ended September 30, 2021, the City provided \$ 5,400 in support to the Department.

Union County Health Department administers the operations of the local health department. For the fiscal year ended September 30, 2021, the City provided \$ 3,600 in support to the Department.

Union County Heritage Museum administers the operations of the local museum. For the fiscal year ended September 30, 2021, the City provided \$ 48,316 in support to the Museum.

The City's activities with The GM&O Rails to Trails Recreational District of North Mississippi are discussed in Note 8.

The City also provides support to various other organizations that it feels are vital to the community.

NOTE 18. MAGNOLIA CIVIC CENTER

The City has committed to the renovation and maintenance of the Magnolia Civic Center in the old Cine' Theater and surrounding buildings. The City is leasing one of these buildings from BNA Bank under a 50-year lease of \$ 1 a year.

NOTE 19. NEW ALBANY/UNION COUNTY AIRPORT

In April 2004, the City assumed responsibility for the finances of the New Albany/Union County Airport after the Airport's board was disbanded. An enterprise fund was established and is reflected in these financial statements.

NOTE 20. ADVANCE PAYMENTS RECEIVED

During the year ended September 30, 2011, the City sold the naming rights to the local sportsplex facility to a local business for \$ 500,000 and renamed the sportsplex facility "BNA Bank Park". The agreement runs for a 20 year period, and, pursuant to the provisions of GASB 48, represents the sale of future revenues. GASB 48 requires sales of future revenues be reported as deferred inflows and amortized over the life of the sale agreement using a systematic and rational method. During the year ended September 30, 2021, the City recognized revenue of \$ 25,000 related to this sale agreement with the unamortized balance of \$ 237,500 included in deferred inflows of resources in the Tourism Fund.

During the year, the City was the recipient of Coronavirus State and Local Fiscal Recovery Funds totaling \$ 1,075,941. These funds were made available by the American Rescue Plan Act of 2021 and allocated through the Mississippi Municipal League. Based on guidelines issued by the US Department of Treasury, funds may be used to fill revenue shortfalls of the local government, support public health expenditures, address negative economic impacts caused by the public health emergency, aid the communities and populations hardest hit by the crisis, provide premium pay for essential workers and invest in water sewer, and broadband infrastructure. At this time the City has not determined how the funds will be used. Such funds can be used for eligible costs incurred during the period that begins on March 3, 2021 and ending on December 31, 2024. In accordance with the general terms of the award, funds paid to a recipient in excess of amounts to which the recipient is finally determined to be authorized to retain under the terms of the award constitutes a debt to the federal government. Accordingly, at Sep-

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 20. ADVANCE PAYMENTS RECEIVED (continued)

tember 30, 2021, the City accounted for these grant funds as advance payments in the government-wide statement of net position. However, due to the long-term nature of the related liability, the award was accounted for a grant revenue and restricted fund balance in the fund financial statements.

Other advance payments received included in deferred inflows relate to payments in lieu of taxes received from the City's Electric Department allocable to a future period.

NOTE 21. FUND BALANCE REPORTING

Fund balances reported in the governmental funds are classified based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The various classifications are:

Nonspendable – includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted – includes amounts where constraints are placed on the use of the resources by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation. The City's restricted fund balances relate to grant funds provided by resource providers for specific purposes.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Aldermen.

Assigned – includes amounts intended to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the residual classification.

NOTE 22. PENSION PLAN

A. General Information about the Pension Plan

Plan description

The Public Employee's Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, or other public employees whose employers have elected to participate in PERS and elected members of the State Legislature and the President of the Senate. PERS administers a cost-sharing, multiple employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*.

Benefits provided

For the cost-sharing plan 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 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. (the actuarial reduction for less than 30 years or below age 65 apply only to those who became members on or after July 1, 2011) 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

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 22. PENSION PLAN (continued)

for life with a 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.

Contributions

Pursuant to Miss. Code Ann. § 25-11-123 (1972, as amended), the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation. Effective July 1, 2010 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, the employee contribution rate was fixed at 9.00 percent of earned compensation. The City's contractually required contribution rate, effective July 1, 2019 was 17.4 percent of earned compensation. Contributions to the pension plan from the City as a whole were \$ 1,363,599 for the year ended September 30, 2021.

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

At September 30, 2021, the City reported a liability of \$ 19,382,049 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contribution (including contributions by New Albany Light, Gas & Water) to the total actual contributions of all participating employers to PERS as of and for the PERS fiscal year ended June 30, 2021. At June 30, 2021, the City's proportion was 0.1187%, which was an increase of .0061% from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$ 1,654,077.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> |
|---|--|---|
| Differences between expected and actual experience | \$ 253,172 | \$ - |
| Changes in assumptions | 937,506 | - |
| Net difference between projected and actual earnings on pension plan investments | 318,875 | 3,499,161 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 1,920,185 | 17,927 |
| City contributions subsequent to the measurement date | 681,994 | - |
| | <u>\$ 4,111,732</u> | <u>\$ 3,517,088</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 22. PENSION PLAN (continued)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Years ended June 30, | |
|----------------------|--------------------|
| 2022 | \$ 112,555 |
| 2023 | 239,072 |
| 2024 | 106,875 |
| 2025 | (545,852) |
| Thereafter | - |
| | <u>\$ (87,350)</u> |

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020 and a measurement date determined of June 30, 2021 using standard roll forward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on PubS.H-2010(B) Retiree Table with the following adjustments. For males 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubS.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2020.

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 as of June 30, 2021, are summarized in the following table:)

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 22. PENSION PLAN (continued)

| <i>Asset Class</i> | <i>Target Allocation</i> | <i>Long-term Expected Real Rate of Return</i> |
|----------------------|------------------------------|---|
| Domestic equity | 27.00 % | 4.60 % |
| International equity | 22.00 | 4.50 % |
| Global equity | 12.00 | 4.80 % |
| Debt securities | 20.00 | (0.25) % |
| Real estate | 10.00 | 3.75 % |
| Private equity | 8.00 | 6.00 % |
| Cash | 1.00 | (1.00) % |
| | <u>100.00 %</u> | |

Discount rate

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at the current employer contribution rate. 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.

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | <i>1% Decrease</i> | <i>Current Discount Rate</i> | <i>1% Increase</i> |
|--|------------------------|--------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$ 24,851,140 | \$ 17,547,335 | \$ 11,528,418 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which can be obtained at www.pers.ms.gov.

Payables to the pension plan

Amounts included in accounts payable and accrued expenses related to PERS contributions payable at September 30, 2021 are not material to the financial statements.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Financial Statements September 30, 2021

NOTE 23. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses based on the authority provided under Mississippi Code Section 27-31-105. Under the code section, the City may grant exemption from ad valorem taxes levied by the City to certain entities defined under code section 27-31-101. The exemption applies to additions to or expansions of facilities or properties, or replacements of equipment used in connection with or necessary to the operation of such enterprises and extends for a period not to exceed ten years. The purpose of the abatement is to attract or retain business within their jurisdiction. The City has not made any commitments as part of the agreements other than to reduce taxes.

For the year ended September 30, 2021, the City abated property taxes totaling \$ 71,442. Seven new agreements were entered into by the City in 2021 and twenty-one agreements were in effect as of the end of the reporting period.

NOTE 24. MAJOR CUSTOMER

During the year ended June 30, 2021 one customer accounted for approximately 12.89% of total electric operating revenue.

NOTE 25. UNCERTAINTIES

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The City is considered an “essential business” and thus has not been subjected to “stay-at-home” orders and other restrictions issued by state and local governments. Through the date of the independent auditor’s report, the City continues with its normal operations.

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the City’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, effectiveness of vaccines, and the impact on our citizens, employees and vendors all of which are uncertain and cannot be predicted. At this time, the extent to which COVID-19 may impact the City’s financial condition or results of operations is uncertain.

