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CITY OF RIPLEY, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

CITY OF RIPLEY, MISSISSIPPI

**Comprehensive Annual Financial Report
For the Year Ended September 30, 2021**

Elected Officials

Jon Grisham
Joey Bryant
Kenneth Walker
Jackie McKenzie
Stephen Freeman
Barry Cook

Mayor
Ward 1
Ward 2
Ward 3
Mayor Pro-Tem, Ward 4
At Large

CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report

For the Year Ended September 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

MISSISSIPPI SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Ripley, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Ripley, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 45 and 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

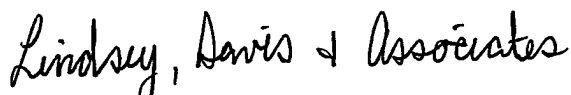
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the City of Ripley, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ripley, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ripley, Mississippi's internal control over financial reporting and compliance.



Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 27, 2022

CITY OF RIPLEY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2021

As management of the City of Ripley, Mississippi, we offer readers of the City's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the 2021 fiscal year by \$26,031,106. Of this amount, \$2,229,661 may be used to meet the City of Ripley's ongoing obligations to citizens and creditors.
- The City's total debt is \$12,177,443.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector enterprise.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those functions that are mainly supported through charges to the consumer (*business-type activities*). The City's gas, water, and sewer utilities are business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

In the fund financial statements, each of the City's major funds is presented in a separate column. The distinction between governmental type activities and proprietary type activities is maintained through the presentation of separate statements for these two types of funds. The major governmental fund presented is the City's General Fund. The City's Gas Fund, Water Fund and Sewer Fund are presented as major funds in the Statement of Net Position - Proprietary Funds, the Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds, and the Statement of Cash Flows - Proprietary Funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds include Enterprise Funds and Internal Service Funds. Enterprise Funds are used for those activities which are financed, primarily, by charges to users and customers.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Condensed Data - Governmental and Business-type Activities

City of Ripley, Mississippi

Net Position

September 30, 2021

	Governmental Activities	Business-type Activities	2021 Total	2020 Total
Current and Other Assets	\$ 2,584,949	\$ 5,551,180	\$ 8,136,129	\$ 7,213,636
Capital Assets, Net	10,187,724	25,791,164	35,978,888	34,454,292
Deferred Outflows of Resources	480,656	217,217	697,873	480,819
Total Assets	13,253,329	31,559,561	44,812,890	42,148,747
Current and Other Liabilities	409,287	1,287,873	1,697,160	1,803,664
Long-term Liabilities	4,629,160	12,455,467	17,084,627	17,333,132
Total Liabilities	5,038,447	13,743,340	18,781,787	19,136,796
Invested in Capital Assets	9,107,724	14,693,721	23,801,445	21,756,369
Unrestricted	(892,842)	3,122,500	2,229,658	1,255,582
Total Net Position	\$ 8,214,882	\$ 17,816,221	\$ 26,031,103	\$ 23,011,951

Capital assets include the depreciated cost of the City's buildings, land, infrastructure (streets, drainage, lighting and signals), vehicles, equipment and furnishings. Capital assets, net of the outstanding debt incurred to acquire them, comprises 91% of the City's total net position. The remaining, unrestricted net assets may be used by the governing authority to provide future services.

City of Ripley, Mississippi
Changes in Net Position
For the Year Ended September 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 602,635	\$ 8,787,790	\$ 9,390,425	\$ 7,691,832
Operating Grants and Contr.	6,290		6,290	56,935
Capital Grants and Contr.	1,995,350	434,046	2,429,396	1,375,242
General Revenues:				
Property Taxes	428,494		428,494	415,680
Sales Tax	1,728,937		1,728,937	1,519,556
Tourism Tax	385,787		385,787	330,978
Franchise Taxes	167,293		167,293	177,935
Road Tax	87,474		87,474	104,261
Other Taxes	5,359		5,359	5,359
Interest	5,448	14,204	19,652	31,275
Transfer	125,000	(125,000)		
Gain on Sale of Asset				281,745
Other	464,773		464,773	195,829
Total Revenues	<u>6,002,840</u>	<u>9,111,040</u>	<u>15,113,880</u>	<u>12,186,627</u>
Expenses:				
General Government	723,549		723,549	541,381
Public Safety	1,219,567		1,219,567	1,252,031
Public Works	1,354,566		1,354,566	1,369,914
Parks and Recreation	522,771		522,771	497,869
Water Service		1,472,911	1,472,911	1,319,345
Sewer Service		1,579,158	1,579,158	1,378,308
Gas Service		5,222,206	5,222,206	4,071,812
Total Expenses	<u>3,820,453</u>	<u>8,274,275</u>	<u>12,094,728</u>	<u>10,430,660</u>
Increase (Decrease) in Net Position	2,182,387	836,765	3,019,152	1,755,967
Net Position - Beginning of Year	<u>6,032,495</u>	<u>16,979,456</u>	<u>23,011,951</u>	<u>21,255,984</u>
Net Position - End of Year	<u>\$ 8,214,882</u>	<u>\$ 17,816,221</u>	<u>\$ 26,031,103</u>	<u>\$ 23,011,951</u>