Required Supplementary Information

CITY OF NEW ALBANY, MISSISSIPPI
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2021

| | Budgeted Amounts | | Actual Amounts Budgetary | Variance with Final Budget Positive (Negative) |
|----------------------------|-------------------------|------------------|---|---|
| | Original | Final | Basis | |
| Revenues: | | | | |
| Taxes | \$ 1,214,800 | \$ 1,214,800 | \$ 1,207,178 | \$ (7,622) |
| Licenses and permits | 137,450 | 140,228 | 144,228 | 4,000 |
| Intergovernmental revenue | 4,594,260 | 4,892,316 | 4,878,623 | (13,693) |
| Charges for services | 224,772 | 241,309 | 241,768 | 459 |
| Fines and forfeitures | 317,000 | 317,000 | 176,791 | (140,209) |
| Investment earnings | 15,500 | 15,500 | 9,852 | (5,648) |
| Miscellaneous | 120,500 | 120,500 | 110,085 | (10,415) |
| Total Revenues | <u>6,624,282</u> | <u>6,941,653</u> | <u>6,768,525</u> | <u>(173,128)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Legislative: | | | | |
| Personal services | 130,042 | 130,042 | 125,371 | 4,671 |
| Supplies | 50 | 50 | - | 50 |
| Other services and charges | 12,775 | 12,775 | 8,887 | 3,888 |
| | <u>142,867</u> | <u>142,867</u> | <u>134,258</u> | <u>8,609</u> |
| Judicial: | | | | |
| Personal services | 180,087 | 180,087 | 170,985 | 9,102 |
| Supplies | 5,800 | 5,800 | 3,084 | 2,716 |
| Other services and charges | 35,290 | 35,290 | 25,591 | 9,699 |
| Capital outlay | - | - | - | - |
| | <u>221,177</u> | <u>221,177</u> | <u>199,660</u> | <u>21,517</u> |
| Executive: | | | | |
| Personal services | 161,869 | 161,869 | 159,877 | 1,992 |
| Supplies | 5,550 | 5,550 | 1,674 | 3,876 |
| Other services and charges | 8,800 | 8,800 | 4,680 | 4,120 |
| Capital outlay | - | - | - | - |
| | <u>176,219</u> | <u>176,219</u> | <u>166,231</u> | <u>9,988</u> |
| Elections: | | | | |
| Personal services | 11,500 | 11,500 | 6,968 | 4,532 |
| Supplies | 750 | 750 | 154 | 596 |
| Other services and charges | 13,300 | 13,300 | 7,142 | 6,158 |
| Capital outlay | - | - | - | - |
| | <u>25,550</u> | <u>25,550</u> | <u>14,264</u> | <u>11,286</u> |
| Financial: | | | | |
| Personal services | 154,952 | 154,952 | 137,875 | 17,077 |
| Supplies | 6,850 | 6,850 | 4,745 | 2,105 |
| Other services and charges | 81,925 | 81,925 | 68,951 | 12,974 |
| | <u>243,727</u> | <u>243,727</u> | <u>211,571</u> | <u>32,156</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Budgetary Comparison Schedule - General Fund (Continued)

For the Year Ended September 30, 2021

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------------|------------------|---|---|
| | Original | Final | | |
| Expenditures - Continued: | | | | |
| Legal: | | | | |
| Personal services | 93,281 | 93,281 | 92,009 | 1,272 |
| Supplies | 50 | 50 | - | 50 |
| Other services and charges | 7,750 | 7,750 | 3,876 | 3,874 |
| | <u>101,081</u> | <u>101,081</u> | <u>95,885</u> | <u>5,196</u> |
| Building Inspector: | | | | |
| Personal services | 131,996 | 131,996 | 131,505 | 491 |
| Supplies | 12,250 | 12,250 | 7,076 | 5,174 |
| Other services and charges | 18,700 | 18,700 | 11,968 | 6,732 |
| | <u>162,946</u> | <u>162,946</u> | <u>150,549</u> | <u>12,397</u> |
| Public property: | | | | |
| Personal services | 144,762 | 144,762 | 143,061 | 1,701 |
| Supplies | 11,700 | 11,700 | 7,188 | 4,512 |
| Other services and charges | 111,100 | 111,100 | 89,823 | 21,277 |
| Capital outlay | 10,000 | 10,000 | 4,351 | 5,649 |
| | <u>277,562</u> | <u>277,562</u> | <u>244,423</u> | <u>33,139</u> |
| Miscellaneous: | | | | |
| Personal services | 10,000 | 10,000 | 7,390 | 2,610 |
| Supplies | 750 | 750 | 719 | 31 |
| Other services and charges | 362,974 | 362,974 | 352,716 | 10,258 |
| | <u>373,724</u> | <u>373,724</u> | <u>360,825</u> | <u>12,899</u> |
| Public Safety: | | | | |
| Police: | | | | |
| Personal services | 1,858,612 | 1,858,612 | 1,827,718 | 30,894 |
| Supplies | 147,200 | 173,204 | 173,204 | - |
| Other services and charges | 162,200 | 162,200 | 153,116 | 9,084 |
| Capital outlay | 42,500 | 42,500 | 39,165 | 3,335 |
| | <u>2,210,512</u> | <u>2,236,516</u> | <u>2,193,203</u> | <u>43,313</u> |
| Fire: | | | | |
| Personal services | 1,246,657 | 1,246,657 | 1,193,620 | 53,037 |
| Supplies | 78,975 | 78,975 | 68,299 | 10,676 |
| Other services and charges | 65,100 | 65,100 | 50,373 | 14,727 |
| Capital outlay | 5,000 | 5,000 | 918 | 4,082 |
| | <u>1,395,732</u> | <u>1,395,732</u> | <u>1,313,210</u> | <u>82,522</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Budgetary Comparison Schedule - General Fund (Continued)

For the Year Ended September 30, 2021

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|---|---|
| | Original | Final | | |
| Expenditures - Continued: | | | | |
| Streets: | | | | |
| Personal services | 549,251 | 549,251 | 443,668 | 105,583 |
| Supplies | 157,751 | 157,751 | 120,354 | 37,397 |
| Other services and charges | 223,050 | 223,050 | 179,674 | 43,376 |
| Capital outlay | 74,800 | 74,800 | 65,863 | 8,937 |
| | <u>1,004,852</u> | <u>1,004,852</u> | <u>809,559</u> | <u>195,293</u> |
| Recreation: | | | | |
| Personal services | 587,532 | 587,532 | 544,818 | 42,714 |
| Supplies | 215,950 | 215,950 | 192,560 | 23,390 |
| Other services and charges | 87,150 | 87,150 | 85,569 | 1,581 |
| Capital outlay | 14,200 | 14,200 | 12,571 | 1,629 |
| | <u>904,832</u> | <u>904,832</u> | <u>835,518</u> | <u>69,314</u> |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in (out) | 614,000 | 614,000 | 311,373 | (302,627) |
| Proceeds from the disposal of capital assets | 2,500 | 2,500 | - | (2,500) |
| | <u>616,500</u> | <u>616,500</u> | <u>311,373</u> | <u>(305,127)</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 1 | 291,368 | 350,742 | <u>\$ 59,374</u> |
| Fund balance - beginning of year | <u>2,443,531</u> | <u>2,399,813</u> | <u>2,527,323</u> | |
| Fund balance - end of year | <u>\$ 2,443,532</u> | <u>\$ 2,691,181</u> | <u>\$ 2,878,065</u> | |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budgetary basis | | | 350,742 | |
| Revenues and expense accruals, net | | | <u>(10,063)</u> | |
| Change in fund balance of operations general fund | | | 340,679 | |
| Change in fund balance of other funds accounted for as general funds | | | | |
| Clearing accounts | | | 428 | |
| CDBG Grant funds | | | 411 | |
| Water and Sewer Improvement fund | | | 3,825 | |
| Street Improvement fund | | | 627,796 | |
| HUD Programs | | | - | |
| Health Reimbursement fund | | | 4,757 | |
| Unemployment Tax fund | | | - | |
| Flexible Spending fund | | | <u>-</u> | |
| Modified accrual basis | | | <u>\$ 977,896</u> | |

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

CITY OF NEW ALBANY, MISSISSIPPI
Budgetary Comparison Schedule - Tourism Fund
For the Year Ended September 30, 2021

| | Budgeted Amounts | | Actual Amounts Budgetary | Variance with Final Budget Positive (Negative) |
|----------------------------|-------------------------|--------------|---|---|
| | Original | Final | Basis | |
| Revenues: | | | | |
| Project donations | \$ 10,000 | \$ 10,000 | \$ - | (10,000) |
| Intergovernmental revenue | 956,101 | 995,215 | 1,018,045 | 22,830 |
| Miscellaneous revenue | 14,500 | 14,500 | 730 | (13,770) |
| Investment earnings | 3,000 | 3,000 | 3,940 | 940 |
| Total Revenues | 983,601 | 1,022,715 | 1,022,715 | - |
| Expenditures: | | | | |
| General government: | | | | |
| Heritage Museum | | | | |
| Personal services | 123,667 | 123,667 | 122,331 | 1,336 |
| Other services and charges | 27,316 | 27,316 | 24,729 | 2,587 |
| Capital outlay | 25,000 | 25,000 | 25,000 | - |
| | 175,983 | 175,983 | 172,060 | 3,923 |
| City Beautification: | | | | |
| Other services and charges | 93,162 | 93,162 | 93,074 | 88 |
| | 93,162 | 93,162 | 93,074 | 88 |
| Cine' Restoration: | | | | |
| Other services and charges | 15,000 | 15,000 | 15,000 | - |
| Capital outlay | 40,000 | 40,000 | 40,000 | - |
| | 55,000 | 55,000 | 55,000 | - |
| Tourism & Marketing | | | | |
| Personal services | 144,206 | 144,206 | 140,666 | 3,540 |
| Consumable supplies | 115,200 | 115,200 | 113,746 | 1,454 |
| | 259,406 | 259,406 | 254,412 | 4,994 |
| New Albany Main Street: | | | | |
| Other services and charges | 14,000 | 14,000 | 14,000 | - |
| | 14,000 | 14,000 | 14,000 | - |

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

CITY OF NEW ALBANY, MISSISSIPPI

Budgetary Comparison Schedule - Tourism Fund (Continued)

For the Year Ended September 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts Budgetary Basis</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-----------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures - Continued: | | | | |
| Miscellaneous: | | | | |
| Other services and charges | 282,000 | 282,000 | 242,572 | 39,428 |
| Capital outlay | <u>104,050</u> | <u>104,050</u> | <u>104,050</u> | <u>-</u> |
| | <u>386,050</u> | <u>386,050</u> | <u>346,622</u> | <u>39,428</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | - | 39,114 | 87,547 | <u>\$ 48,433</u> |
| Fund balance - beginning of year | <u>305,283</u> | <u>305,283</u> | <u>257,900</u> | |
| Fund balance - end of year | <u>\$ 305,283</u> | <u>\$ 344,397</u> | <u>\$ 345,447</u> | |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budgetary basis | | | 87,547 | |
| Revenue and expense accruals, net | | | <u>37,749</u> | |
| Modified accrual basis | | | <u>\$ 125,296</u> | |

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

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Required Supplementary Information - Pension

Last 8 Fiscal Years*

Schedule of the City's Proportionate Share of the Net Pension Liability

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability | 0.1187% | 0.1126% | 0.1127% | 0.1088% | 0.1065% | 0.1031% | 0.1039% | 0.1001% |
| City's proportionate share of the net pension liability | \$ 19,382,049 | \$ 21,188,881 | \$ 19,460,620 | \$ 18,087,555 | \$ 18,128,584 | \$ 17,576,074 | \$ 14,925,261 | \$ 12,721,932 |
| City's covered-employee payroll | \$ 7,836,776 | \$ 7,787,701 | \$ 7,243,371 | \$ 6,985,445 | \$ 7,002,406 | \$ 6,512,057 | \$ 6,298,343 | \$ 6,179,214 |
| City's proportionate share of the net pension liability as a percentage of its covered employee payroll | 247.3217% | 272.0813% | 268.6680% | 258.9320% | 258.8908% | 269.9005% | 236.9712% | 205.8827% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.4374% | 58.9735% | 61.5884% | 62.5351% | 61.4901% | 57.4677% | 61.7040% | 67.2077% |

* - The amounts presented for each fiscal year were determined as of 6/30

Schedule of City Contributions - PERS

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Contractually required contribution | \$ 1,363,599 | \$ 1,355,060 | \$ 1,140,831 | \$ 1,100,162 | \$ 1,102,879 | \$ 1,025,649 | \$ 991,989 | \$ 973,226 |
| Contributions in relation to contractually required contribution | <u>(1,363,599)</u> | <u>(1,355,060)</u> | <u>(1,140,831)</u> | <u>(1,100,162)</u> | <u>(1,102,879)</u> | <u>(1,025,649)</u> | <u>(991,989)</u> | <u>(973,226)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 7,836,776 | \$ 7,787,701 | \$ 7,243,371 | \$ 6,985,445 | \$ 7,002,406 | \$ 6,512,057 | \$ 6,298,343 | \$ 6,179,214 |
| Contributions as a percentage of covered-employee payroll | 17.40% | 17.40% | 15.75% | 15.75% | 15.75% | 15.75% | 15.75% | 15.75% |

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

CITY OF NEW ALBANY, MISSISSIPPI

Notes to the Required Supplementary Information September 30, 2021

NOTE 1. BUDGETARY COMPARISON SCHEDULE

Budgets are adopted on a modified cash basis. Annual appropriated budgets are adopted for the general fund, except for the ongoing grant programs, and the tourism fund. All annual appropriations lapse at fiscal year-end. The budget can be amended by appropriate action of the Board of Aldermen.

NOTE 2. PENSION LIABILITY AND CONTRIBUTIONS

Changes in assumptions

- 2021
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77.
 - For females, 84% of female rates up to age 72 and 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was changed to PubG.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% for female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
 - The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% for female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 2.75% to 2.40%.
 - The wage inflation assumption was reduced from 3.00% to 2.65%.
 - The investment rate of return assumption was changed from 7.75% to 7.55%.
 - The assumed load for administrative expenses was increased from 0.25% to 0.28% of pay- roll.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
 - The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to the Required Supplementary Information September 30, 2021

Changes in assumptions (continued)

- 2019
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of males rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The wage inflation assumption was reduced from 3.25% to 3.00%.
 - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2017
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
 - The wage inflation assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

CITY OF NEW ALBANY, MISSISSIPPI

Notes to the Required Supplementary Information September 30, 2021

Changes in assumptions (continued)

- 2015
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes in benefit terms

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

Changes in size or composition of the population covered by the benefit terms

None identified during periods presented in the required supplementary information

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 28.8 years |
| Asset valuation method | 5-year smoothed market |
| Price inflation | 2.75 percent |
| Salary increase | 3.00 percent to 18.25 percent, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

Combining Fund Statements

CITY OF NEW ALBANY, MISSISSIPPI
Combining Balance Sheets - All General Funds
September 30, 2021

| | General Fund | Clearing Accounts | CDBG Grants | Water & Sewer Improvement Fund | Street Improvement Fund | HUD Programs | Health Reimburse- ment Account | Unemployment Tax | Flexible Spending | Total General Funds |
|--|-------------------------|------------------------------|------------------------|---|--|-------------------------|---|-----------------------------|------------------------------|------------------------------------|
| ASSETS | | | | | | | | | | |
| Cash | \$ 1,004,136 | \$ (8,348) | \$ 51,649 | \$ 131,827 | \$ 1,924,486 | \$ 60 | \$ 20,440 | \$ 1,728 | \$ 7,701 | \$ 3,133,679 |
| Investments | 1,596,247 | - | - | 653,276 | - | - | - | 15,303 | - | 2,264,826 |
| Prepaid expenses | 8,817 | - | - | - | - | - | - | - | - | 8,817 |
| Due from other funds | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | <u>703,492</u> | <u>264</u> | <u>832</u> | <u>788</u> | <u>15,352</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>720,728</u> |
| | <u>\$ 3,312,692</u> | <u>\$ (8,084)</u> | <u>\$ 52,481</u> | <u>\$ 785,891</u> | <u>\$ 1,939,838</u> | <u>\$ 60</u> | <u>\$ 20,440</u> | <u>\$ 17,031</u> | <u>\$ 7,701</u> | <u>\$ 6,128,050</u> |
| LIABILITIES | | | | | | | | | | |
| Accounts payable and accrued expenses | <u>\$ 325,683</u> | <u>\$ (9,665)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,108</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,031</u> | <u>\$ 7,701</u> | <u>\$ 358,858</u> |
| | <u>325,683</u> | <u>(9,665)</u> | <u>-</u> | <u>-</u> | <u>18,108</u> | <u>-</u> | <u>-</u> | <u>17,031</u> | <u>7,701</u> | <u>358,858</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| Advance payments received | <u>82,150</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>82,150</u> |
| FUND BALANCES | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | 500,000 | - | - | - | - | - | - | - | - | 500,000 |
| Assigned | - | - | 52,481 | 785,891 | 1,921,730 | 60 | 20,440 | - | - | 2,780,602 |
| Unassigned | <u>2,404,859</u> | <u>1,581</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,406,440</u> |
| | <u>2,904,859</u> | <u>1,581</u> | <u>52,481</u> | <u>785,891</u> | <u>1,921,730</u> | <u>60</u> | <u>20,440</u> | <u>-</u> | <u>-</u> | <u>5,687,042</u> |
| | <u>\$ 3,312,692</u> | <u>\$ (8,084)</u> | <u>\$ 52,481</u> | <u>\$ 785,891</u> | <u>\$ 1,939,838</u> | <u>\$ 60</u> | <u>\$ 20,440</u> | <u>\$ 17,031</u> | <u>\$ 7,701</u> | <u>\$ 6,128,050</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All General Funds