Governmental Activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, are capital grants and contributions (33%) and sales tax (29%).

The largest expense categories for the City's governmental activities are public works (36%) and public safety (32%).

Table 1 presents the revenues of the City's governmental activities, and Table 2 presents the cost of each of the functions of the City's governmental activities. Table 3 presents the revenues of the City's business-type activities.

Table 1
Revenues by Source - Governmental Activities

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Charges for Services	\$ 602,635	10.3%	\$ 531,416	13.3%
Grants and Contributions	2,001,640	34.0%	439,302	11.0%
Property Taxes	428,494	7.3%	415,680	10.4%
Road Tax	87,474	1.5%	104,261	2.6%
Sales Tax	1,728,937	29.4%	1,519,556	37.9%
Tourism Tax	385,787	6.6%	330,978	8.3%
Franchise Taxes	167,293	2.8%	177,935	4.4%
Other Taxes	5,359	0.1%	5,359	0.1%
Interest	5,448	0.1%	5,489	0.1%
Gain on Sale of Asset		0.0%	281,745	7.0%
Other	464,773	7.9%	195,829	4.9%
	<u>\$ 5,877,840</u>	<u>100.0%</u>	<u>\$ 4,007,550</u>	<u>100.0%</u>

Table 2
Expenses by Function - Governmental Activities

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
General Government	\$ 723,549	18.9%	\$ 541,381	14.8%
Public Safety	1,219,567	31.9%	1,252,031	34.2%
Public Works	1,354,666	35.5%	1,369,914	37.4%
Parks and Recreation	522,771	13.7%	497,869	13.6%
	<u>\$ 3,820,553</u>	<u>100.0%</u>	<u>\$ 3,661,195</u>	<u>100.0%</u>

Table 3
Revenues by Source - Business-type Activities

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Gas Charges for Services	\$ 6,274,569	67.9%	\$ 4,813,630	58.9%
Water Charges for Services	1,609,828	17.4%	1,509,260	18.5%
Sewer Charges for Services	903,393	9.8%	837,526	10.2%
Grants and Contributions	434,046	4.7%	992,875	12.1%
Interest	14,204	0.2%	25,786	0.3%
	<u>\$ 9,236,040</u>	<u>100.0%</u>	<u>\$ 8,179,077</u>	<u>100.0%</u>

Business-type Activities

Business-type activities increased the City's net position by \$836,765. Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues, as a percentage of total revenue, are comprised of \$6,274,569 (71%) for gas, \$1,609,828 (19%) for water and \$903,393 (10%) for sewer.

Capital Asset and Debt Administration

Capital assets. In accordance with GASB Statement No. 34, the City has recorded depreciation expense associated with all of its capital assets. The Statement encourages, but does not require, phase three governments to report infrastructure retroactively. Therefore, due to costs constraints, the management of the City decided not to retroactively report infrastructure. Beginning with the fiscal year ended September 30, 2004, the City has reported newly acquired or constructed general infrastructure assets in the Statement of Net Position.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amount to \$35,978,888, net of accumulated depreciation of \$19,573,753. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. For additional information concerning capital asset activity, see Detail Note IV - E.

Long-term debt. At year-end, the City had \$12,177,443 in bonds and notes outstanding. For additional information concerning long-term debt, see Detail Note IV - F.

Economic Factors and Next Year's Budgets

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2022 budget. The total budgeted appropriations for the City operations in the governmental activities is \$4,208,586.

Contact Information

This financial report is designed to provide a general overview of the City of Ripley, Mississippi's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Ripley, 500 South Main Street, Ripley, MS, 38663, telephone number (662) 837-0130.