For the Year Ended September 30, 2021

| | General Fund | Clearing Accounts | CDBG Grants | Water & Sewer Improvement Fund | Street Improvement Fund | HUD Programs | Health Reimburse- ment Account | Unemployment Tax | Flexible Spending | Total General Funds |
|--|-------------------------|------------------------------|------------------------|---|--|-------------------------|---|-----------------------------|------------------------------|------------------------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 1,254,967 | \$ - | \$ - | \$ - | \$ 513,645 | \$ - | \$ - | \$ - | \$ - | \$ 1,768,612 |
| Licenses and permits | 144,228 | - | - | - | - | - | - | - | - | 144,228 |
| Intergovernmental revenue | 4,901,893 | - | - | - | 358,110 | - | - | - | - | 5,260,003 |
| Charges for services | 243,188 | - | - | - | - | - | - | - | - | 243,188 |
| Fines and forfeitures | 175,122 | - | - | - | - | - | - | - | - | 175,122 |
| Investment earnings | 13,612 | 428 | 411 | 3,825 | 13,296 | - | 87 | - | - | 31,659 |
| Miscellaneous | 110,312 | - | - | - | - | - | - | - | - | 110,312 |
| Total Revenues | <u>6,843,322</u> | <u>428</u> | <u>411</u> | <u>3,825</u> | <u>885,051</u> | <u>-</u> | <u>87</u> | <u>-</u> | <u>-</u> | <u>7,733,124</u> |
| Expenditures: | | | | | | | | | | |
| General government | 1,579,932 | - | - | - | 12,396 | - | 15,330 | - | - | 1,607,658 |
| Public safety | 3,507,489 | - | - | - | - | - | - | - | - | 3,507,489 |
| Public works | 755,963 | - | - | - | - | - | - | - | - | 755,963 |
| Culture and recreation | 835,138 | - | - | - | - | - | - | - | - | 835,138 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - |
| Interest and other charges | 3,947 | - | - | - | - | - | - | - | - | 3,947 |
| Capital outlay | 122,867 | - | - | - | 574,859 | - | - | - | - | 697,726 |
| Total Expenditures | <u>6,805,336</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>587,255</u> | <u>-</u> | <u>15,330</u> | <u>-</u> | <u>-</u> | <u>7,407,921</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>37,986</u> | <u>428</u> | <u>411</u> | <u>3,825</u> | <u>297,796</u> | <u>-</u> | <u>(15,243)</u> | <u>-</u> | <u>-</u> | <u>325,203</u> |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers in | 671,000 | - | - | - | 330,000 | - | 20,000 | - | - | 1,021,000 |
| Transfers out | (368,307) | - | - | - | - | - | - | - | - | (368,307) |
| Total Other Financing Sources | <u>302,693</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>330,000</u> | <u>-</u> | <u>20,000</u> | <u>-</u> | <u>-</u> | <u>652,693</u> |
| Net Change in Fund Balances | 340,679 | 428 | 411 | 3,825 | 627,796 | - | 4,757 | - | - | 977,896 |
| Fund balances - beginning | 2,564,180 | 1,153 | 52,070 | 782,066 | 1,293,934 | 60 | 15,683 | - | - | 4,709,146 |
| Fund balances - ending | <u>\$ 2,904,859</u> | <u>\$ 1,581</u> | <u>\$ 52,481</u> | <u>\$ 785,891</u> | <u>\$ 1,921,730</u> | <u>\$ 60</u> | <u>\$ 20,440</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,687,042</u> |

CITY OF NEW ALBANY, MISSISSIPPI
Combining Balance Sheets - Nonmajor Governmental Funds
September 30, 2021

| | Special Revenue | | | | | | | | | | Total |
|---------------------------------------|-------------------|-----------------------------|--------------|-----------------------|---------------------------|-----------------|--------------------|------------------|---------------------|-------------------|---------------------|
| | Fire | New Albany/ Union County | | Local | Keep | | | Tallahatchie | Freedom | | Special |
| | Protection | Drug Task Force | COPS | Records Management | Union County Beautiful | Dare Program | Law Enforcement | River Players | Celebration 2007 | CAP Loans | Revenue Funds |
| ASSETS | | | | | | | | | | | |
| Cash | \$ 798,898 | \$ 121,504 | \$ 12 | \$ 4,110 | \$ 2,291 | \$ 1,867 | \$ 31 | \$ 3,045 | \$ 4,241 | \$ 21,111 | \$ 957,110 |
| Investments | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | 2,199 | 743 | - | - | - | - | - | - | - | - | 2,942 |
| Lease receivable | - | - | - | - | - | - | - | - | - | 107,213 | 107,213 |
| | <u>\$ 801,097</u> | <u>\$ 122,247</u> | <u>\$ 12</u> | <u>\$ 4,110</u> | <u>\$ 2,291</u> | <u>\$ 1,867</u> | <u>\$ 31</u> | <u>\$ 3,045</u> | <u>\$ 4,241</u> | <u>\$ 128,324</u> | <u>\$ 1,067,265</u> |
| LIABILITIES | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 29,155 | \$ 21,178 | \$ - | \$ 98 | \$ (132) | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ 50,300 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | |
| Lease principal | - | - | - | - | - | - | - | - | - | 99,878 | 99,878 |
| Lease interest | - | - | - | - | - | - | - | - | - | 7,039 | 7,039 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>106,917</u> | <u>106,917</u> |
| FUND BALANCE | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - | - |
| Assigned | 771,942 | 101,069 | 12 | 4,012 | 2,423 | 1,867 | 31 | 3,045 | 4,241 | 21,406 | 910,048 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - |
| | <u>771,942</u> | <u>101,069</u> | <u>12</u> | <u>4,012</u> | <u>2,423</u> | <u>1,867</u> | <u>31</u> | <u>3,045</u> | <u>4,241</u> | <u>21,406</u> | <u>910,048</u> |
| | <u>\$ 801,097</u> | <u>\$ 122,247</u> | <u>\$ 12</u> | <u>\$ 4,110</u> | <u>\$ 2,291</u> | <u>\$ 1,867</u> | <u>\$ 31</u> | <u>\$ 3,045</u> | <u>\$ 4,241</u> | <u>\$ 128,324</u> | <u>\$ 1,067,265</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Combining Balance Sheets - Nonmajor Governmental Funds (Continued)

September 30, 2021

| | Debt Service | | Capital Projects | | | | | | | Total Capital Project Funds | Total All Nonmajor Funds |
|---------------------------------------|-----------------|--------------------------|----------------------|--|---------------------------------------|-----------------------|--|----------------------|-----------------|-----------------------------|--------------------------|
| | Industrial Park | Total Debt Service Funds | American Rescue Plan | Economic and Industrial Development Fund | Energy Efficient Street Light Project | Magnolia Civic Center | New Albany/ Union County Airport Grant | Park Along the River | Sportsplex | | |
| ASSETS | | | | | | | | | | | |
| Cash | \$ 254 | \$ 254 | \$ 1,075,989 | 140,669 | \$ 1,318,066 | \$ 51,607 | \$ 1,399 | \$ 53,893 | \$ 3,195 | \$ 2,644,818 | \$ 3,602,182 |
| Investments | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | 286 | 286 | - | 194,556 | - | - | 45,325 | - | - | 239,881 | 243,109 |
| Lease receivable | - | - | - | - | - | - | - | - | - | - | 107,213 |
| | <u>\$ 540</u> | <u>\$ 540</u> | <u>\$ 1,075,989</u> | <u>\$ 335,225</u> | <u>\$ 1,318,066</u> | <u>\$ 51,607</u> | <u>\$ 46,724</u> | <u>\$ 53,893</u> | <u>\$ 3,195</u> | <u>\$ 2,884,699</u> | <u>\$ 3,952,504</u> |
| LIABILITIES | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ - | \$ - | \$ 216,174 | \$ - | \$ 395 | \$ 5,834 | \$ - | \$ - | \$ 222,403 | \$ 272,703 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | |
| Lease principal | - | - | - | - | - | - | - | - | - | - | 99,878 |
| Lease interest | - | - | - | - | - | - | - | - | - | - | 7,039 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>106,917</u> |
| FUND BALANCE | | | | | | | | | | | |
| Restricted | - | - | 1,075,989 | 119,051 | - | - | - | - | - | 1,195,040 | 1,195,040 |
| Committed | - | - | - | - | - | - | - | - | - | - | - |
| Assigned | 540 | 540 | - | - | 1,318,066 | 51,212 | 40,890 | 53,893 | 3,195 | 1,467,256 | 2,377,844 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - |
| | <u>540</u> | <u>540</u> | <u>1,075,989</u> | <u>119,051</u> | <u>1,318,066</u> | <u>51,212</u> | <u>40,890</u> | <u>53,893</u> | <u>3,195</u> | <u>2,662,296</u> | <u>3,572,884</u> |
| | <u>\$ 540</u> | <u>\$ 540</u> | <u>\$ 1,075,989</u> | <u>\$ 335,225</u> | <u>\$ 1,318,066</u> | <u>\$ 51,607</u> | <u>\$ 46,724</u> | <u>\$ 53,893</u> | <u>\$ 3,195</u> | <u>\$ 2,884,699</u> | <u>\$ 3,952,504</u> |

CITY OF NEW ALBANY, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended September 30, 2021

| | Special Revenue | | | | | | | | | | Total Special Revenue Funds |
|--|--------------------|---|-------|--------------------------------|--|-----------------|--------------------|----------------------------------|--------------------------------|--------------|--------------------------------------|
| | Fire Protection | New Albany/ Union County Drug Task Force | COPS | Local Records Management | Keep New Albany/ Union County Beautiful | Dare Program | Law Enforcement | Tallahatchie River Players | Freedom Celebration 2007 | CAP Loans | |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ 94,225 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 94,225 |
| Intergovernmental revenue | 73,831 | 48,683 | - | - | - | - | - | - | - | - | 122,514 |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - |
| Fines and forfeitures | - | 3,761 | - | - | - | - | - | - | - | - | 3,761 |
| Investment earnings | 6,791 | 1,169 | - | 45 | - | 15 | - | - | - | 3,992 | 12,012 |
| Miscellaneous | 6,818 | - | - | 343 | - | - | - | - | 500 | - | 7,661 |
| Total Revenues | 181,665 | 53,613 | - | 388 | - | 15 | - | - | 500 | 3,992 | 240,173 |
| Expenditures: | | | | | | | | | | | |
| General government | - | - | - | 2,039 | - | - | - | - | - | - | 2,039 |
| Public safety | 65,656 | 31,179 | - | - | - | - | - | - | - | - | 96,835 |
| Culture and recreation | - | - | - | - | - | - | - | - | 115 | - | 115 |
| Debt service: | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | 29,013 | 29,013 |
| Interest and other charges | - | - | - | - | - | - | - | - | - | 7,057 | 7,057 |
| Capital outlay | 201,592 | 50,863 | - | - | - | - | - | - | - | - | 252,455 |
| Total Expenditures | 267,248 | 82,042 | - | 2,039 | - | - | - | - | 115 | 36,070 | 387,514 |
| Excess (Deficiency) of Revenues over Expenditures | (85,583) | (28,429) | - | (1,651) | - | 15 | - | - | 385 | (32,078) | (147,341) |
| Other Financing Sources (Uses): | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - |
| Lease principal payments | - | - | - | - | - | - | - | - | - | 32,805 | 32,805 |
| Loan proceeds | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Sources (Uses) | - | - | - | - | - | - | - | - | - | 32,805 | 32,805 |
| Net Change in Fund Balances | (85,583) | (28,429) | - | (1,651) | - | 15 | - | - | 385 | 727 | (114,536) |
| Fund balances - beginning | 857,525 | 129,498 | 12 | 5,663 | 2,423 | 1,852 | 31 | 3,045 | 3,856 | 20,679 | 1,024,584 |
| Fund balances - ending | \$ 771,942 | \$ 101,069 | \$ 12 | \$ 4,012 | \$ 2,423 | \$ 1,867 | \$ 31 | \$ 3,045 | \$ 4,241 | \$ 21,406 | \$ 910,048 |

CITY OF NEW ALBANY, MISSISSIPPI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued)

For the Year Ended September 30, 2021

| | Debt Service | | Capital Projects | | | | | | | Total Capital Project Funds | Total All Nonmajor Funds |
|--|--------------------|--------------------------------|----------------------------|---|--|-----------------------------|---|----------------------------|------------|--------------------------------------|-----------------------------------|
| | Industrial Park | Total Debt Service Funds | American Rescue Plan | Economic and Industrial Development Fund | Energy Efficient Street Light Project | Magnolia Civic Center | New Albany/ Union County Airport Grant | Park Along the River | Sportsplex | | |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ - | \$ - | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 94,225 |
| Intergovernmental revenue | - | - | 1,075,941 | 549,522 | - | - | 299,242 | - | - | 1,924,705 | 2,047,219 |
| Charges for services | - | - | - | - | - | 5,666 | - | - | - | 5,666 | 5,666 |
| Fines and forfeitures | - | - | - | - | - | - | - | - | - | - | 3,761 |
| Investment earnings | 2 | 2 | 48 | - | - | 438 | 346 | 345 | 25 | 1,202 | 13,216 |
| Miscellaneous | - | - | - | - | - | 5,125 | - | - | - | 5,125 | 12,786 |
| Total Revenues | 2 | 2 | 1,075,989 | 549,522 | - | 11,229 | 299,588 | 345 | 25 | 1,936,698 | 2,176,873 |
| Expenditures: | | | | | | | | | | | |
| General government | - | - | - | 74,004 | 2,000 | - | - | - | - | 76,004 | 78,043 |
| Public safety | - | - | - | - | - | - | - | - | - | - | 96,835 |
| Culture and recreation | - | - | - | - | - | 13,649 | - | - | - | 13,649 | 13,764 |
| Principal | - | - | - | - | - | - | - | - | - | - | 29,013 |
| Interest and other charges | - | - | - | - | - | - | - | - | - | - | 7,057 |
| Capital outlay | - | - | - | 361,687 | 171,452 | 17,816 | 254,271 | - | - | 805,226 | 1,057,681 |
| Total Expenditures | - | - | - | 435,691 | 173,452 | 31,465 | 254,271 | - | - | 894,879 | 1,282,393 |
| Excess (Deficiency) of Revenues over Expenditures | 2 | 2 | 1,075,989 | 113,831 | (173,452) | (20,236) | 45,317 | 345 | 25 | 1,041,819 | 894,480 |
| Other Financing Sources (Uses): | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | 55,000 | 7,627 | 10,000 | - | 72,627 | 72,627 |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - |
| Lease principal payments | - | - | - | - | - | - | - | - | - | - | 32,805 |
| Loan proceeds | - | - | - | - | 1,491,518 | - | - | - | - | 1,491,518 | 1,491,518 |
| Total Other Sources (Uses) | - | - | - | - | 1,491,518 | 55,000 | 7,627 | 10,000 | - | 1,564,145 | 1,596,950 |
| Net Change in Fund Balances | 2 | 2 | 1,075,989 | 113,831 | 1,318,066 | 34,764 | 52,944 | 10,345 | 25 | 2,605,964 | 2,491,430 |
| Fund balances - beginning | 538 | 538 | - | 5,220 | - | 16,448 | (12,054) | 43,548 | 3,170 | 56,332 | 1,081,454 |
| Fund balances - ending | \$ 540 | \$ 540 | \$ 1,075,989 | \$ 119,051 | \$ 1,318,066 | \$ 51,212 | \$ 40,890 | \$ 53,893 | \$ 3,195 | \$ 2,662,296 | \$ 3,572,884 |