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 634,941	\$ 2,739,807	\$ 3,374,748
Investments		372,635	372,635
Receivables:			
Accounts (Net)	55,187	664,187	719,374
Franchise Fees	34,433		34,433
Sales Tax	361,018		361,018
Taxes	61,868		61,868
Interest Receivable		949	949
Internal Balances		595,801	595,801
Inventory of Supplies, at Cost		118,388	118,388
Inventory of Natural Gas, at Cost		566,507	566,507
Prepaid Expenses		27,368	27,368
Total Current Assets	<u>1,147,447</u>	<u>5,085,642</u>	<u>6,233,089</u>
<u>Restricted Assets</u>			
Cash and Cash Equivalents	<u>1,437,502</u>	<u>465,538</u>	<u>1,903,040</u>
Total Restricted Assets	<u>1,437,502</u>	<u>465,538</u>	<u>1,903,040</u>
<u>Capital Assets</u>			
Land	546,060	145,065	691,125
Buildings	1,549,563	42,238	1,591,801
Improvements other than Buildings	1,763,605		1,763,605
Utility Systems		36,125,713	36,125,713
Furniture, Vehicles and Equipment	3,364,037	2,254,970	5,619,007
Infrastructure	4,616,206		4,616,206
City Park	4,919,804		4,919,804
Construction in Progress	225,380		225,380
Accumulated Depreciation	(6,796,931)	(12,776,822)	(19,573,753)
Total Capital Assets	<u>10,187,724</u>	<u>25,791,164</u>	<u>35,978,888</u>
<u>Deferred Outflows of Resources</u>			
Pension Plan	<u>480,656</u>	<u>217,217</u>	<u>697,873</u>
Total Deferred Outflows of Resources	<u>480,656</u>	<u>217,217</u>	<u>697,873</u>
Total Assets	<u>13,253,329</u>	<u>31,559,561</u>	<u>44,812,890</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	188,015	154,590	342,605
Internal Balances	21,272	574,529	595,801
Current Portion of Long-term Debt	200,000	336,290	536,290
<u>Current Liabilities Payable from Restricted Assets</u>			
Customer Meter Deposits		<u>222,464</u>	<u>222,464</u>
Total Current Liabilities	<u>409,287</u>	<u>1,287,873</u>	<u>1,697,160</u>
<u>Long-term Liabilities, Net of Current Portion</u>			
Long-term Debt	880,000	10,761,153	11,641,153
Pension Liability	2,748,583	1,242,135	3,990,718
Deferred Inflows - Pension Plan	1,000,577	452,179	1,452,756
Total Long-term Liabilities	<u>4,629,160</u>	<u>12,455,467</u>	<u>17,084,627</u>
Total Liabilities	<u>5,038,447</u>	<u>13,743,340</u>	<u>18,781,787</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	9,107,724	14,693,721	23,801,445
Unrestricted	(892,842)	3,122,500	2,229,658
Total Net Position	<u>\$ 8,214,882</u>	<u>\$ 17,816,221</u>	<u>\$ 26,031,103</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 723,549	\$ 43,358	\$ 2,690	\$ 1,508,372
Public Safety	1,219,567	99,468	3,600	
Public Works	1,354,566	359,896		486,978
Parks and Recreation	522,771	99,913		
Total Governmental Activities	3,820,453	602,635	6,290	1,995,350
Business-type Activities:				
Water	1,472,911	1,609,828		434,046
Sewer	1,579,158	903,393		
Gas	5,222,206	6,274,569		
Total Business-type Activities	8,274,275	8,787,790		434,046
Total Primary Government	\$ 12,094,728	\$ 9,390,425	\$ 6,290	\$ 2,429,396

Property Taxes
Sales Tax
Tourism Tax
Franchise Taxes
Road Tax
Other Taxes
Interest
Transfers
Other
Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Net (Revenue) Expenses and Changes in
Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ 830,871	\$	\$ 830,871
(1,116,499)		(1,116,499)
(507,692)		(507,692)
(422,858)		(422,858)
<u>(1,216,178)</u>		<u>(1,216,178)</u>
	570,963	570,963
	(675,765)	(675,765)
	<u>1,052,363</u>	<u>1,052,363</u>
	947,561	947,561
<u>(1,216,178)</u>	<u>947,561</u>	<u>(268,617)</u>
428,494		428,494
1,728,937		1,728,937
385,787		385,787
167,293		167,293
87,474		87,474
5,359		5,359
5,448	14,204	19,652
125,000	(125,000)	
464,773		464,773
<u>3,398,565</u>	<u>(110,796)</u>	<u>3,287,769</u>
2,182,387	836,765	3,019,152
<u>6,032,495</u>	<u>16,979,456</u>	<u>23,011,951</u>
<u>\$ 8,214,882</u>	<u>\$ 17,816,221</u>	<u>\$ 26,031,103</u>