CITY OF NEW ALBANY, MISSISSIPPI

Combining Statement of Fund Net Position - Nonmajor Proprietary Funds

September 30, 2021

| | Waste Disposal | New Albany/ Union County Airport | Total Nonmajor Enterprise Funds |
|---|---------------------------|---|--|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 817,908 | \$ 37,981 | \$ 855,889 |
| Accounts receivable | 72,807 | 3,784 | 76,591 |
| Total current assets | 890,715 | 41,765 | 932,480 |
| Noncurrent Assets | | | |
| Capital assets: | | | |
| Machinery and equipment | 1,157,908 | 31,991 | 1,189,899 |
| Less: accumulated depreciation | (1,034,626) | (25,788) | (1,060,414) |
| Total non-current assets | 123,282 | 6,203 | 129,485 |
| DEFERRED OUTFLOWS | | | |
| Pension plan | 325,532 | - | 325,532 |
| Total assets and Deferred Outflows | 1,339,529 | 47,968 | 1,387,497 |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 38,893 | 3,155 | 42,048 |
| Total current liabilities | 38,893 | 3,155 | 42,048 |
| Noncurrent liabilities | | | |
| Pension liability | 741,282 | - | 741,282 |
| Total noncurrent liabilities | 741,282 | - | 741,282 |
| DEFERRED INFLOWS | | | |
| Pension plan | 223,242 | - | 223,242 |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 123,282 | 6,203 | 129,485 |
| Unrestricted | 212,830 | 38,610 | 251,440 |
| Total net position | \$ 336,112 | \$ 44,813 | \$ 380,925 |

CITY OF NEW ALBANY, MISSISSIPPI

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position -
Nonmajor Proprietary Funds**

For the Year Ended September 30, 2021

| | Waste Disposal | New Albany/ Union County Airport | Total Nonmajor Enterprise Funds |
|--|---------------------------|---|--|
| Operating revenues: | | | |
| Charges for services | \$ 748,954 | \$ 58,343 | \$ 807,297 |
| Other | <u>-</u> | <u>177</u> | <u>177</u> |
| Total operating revenues | <u>748,954</u> | <u>58,520</u> | <u>807,474</u> |
| Operating expenses: | | | |
| Depreciation and amortization | 18,006 | 1,824 | 19,830 |
| Operation and maintenance | <u>826,625</u> | <u>57,514</u> | <u>884,139</u> |
| Total operating expenses | <u>844,631</u> | <u>59,338</u> | <u>903,969</u> |
| Operating income (loss) | <u>(95,677)</u> | <u>(818)</u> | <u>(96,495)</u> |
| Non-operating revenues (expenses) | | | |
| Interest income | 6,416 | 124 | 6,540 |
| Property taxes | 68,280 | - | 68,280 |
| Intergovernmental revenue | <u>2,678</u> | <u>10,668</u> | <u>13,346</u> |
| Total nonoperating revenues (expenses) | <u>77,374</u> | <u>10,792</u> | <u>88,166</u> |
| Income (loss) before operating transfers | (18,303) | 9,974 | (8,329) |
| Transfers in (out) | <u>-</u> | <u>10,680</u> | <u>10,680</u> |
| Change in net position | (18,303) | 20,654 | 2,351 |
| Net position, beginning | <u>354,415</u> | <u>24,159</u> | <u>378,574</u> |
| Net position, ending | <u><u>\$ 336,112</u></u> | <u><u>\$ 44,813</u></u> | <u><u>\$ 380,925</u></u> |

CITY OF NEW ALBANY, MISSISSIPPI

Combining Statement of Cash Flows - Nonmajor Proprietary Funds

For the Year Ended September 30, 2021

| | Waste Disposal | New Albany/ Union County Airport | Total Nonmajor Enterprise Funds |
|--|---------------------------|---|--|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 755,853 | \$ 58,091 | \$ 813,944 |
| Cash payments to suppliers for goods and services | (1,284,145) | (68,120) | (1,352,265) |
| Cash payments to employees | 427,588 | - | 427,588 |
| Net cash provided by (used in) operating activities | <u>(100,704)</u> | <u>(10,029)</u> | <u>(110,733)</u> |
| Cash flows from non-capital financing activities: | | | |
| Operating transfers, net | - | 10,680 | 10,680 |
| Net cash provided by (used in) non-capital financing activities | <u>-</u> | <u>10,680</u> | <u>10,680</u> |
| Cash flows from capital and related financing activities: | | | |
| Taxes and intergovernmental revenues, net | 70,958 | 10,668 | 81,626 |
| Payments for acquisition of capital assets | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>70,958</u> | <u>10,668</u> | <u>81,626</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 6,416 | 124 | 6,540 |
| Net change in cash | (23,330) | 11,443 | (11,887) |
| Cash and cash equivalents at beginning of year | 841,238 | 26,538 | 867,776 |
| Cash and cash equivalents at end of year | <u>\$ 817,908</u> | <u>\$ 37,981</u> | <u>\$ 855,889</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (95,677) | \$ (818) | \$ (96,495) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 18,006 | 1,824 | 19,830 |
| Decrease (increase) in: | | | |
| Accounts receivable | 6,899 | (429) | 6,470 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | (9,160) | (10,606) | (19,766) |
| Pension liability | (170,983) | - | (170,983) |
| Deferred inflows/outflows | 150,211 | - | 150,211 |
| Net cash provided by (used in) operating activities | <u>\$ (100,704)</u> | <u>\$ (10,029)</u> | <u>\$ (110,733)</u> |

Other Supplemental Information

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Surety Bonds for Municipal Officials