CITY OF RIPLEY, MISSISSIPPI

Balance Sheet

Governmental Funds

September 30, 2021

	General	Total Governmental Funds
<u>Assets</u>		
Cash and Cash Equivalents - Unrestricted	\$ 634,941	\$ 634,941
Cash and Cash Equivalents - Restricted	1,437,502	1,437,502
Receivables (Net):		
Accounts	55,187	55,187
Franchise Fees	34,433	34,433
Sales Tax	361,018	361,018
Taxes	61,868	61,868
Total Assets	\$ 2,584,949	\$ 2,584,949
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 188,015	\$ 188,015
Due to Other Funds	21,272	21,272
Total Liabilities	209,287	209,287
Fund Balances:		
Unassigned	2,375,662	2,375,662
Total Fund Balances	2,375,662	2,375,662
Total Liabilities and Fund Balances	\$ 2,584,949	

Amounts reported for governmental activities in the statement of net position are different due to:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.	10,187,724
Pension liabilities, including related deferred outflows and inflows are not payable in the current year and are, therefore, not reported in governmental funds.	(3,268,504)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds: Bonds Payable	(1,080,000)
Net position of governmental activities	\$ 8,214,882

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2021

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
General Property Taxes		
Current Ad Valorem	\$ 389,721	\$ 389,721
Prior Year Ad Valorem	2,769	2,769
Penalties and Interest on		
Delinquent Taxes	1,592	1,592
In Lieu of Taxes/Franchise Tax	167,293	167,293
Intergovernmental Revenues		
State Shared Revenues:		
Homestead Exemption	34,412	34,412
Sales Tax	1,728,937	1,728,937
Tourism Tax	385,787	385,787
Fire Protection Refund		
State Gasoline Tax	5,359	5,359
General Municipal Aid	2,690	2,690
Collection from County:		
Road Tax	87,474	87,474
Fire Protection Refund		
Building Code Rebate		
Fines and Forfeitures	69,616	69,616
Privilege Tax	33,919	33,919
Building Fees, Permits and Inspections	9,439	9,439
Park Revenue	99,913	99,913
Charges for Services:		
Sanitation	359,896	359,896
Grant Revenue	1,998,950	1,998,950
Transfer In	125,000	125,000
Miscellaneous	494,628	494,628
Interest	5,448	5,448
Total Revenues	<u>6,002,843</u>	<u>6,002,843</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Governmental Funds
For the Year Ended September 30, 2021

	<u>General</u>	<u>Total Governmental Funds</u>
Expenditures:		
Current:		
General Government	365,172	365,172
Public Safety	1,129,396	1,129,396
Public Works	1,106,302	1,106,302
Parks and Recreation	369,696	369,696
Capital Outlay	197,450	197,450
Capital Projects	1,830,330	1,830,330
Grant Expense	240,219	240,219
Principal Payments	195,000	195,000
Interest Expense	35,731	35,731
Total Expenditures	<u>5,469,296</u>	<u>5,469,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>533,547</u>	<u>533,547</u>
Net Change in Fund Balances	533,547	533,547
Fund Balances, October 1	<u>1,842,115</u>	
Fund Balances, September 30	<u><u>\$ 2,375,662</u></u>	

Amounts reported for governmental activities in the statement of activities are different due to:

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period.

1,479,919

The excess 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.