September 30, 2021

| Insured | Position | Insurer | Bond |
|-------------------|---------------------------------|-------------------------|-------------|
| Joey Watson | Building Inspector Assistant | RLI Insurance Company | \$ 50,000 |
| Eric Thomas | Building Inspector/Zoning Admin | RLI Insurance Company | \$ 50,000 |
| Chris Robertson | Chief of Police | RLI Insurance Company | \$ 50,000 |
| Frankie Roberts | City Clerk | Brierfield Insurance | \$ 50,000 |
| Maxine Bradley | Court Clerk | Brierfield Insurance | \$ 50,000 |
| Tina Wood | Court Clerk | RLI Insurance Company | \$ 50,000 |
| Jane Browning | Deputy Clerk | RLI Insurance Company | \$ 50,000 |
| Elizabeth McGinty | Deputy Clerk | RLI Insurance Company | \$ 50,000 |
| Tiffany Gates | Deputy Clerk | Brierfield Insurance | \$ 50,000 |
| Paulette Coltharp | Deputy Clerk | RLI Insurance Company | \$ 50,000 |
| Megan Kirk | Deputy Clerk | RLI Insurance Company | \$ 50,000 |
| Terry Rumsey | Deputy Clerk | RLI Insurance Company | \$ 50,000 |
| Andrew Dillard | Notary Bond | RLI Insurance Company | \$ 5,000 |
| Tiffany Gates | Notary Bond | Brierfield Insurance | \$ 5,000 |
| Megan Kirk | Notary Bond | RLI Insurance Company | \$ 5,000 |
| Frankie Roberts | Notary Bond | RLI Insurance Company | \$ 5,000 |
| Kay Wicker | Payroll Clerk | RLI Insurance Company | \$ 50,000 |
| Chase Jeter | Parks Dept. | RLI Insurance Company | \$ 50,000 |
| Natalie Moody | Parks Dept. | RLI Insurance Company | \$ 50,000 |
| William Anderson | Policeman | RLI Insurance Company | \$ 50,000 |
| Lilianna Castillo | Policeman | Brierfield Insurance | \$ 50,000 |
| Jeff Chism | Policeman | RLI Insurance Company | \$ 50,000 |
| Brandon Clayton | Policeman | RLI Insurance Company | \$ 50,000 |
| Mark Cossitt | Policeman | Brierfield Insurance | \$ 50,000 |
| Stuart Dodds | Policeman | Brierfield Insurance | \$ 50,000 |
| Phillip Doyle | Policeman | RLI Insurance Company | \$ 50,000 |
| Michael Erby | Policeman | RLI Insurance Company | \$ 50,000 |
| Justin Gregory | Policeman | RLI Insurance Company | \$ 50,000 |
| Chad Jarvis | Policeman | Brierfield Insurance | \$ 50,000 |
| Kevin Johnson | Policeman | RLI Insurance Company | \$ 50,000 |
| Clayton Kenner | Policeman | RLI Insurance Company | \$ 50,000 |
| Joe McDonald | Policeman | RLI Insurance Company | \$ 50,000 |
| Jonathan Martin | Policeman | RLI Insurance Company | \$ 50,000 |
| Stephen Nolen | Policeman | RLI Insurance Company | \$ 50,000 |
| Brandon Pannell | Policeman | RLI Insurance Company | \$ 50,000 |
| Jimmy Whitten | Policeman | RLI Insurance Company | \$ 50,000 |
| Justin Williams | Policeman | RLI Insurance Company | \$ 50,000 |
| Gabriel Wilson | Policeman | Brierfield Insurance | \$ 50,000 |
| Latonya Ball | Utility Department | RLI Insurance Co | \$ 50,000 |
| Regina Beaty | Utility Department | RLI Insurance Co | \$ 50,000 |
| Christy Davis | Utility Department | RLI Insurance Co | \$ 50,000 |
| Jessica Dees | Utility Department | RLI Insurance Co | \$ 50,000 |
| Andy Dillard | Utility Department | RLI Insurance Co | \$ 50,000 |
| Keyla Dixon | Utility Department | RLI Insurance Co | \$ 50,000 |
| Susie Foster | Utility Department | RLI Insurance Co | \$ 50,000 |
| Wendy Speck | Utility Department | RLI Insurance Co | \$ 50,000 |
| Donna Teague | Utility Department | Brierfield Insurance Co | \$ 50,000 |
| Rob Anderson | Dispatcher | RLI Insurance Co | \$ 50,000 |
| Marty Baker | Dispatcher | RLI Insurance Co | \$ 50,000 |
| Justin Bridges | Dispatcher | RLI Insurance Co | \$ 50,000 |
| Kevin Cooper | Dispatcher | RLI Insurance Company | \$ 50,000 |
| Doris Malone | Dispatcher | Brierfield Insurance Co | \$ 50,000 |

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2021

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---------------------------------|
| Federal Grantor: Federal Aviation Administration | | |
| Pass-through Grantor: Mississippi Department of Transportation | | |
| Program Title: Airport Improvement Program | | |
| Access Road and Terminal Area Improvements | | |
| Grant ID: 3-28-0053-021-2020 | 20.106 | \$ 171,645 |
| Runway Lighting Rehab (LED Lights) | | |
| Grant ID: 3-28-0053-020-2019 | 20.106 | 16,654 |
| Runway Sealcoat and Apply New Markings | | |
| Grant ID: 3-28-0053-023-2021 | 20.106 | 33,360 |
| COVID-19 CARES Grant | | |
| Grant ID: 3-28-0053-022-2020 | 20.106 | <u>25,855</u> |
| <i>Total Federal Aviation Administration</i> | | <u>247,514</u> |
| Federal Grantor: U.S. Department of Transportation | | |
| Pass-through Grantor: State of Mississippi Department of Public Safety | | |
| Program Title: State and Community Highway Safety | | |
| Subgrant ID: PT-2021-PT-22-41 | | |
| Grant ID: 402 Police Traffic Services FY21 | 20.600 | <u>9,913</u> |
| <i>Total U.S. Department of Transportation</i> | | <u>9,913</u> |
| Federal Grantor: Appalachian Regional Commission | | |
| Pass-through Grantor: Mississippi Development Authority | | |
| Program Title: Appalachian Area Development | | |
| Replace Self-Service Fuel Terminals | | |
| Grant ID: ARC MS-19594-302-19 | 23.002 | <u>3,244</u> |
| <i>Total Appalachian Regional Commission</i> | | <u>3,244</u> |
| Federal Grantor: Department of Homeland Security | | |
| Program Title: Assistance to Firefighters Grant | | |
| 2019 Assistance to Firefighters Grant | | |
| Grant ID: EMW-2019-FG-06182 | 97.044 | <u>69,813</u> |
| <i>Total Department of Homeland Security</i> | | <u>\$ 69,813</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Expenditures of Federal Awards - Continued

For the year ended September 30, 2021

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---------------------------------|
| Federal Grantor: U.S. Department of Housing and Urban Development | | |
| Pass-through Grantor: Mississippi Development Authority | | |
| Program Title: Community Development Block Grants | | |
| Fusion Furniture Building and Truck | | |
| Loading Yard Improvements | | |
| Grant ID: CDBG# 1136-20-274-ED-01 | 14.228 | \$ 399,522 |
| <i>Total U.S. Department of Housing and Urban Development</i> | | <u>399,522</u> |
| Federal Grantor: U.S. Department of Agriculture | | |
| Pass-through Grantor: Rural Utility Service | | |
| Program Title: Water and Waste Disposal Systems for Rural Communities | | |
| Sewer 2018 | | |
| Grant ID: USDA Grant #00-16 | 10.760 | 4,177,831 |
| | | <u>4,177,831</u> |
| Pass-through Grantor: Natural Resources Conservation Service | | |
| Program Title: Emergency Watershed Protection Program | | |
| Grant ID: USDA Grant NR204423XXXXC008 | 10.923 | 30,075 |
| | | <u>30,075</u> |
| Pass-through Grantor: Mississippi Forestry Commission | | |
| Program Title: Urban and Community Forestry Program | | |
| Grant ID: USDA Grant 18-DG-11083128-001 | 10.675 | 4,133 |
| | | <u>4,133</u> |
| <i>Total U.S. Department of Agriculture</i> | | <u>4,212,039</u> |
| Federal Grantor: U.S. Department of Treasury | | |
| Pass-through Grantor: Mississippi Emergency Management Administration | | |
| Program Title: Coronavirus Relief Fund | | |
| Grant ID: SB3047-CARES-MERP | 21.019 | 188,172 |
| <i>Total U.S. Department of Treasury</i> | | <u>188,172</u> |
| Total expenditures of federal awards | | <u>\$ 5,130,217</u> |

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

CITY OF NEW ALBANY, MISSISSIPPI

Notes to Schedule of Expenditures of Federal Awards For the year ended September 30, 2021

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C. INDIRECT COST RATE

The City has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D. LOAN AND LOAN GUARANTEE PROGRAMS

At September 30, 2021, outstanding loan balances for the program, including the interim financing totaled \$ 10,438,325.

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Findings and Questioned Costs For the year ended September 30, 2021

Section I-Summary of Auditor's Results

Financial Statements

| | |
|---|------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified? | Yes |
| Noncompliance material to financial statements noted? | Yes |

Federal Awards

| | |
|--|---------------|
| Internal control over major federal programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major programs: | |

| CFDA | |
|----------------------|--|
| <u>Number</u> | <u>Name of Federal Program or Cluster</u> |
| 10.760 | Water and Waste Disposal Systems for Rural Communities |
| 14.228 | Community Development Block Grants |

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

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Findings and Questioned Costs (continued) For the year ended September 30, 2021