(26,079)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

195,000

Change in net position of governmental activities

\$ 2,182,387

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

CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2021

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Assets</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 324,607	\$ 115,810	\$ 2,299,390	\$ 2,739,807
Investments	12,012		360,623	372,635
Receivables:				
Accounts (Net)	391,660	116,498	156,029	664,187
Interest Receivable	192		757	949
Due from Other Funds	518,630		77,171	595,801
Prepaid Expense	18,431	3,416	5,521	27,368
Inventory of Supplies, at Cost	50,538	21,659	46,191	118,388
Inventory of Natural Gas, at Cost			566,507	566,507
Total Current Assets	1,316,070	257,383	3,512,189	5,085,642
Non-current Assets:				
Restricted Assets:				
Cash	50,104	68,465	35,935	154,504
Investments	101,884	13,000	196,150	311,034
Total Restricted Assets	151,988	81,465	232,085	465,538
Capital Assets:				
Land	95,896	39,169	10,000	145,065
Buildings and Improvements	14,783	6,336	21,119	42,238
Physical System	12,604,633	17,144,844	6,376,236	36,125,713
Furniture, Vehicles & Equipment	993,040	396,190	865,740	2,254,970
Construction in Progress				
Accumulated Depreciation	(6,447,982)	(3,246,064)	(3,082,776)	(12,776,822)
Total Capital Assets Net of Accumulated Depreciation	7,260,370	14,340,475	4,190,319	25,791,164
Total Non-current Assets	7,412,358	14,421,940	4,422,404	26,256,702
<u>Deferred Outflows of Resources</u>				
Pension Plan	61,287	43,659	112,271	217,217
Total Assets	\$ 8,789,715	\$ 14,722,982	\$ 8,046,864	\$ 31,559,561

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Position - Continued
Proprietary Funds
September 30, 2021

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 50,345	\$ 69,652	\$ 34,593	\$ 154,590
Due to Other Funds		574,529		574,529
Current Portion of Revenue Bond	67,000	236,290	33,000	336,290
Total Current Liabilities	<u>117,345</u>	<u>880,471</u>	<u>67,593</u>	<u>1,065,409</u>
Current Liabilities Payable from Restricted Assets:				
Meter Deposits	67,339		155,125	222,464
Total Current Liabilities Payable from Restricted Assets	<u>67,339</u>		<u>155,125</u>	<u>222,464</u>
Non-current Liabilities:				
Revenue Bonds (Net Current Portion)	539,350	9,956,153	265,650	10,761,153
Pension Liability	350,463	249,661	642,011	1,242,135
Deferred Inflow - Pension Plan	127,581	90,885	233,713	452,179
Total Non-current Liabilities	<u>1,017,394</u>	<u>10,296,699</u>	<u>1,141,374</u>	<u>12,455,467</u>
Total Liabilities	<u>1,202,078</u>	<u>11,177,170</u>	<u>1,364,092</u>	<u>13,743,340</u>
<u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	6,654,020	4,148,032	3,891,669	14,693,721
Unrestricted	933,617	(602,220)	2,791,103	3,122,500
Total Net Position	<u>\$ 7,587,637</u>	<u>\$ 3,545,812</u>	<u>\$ 6,682,772</u>	<u>\$ 17,816,221</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Operating Revenues:				
Water Sales	\$ 1,566,296	\$	\$	\$ 1,566,296
Sewer Services		875,762		875,762
Gas Sales			6,218,273	6,218,273
Cut-On/Cut-Off Charges	9,025		7,950	16,975
Connection Fees	8,635	2,000	22,039	32,674
Meter Fees	21,241		25,909	47,150
Refunds and Miscellaneous	4,631	25,631	398	30,660
Total Operating Revenues	1,609,828	903,393	6,274,569	8,787,790
Operating Expenses:				
Operating Salaries	328,333	168,504	524,818	1,021,655
Social Security and Retirement Benefits	54,167	38,748	91,575	184,490
Gas Purchases			3,247,435	3,247,435
Gas Transportation Fees			468,198	468,198
Depreciation Expense	364,432	456,711	191,780	1,012,923
Materials and Supplies	104,491	53,660	205,365	363,516
Utilities Purchased	189,307	108,733	10,547	308,587
Repairs and Maintenance	136,285	347,028	31,892	515,205
Travel and Miscellaneous	9,450	10,055	94,452	113,957
Dues and Publications	14,479	210	4,273	18,962
Gas and Oil	12,485	8,260	27,992	48,737
Telephone and Postage	40,682	28,194	57,977	126,853
Insurance	69,648	39,315	84,395	193,358
Professional Services	17,386	17,366	39,607	74,359
Bad Debt	92,625	58,235	80,089	230,949
Sales Tax	20,251		52,507	72,758
Total Operating Expenses	1,454,021	1,335,019	5,212,902	8,001,942
Operating Income	155,807	(431,626)	1,061,667	785,848