Section II-Financial Statement Findings

| Finding Number | <u>Material Weakness in Internal Control and Related Recommendations</u> |
|---------------------------|--|
| 2021-001 | <p>Condition: Utility department personnel did not reconcile net assets for the water and sewer departments following posting of prior year audit adjustments.</p> <p>Criteria: Net assets should be reconciled to the audit report after recording post-closing audit adjustments and reversing entries to ensure audit adjustments are properly reflected.</p> <p>Cause: Prior year post-closing audit adjustments and the related reversing entries were recorded in the same fiscal year, offsetting and resulting in no effect on beginning net assets.</p> <p>Effect: The unadjusted balances for the Water and Sewer Departments' net assets accounts were misstated by \$4,896,502 requiring an audit adjustment.</p> <p>Recommendation: Beginning account balances each subsequent year should be reconciled to the prior year audited financial statements to ensure all audit adjustments are recorded in the proper reporting period.</p> <p>Management's Response: Management concurs with the finding and has implemented recommended reconciliation procedures.</p> |
| 2021-002 | <p>Condition: Interdepartmental transfers and settlements have been posted to the wrong utility department's books.</p> <p>Criteria: Inter-departmental transfers and related due to/from other department accounts should be reconciled on a monthly basis.</p> <p>Cause: Certain interdepartmental receivable and payable accounts were not appropriately reconciled throughout the year and certain reconciliations did not resolve reconciling items appropriately to correct mis-postings.</p> <p>Effect: The general ledger balance for the Water Department's Due from Other Funds account was understated by \$30,075, requiring an audit adjustment. In addition settlements of payables with the Electric Department throughout the year resulted in some departments overpaying and some underpaying.</p> <p>Recommendation: Reconciliations of interdepartmental receivables and payables should be performed no less frequently than monthly, and when a reconciling item is identified, appropriate further steps should be taken to ensure correction when merited.</p> <p>Management's Response: Management concurs with the finding and has implemented recommended enhanced reconciliation procedures.</p> |

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Findings and Questioned Costs (continued) For the year ended September 30, 2021

Section II-Financial Statement Findings (continued)

**Finding
Number**

2021-003

Material Weaknesses in Internal Control and Related Recommendations

Condition:

The Sewer Department failed to record a material transaction occurring in the Bond & Interest Fund account.

Criteria:

Account reconciliations should reconcile the ending account balance to the bank statement in a timely manner to ensure that all transactions are recorded, and differences should be investigated and corrected as necessary.

Cause:

Personnel reconciling the account was reconciling the account to supporting documentation, but not correcting reconciling items for unrecorded transactions in a timely manner.

Effect:

The general ledger balance for the Bond & Interest Fund was overstated by \$267,468 which required an audit adjustment to record unrecorded transactions.

Recommendation:

Once a difference is identified during the reconciliation process, appropriate further steps should be taken to ensure that the difference is reconciled and complete or corrected via further action in a timely manner.

Management's Response:

Management concurs with the finding and has implemented recommended enhanced reconciliation procedures.

2021-004

Condition:

The Gas Department general ledger was not processed for a number of months during the fiscal year.

Criteria:

Transactions should be recorded on an ongoing basis and the general ledger should be processed and related reconciliations should be processed no less frequently than monthly.

Cause:

Personnel responsible for processing the Gas Department general ledger got behind during the year with varying responsibilities and simply failed to process the general ledger or reconcile a number of accounts on a monthly basis.

Effect:

New Albany Light Gas & Water retained the services of a consultant to assist with general ledger processing and reconciliations for the fiscal year.

Recommendation:

Although the majority of the transactions in each department's general ledger are autoposted interdepartmental charges from the Electric Department's processing of accounts payable, manual checks and deposits and routine journal entries and reconciliations of all asset and liability accounts should be processed no less frequently than monthly.

Management's Response:

Management concurs with the finding and has implemented recommended enhanced reconciliation procedures

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Findings and Questioned Costs (continued) For the year ended September 30, 2021

Section II-Financial Statement Findings (continued)

| Finding Number | <u>Significant Deficiencies in Internal Control and Related Recommendations</u> |
|---------------------------|--|
| 2021-005 | <p>Condition: One individual is often responsible for recording transactions in the financial records of the Organization and reconciling account balances.</p> <p>Criteria: Proper internal controls dictate that there should be a separation of duties between the authorization, recording, reconciling and reporting of transactions.</p> <p>Cause: Limited number of available administrative staff.</p> <p>Effect: An improper separation of duties between authorization, recording, reconciling and report of transactions.</p> <p>Recommendation: To the extent practicable, account balances should be reconciled by personnel independent of the recording of the underlying transactions.</p> <p>Management's Response: Due to cost-benefit considerations and the perception that mitigating controls exist with respect to the identified finding, management does not anticipate pursuing further corrective action.</p> |
| 2021-006 | <p>Condition: The payroll clearing bank account was not appropriately reconciled during the year to detect and correct the misstatements in the ordinary course of business.</p> <p>Criteria: The financial effects of all transactions and related assets and liabilities should be recorded in the appropriate accounting period and bank reconciliations should be performed in a timely fashion to ensure the completeness of recorded transactions.</p> <p>Cause: Adjusting journal entries supplied to the City were posted to the general ledger twice.</p> <p>Effect: The payroll clearing account was overstated throughout the year and at year end.</p> <p>Recommendation: The payroll clearing account should be reconciled to the recorded book balance at month end with any reconciling items appropriately researched and resolved in a timely fashion.</p> <p>Management's Response: The clerk will insure that the account is appropriately reconciled at month end.</p> |

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Findings and Questioned Costs (continued) For the year ended September 30, 2021

Section II-Financial Statement Findings (continued)

| <u>Finding Number</u> | <u>Significant Deficiencies in Internal Control and Related Recommendations</u> |
|--|--|
| 2021-007 | <p>Condition: Payroll cash transfers between funds were not fully recorded at year-end. Withdrawals from funds were recorded prior to year-end but corresponding deposits to the payroll clearing account was not recorded until after year-end.</p> <p>Criteria: Cash transfers between funds should be completed on the same day and the financial effects of the transactions and related assets and liabilities should be recorded in the same accounting period.</p> <p>Cause: Payroll transfer checks were written prior to actual payroll date and were not deposited until the actual payroll date which was in a subsequent reporting period.</p> <p>Effect: Total cash balances were understated.</p> <p>Recommendation: Fund transfers should be completed and recorded in the same day.</p> <p>Management's Response: The clerk will insure that transfers are recorded in the same reporting period.</p> |
| <u>Finding Number</u> 2021-008 | <p><u>Noncompliance and Related Recommendations</u></p> <p>Condition: The Sewer Department has not established nor funded separate reserve funds for USDA obligations as outlined in the related Letters of Condition.</p> <p>Criteria: The USDA Letters of Condition associated with the borrowing to finance the ongoing sewer improvement project requires the establishment of a "Debt Service Reserve Fund" and a "Short Lived Asset Reserve Fund".</p> <p>Cause: Personnel responsible for bookkeeping has failed to establish the necessary funds.</p> <p>Effect: The Debt Service Reserve Fund is understated by \$36,561 and the Short-Lived Asset Reserve Fund is understated by \$22,000 at fiscal year-end.</p> <p>Recommendation: The funds should be established and funded as quickly as possible in order to ensure compliance with the USDA Letters of Condition.</p> <p>Management's Response: Management concurs with the finding and has agreed to establish and fund the required reserve funds.</p> |

CITY OF NEW ALBANY, MISSISSIPPI

Schedule of Findings and Questioned Costs (continued)
For the year ended September 30, 2021

Section III-Federal Award Findings and Questioned Costs

**Finding
Number**

Other Matters

None Reported



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Independent Auditors' Report on Compliance with State Laws and Regulations

To the Board of Aldermen
City of New Albany
New Albany, Mississippi

We have audited the basic financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of New Albany, Mississippi, as of and for the year ended September 30, 2021 and have issued our report thereon dated March 2, 2022. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the general-purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

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

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



Tupelo, Mississippi
March 2, 2022

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Aldermen
City of New Albany
New Albany, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of New Albany, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 2, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-005 through 2021-007 to be significant deficiencies.

Compliance and Other Matters

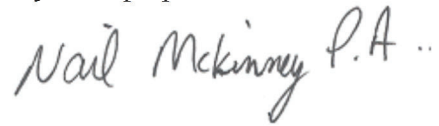
As part of obtaining reasonable assurance about whether the City of New Albany, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2021-008.

City of New Albany's Response to Findings

City of New Albany, Mississippi management's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of New Albany, Mississippi management'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Nail McKinney P.A.". The signature is written in a cursive, flowing style.

Tupelo, Mississippi
March 2, 2022



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**Independent Auditors' Report on Compliance for each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Aldermen
City of New Albany
New Albany, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of New Albany, Mississippi's 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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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, 2021.

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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 dark ink that reads "Nail McKinney P.A." The signature is written in a cursive, flowing style.

Tupelo, Mississippi
March 2, 2022