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position - Continued
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Nonoperating Revenues (Expenses):				
Interest Revenue	2,213	730	11,261	14,204
Interest Expense and Fiscal Charges	(18,890)	(244,139)	(9,304)	(272,333)
Total Nonoperating Revenues (Expenses)	<u>(16,677)</u>	<u>(243,409)</u>	<u>1,957</u>	<u>(258,129)</u>
Income Before Operating Transfers and Contributions	139,130	(675,035)	1,063,624	527,719
Contributions in Aid of Construction	434,046			434,046
Transfers In (Out)		350,000	(475,000)	(125,000)
Change in Net Position	<u>573,176</u>	<u>(325,035)</u>	<u>588,624</u>	<u>836,765</u>
Total Net Position, October 1	<u>7,014,461</u>	<u>3,870,847</u>	<u>6,094,148</u>	<u>16,979,456</u>
Total Net Position, September 30	<u><u>\$ 7,587,637</u></u>	<u><u>\$ 3,545,812</u></u>	<u><u>\$ 6,682,772</u></u>	<u><u>\$ 17,816,221</u></u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,477,938	\$ 875,982	\$ 6,342,905	\$ 8,696,825
Cash Payments to Suppliers	(761,684)	(689,105)	(4,643,687)	(6,094,476)
Cash Payments to Employees	(366,941)	(196,851)	(597,692)	(1,161,484)
Net Cash Provided by (Used for) Operating Activities	<u>349,313</u>	<u>(9,974)</u>	<u>1,101,526</u>	<u>1,440,865</u>
Cash Flows from Noncapital Financing Activities:				
Operating Net Transfers In (Out)		350,000	(475,000)	(125,000)
Net Cash Provided by (Used for) Noncapital Financing Activities		<u>350,000</u>	<u>(475,000)</u>	<u>(125,000)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(807,523)	(17,275)	(232,802)	(1,057,600)
Contributions in Aid of Construction - Grant Income	434,046			434,046
Repayment of Long-term Debt	(63,650)	(230,480)	(31,350)	(325,480)
Interest Payment of Long-term Debt	(18,890)	(244,139)	(9,304)	(272,333)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(456,017)</u>	<u>(491,894)</u>	<u>(273,456)</u>	<u>(1,221,367)</u>
Cash Flows from Investing Activities:				
Proceeds from Interest Earnings	2,260	730	11,340	14,330
Net Cash Provided by Investing Activities	<u>2,260</u>	<u>730</u>	<u>11,340</u>	<u>14,330</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(104,444)	(151,138)	364,410	108,828
Cash and Cash Equivalents, October 1	593,051	348,413	2,527,688	3,469,152
Cash and Cash Equivalents, September 30	<u>\$ 488,607</u>	<u>\$ 197,275</u>	<u>\$ 2,892,098</u>	<u>\$ 3,577,980</u>

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

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 155,807	\$ (431,626)	\$ 1,061,667	\$ 785,848
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	364,432	456,711	191,780	1,012,923
Pension Expense Adjustment	15,559	10,401	18,701	44,661
(Increase) Decrease in Receivables	(131,890)	(27,411)	68,336	(90,965)
(Increase) Decrease in Prepaid Expense	(3,436)	381	761	(2,294)
(Increase) Decrease in Inventory of Supplies	(21,925)	(9,396)	15,283	(16,038)
(Increase) Decrease in Inventory of Natural Gas			(172,798)	(172,798)
Increase (Decrease) in Payables and Accrued Liabilities	(29,234)	(9,034)	(82,204)	(120,472)
Total Adjustments	193,506	421,652	39,859	655,017
Net Cash Provided by (Used for) Operating Activities	<u>\$ 349,313</u>	<u>\$ (9,974)</u>	<u>\$ 1,101,526</u>	<u>\$ 1,440,865</u>

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

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements
September 30, 2021

I. Summary of Significant Accounting Policies

The City of Ripley, Mississippi (the "City") was incorporated in 1837, under the provisions of the Mississippi State Legislature. The City operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, public welfare, parks and recreation, gas, water and sewer utilities, and general administrative services.

The Comprehensive Annual Financial Report (the "Report") of the City includes all funds. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is governed by an elected mayor and five-member board of aldermen. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

Based upon the application of the above criteria, there were no component units for the City.

B. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) issued Statement No. 34-*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. GASB Statement No. 34 includes:

Management's discussion and analysis (MD&A)-MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities in a narrative format. An analysis of the City's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

I. Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements - Continued

Government-wide financial statements-The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely extensively on fees and charges for support. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

Fund financial statements-Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individually major governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison statements-These statements are presented to demonstrate whether resources were obtained and used in accordance with the City's legally adopted budgets. The City revises the original budgets over the course of the year for various reasons. Under the new reporting model, budgetary information continues to be provided, and includes comparisons of the City's final budgets and actual results.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant Revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's gas, water and sewer funds are charges to customers for sales and services.

The following major funds are used by the City:

1. Governmental Funds:

The following is a description of the Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Parks and Recreation, etc.) and is the primary operating unit of the City.

2. Proprietary Funds:

The following is a description of the major Proprietary Funds of the City:

- a. The Water and Sewer Funds are for the operation of the City's water and sewer utility. Activities of the funds include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Funds also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and other debt obligations when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Funds.
- b. Gas Fund accounts for the operation of the City's gas utility. Activities of the fund include administration, operation and maintenance of the gas system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

3. Non-current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

D. Assets, Liabilities, and Net Position or Fund Balances

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Mississippi, Mississippi counties, or the general obligations of Mississippi municipalities.

Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost.

2. Receivables and Payables:

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2021.

3. Inventories and Prepaid Items:

Inventories are valued at lower of cost or market. Inventory consists of expendable supplies held for consumption and stored natural gas purchased to hedge against price increases. The costs of Governmental Fund type inventories are recorded as expenditures when consumed.

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

4. Capital Assets:

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are recorded at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Fund Balances - Continued

4. Capital Assets: - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

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

<u>Assets</u>	<u>Years</u>
Computer Equipment and Peripherals	3
Vehicles and Equipment	5
Heavy Equipment	10
Furniture and Fixtures	7
Improvements other than Buildings	20
Buildings	40
Infrastructure:	
Roads	20
Concrete Bridges	50
Timber Bridges	30

5. Long-term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

6. Compensated Absences:

Vacation rights and annual leave for all employees are specified in Section 25-3-93 of the Mississippi Code of 1972, as supplemented. The City makes specific reference to this statute for identification of vacation and annual leave time; however, generally vacation leave is as follows:

<u>Employment Service</u>	<u>Vacation Time</u>
After 1 Year to 5 Years	1 Week
After 5 Years to 10 Years	2 Weeks
After 10 Years	3 Weeks

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Fund Balances - Continued

6. Compensated Absences: - Continued

The City considers vacation time to be a benefit, which must be taken or it is lost. Vacation time does not accumulate from year to year. However, should an employee leave employment with the City before vacation time is taken, they shall be paid for time not taken.

The City's employees accumulate one day of sick leave per month for each month of continuous employment with the City. Employees may carry over a maximum of sixty (60) days of sick leave. All unused major medical leave shall be counted as creditable service for the purpose of the retirement system.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

E. Net Position and Fund Balances

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position displays three components - invested in capital assets, net of related debt; restricted; and unrestricted. Unrestricted net position represents the net position available for future operations.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Board of Aldermen through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City Board. Assigned fund balances is a limitation imposed by a designee of the City Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Proprietary fund net position are classified the same as in the government-wide statements.

When restricted and unrestricted resources are available, restricted resources will only be used when the imposed restrictions have been met. Therefore, spending will primarily occur from unrestricted resources.

II. Details of the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

II. Details of the Reconciliation..... - Continued

One element of that reconciliation explains that "the acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period." The details of this \$1,479,919 are as follows:

Capital Outlay	\$ 2,027,780
Depreciation Expense	<u>(547,861)</u>
	<u><u>\$ 1,479,919</u></u>

III. Stewardship, Compliance and Accountability

In accordance with the Code of Mississippi, the City annually adopts a budget on the cash basis following the required public notice and hearing for all funds and appropriates the amount deemed necessary for each of the different City activities. The budget may be amended during the year utilizing similar statutorily prescribed procedures and time limitations. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year-end.

IV. Detailed Notes on Government-wide and Fund Financial Statements

A. Deposits and Investments

Deposits - Cash on hand and in banks at September 30, 2021 was \$5,650,423. The entire bank balances were covered by a collateral pool administered by the State Treasurer which is governed by Section 27-105-5 Miss. Code Ann. (1972).

Investments - The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Mississippi or its agencies; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Mississippi or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Mississippi that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or secured by obligations that have a market value of not less than the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by subdivision (1) of this subsection, pledged with third parties selected or approved by the City, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in the State of Mississippi. The market value of investments, all of which are Certificates of Deposit, is not materially different from the carrying value.

B. Property Taxes

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Tippah County Tax Assessor. Taxes on real and personal property are levied by

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

B. Property Taxes - Continued

the City Board of Aldermen at the first regular meeting in September. Through an inter-local agreement, all of the property taxes of the City are collected by the Tippah County Tax Collector and remitted as tax settlements (less an appropriate collection fee) to the City on a monthly basis.

In accordance with the Mississippi Code of 1972, as amended, the City Board of Aldermen may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for any one year may not exceed one hundred and ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the City Board of Alderman may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

The tax levies for the calendar years 2020, 2019 and 2018 (taxes collected in the fiscal years ending 9/30/21, 9/30/20 and 9/30/19) are as follows:

	<u>9/30/21</u> Millage	<u>9/30/20</u> Millage	<u>9/30/19</u> Millage
City Funds			
General Fund	9.310	9.310	8.250
Public Safety	0.275	0.275	0.275
Parks and Recreation	2.200	2.200	2.200
Total Levy	<u>11.785</u>	<u>11.785</u>	<u>10.725</u>

C. Receivables

Receivables at September 30, 2021 for the government's individual major funds consist of the following:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Receivables:					
Trade Accounts (Net)	\$ 55,187	\$ 391,660	\$ 116,498	\$ 156,029	\$ 719,374
Franchise Fees	34,433				34,433
Sales Tax	361,018				361,018
Taxes	61,868				61,868
Interest Receivable		192		757	949
Total Receivables	<u>\$ 512,506</u>	<u>\$ 391,852</u>	<u>\$ 116,498</u>	<u>\$ 156,786</u>	<u>\$ 1,177,642</u>

D. Restricted Assets

A summary of restricted assets follows:

Restricted Cash

	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 211,471	GO Bond Fund

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

D. Restricted Assets - Continued

Restricted Cash - Continued

	Amount	Restriction
General Fund	1,482	GO Bonds Building Fund
General Fund	54,997	Drug Enforcement Fund
General Fund	56,404	Bond Fee Account
General Fund	1,641	Mainstreet Maintenance
General Fund	1,508	CDBG Account
General Fund	274,620	Veterans Park
General Fund	186,978	MS Infrastructure Modernization
General Fund	648,401	American Rescue Plan Act
Gas Fund	358	AMR GO Bond Fund
Gas Fund	30,042	Refund of Customer Deposits
Gas Fund	5,535	UCAC Fund
Water Fund	727	AMR GO Bond Fund
Water Fund	12,217	Refund of Customer Deposits
Water Fund	37,160	Requirement of Bonded Debt Retirements - Interest
Sewer Fund	32,711	Requirement of Bonded Debt Retirements - Cushion
Sewer Fund	17,859	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	17,895	Requirement of Bonded Debt Retirements - Depreciation
Total Restricted Cash	1,592,006	

Restricted Investments

Water Fund	8,905	Requirement of Bonded Debt Retirements - Contingency
Water Fund	8,905	Requirement of Bonded Debt Retirements - Depreciation
Water Fund	17,811	Requirement of Bonded Debt Retirements - Cushion
Water Fund	10,800	Requirement of Bonded Debt Retirements - Murry Spur
Water Fund	55,463	Refund of Customer Deposits
Sewer Fund	2,500	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	2,500	Requirement of Bonded Debt Retirements - Depreciation

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

D. Restricted Assets - Continued

Restricted Investments - Continued

Sewer Fund	8,000	Requirement of Bonded Debt Retirements - Cushion
Gas Fund	10,000	Requirement of Bonded Debt Retirements - Depreciation
Gas Fund	10,000	Requirement of Bonded Debt Retirements - Contingency
Gas Fund	50,000	Requirement of Bonded Debt Retirements - Cushion
Gas Fund	126,150	Refund of Customer Deposits
Total Restricted Investments	<u>311,034</u>	
Total Restricted Assets	<u><u>\$ 1,903,040</u></u>	

E. Capital Assets

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

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 546,060	\$	\$	\$ 546,060
Construction in Progress	47,200	225,380	(47,200)	225,380
Total Capital Assets, not being Depreciated	<u>593,260</u>	<u>225,380</u>	<u>(47,200)</u>	<u>771,440</u>
Capital Assets, being Depreciated:				
Buildings	765,392	784,171		1,549,563
Improvements other than Buildings	1,513,605	250,000		1,763,605
Furniture, Vehicles and Equipment	3,166,586	197,451		3,364,037
Infrastructure	3,998,227	617,979		4,616,206
City Park	4,919,804			4,919,804
Total Capital Assets being Depreciated	<u>14,363,614</u>	<u>1,849,601</u>		<u>16,213,215</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Less Accumulated Depreciation				
For:				
Buildings	453,362	14,261		467,623
Improvements other than				
Buildings	998,853	51,316		1,050,169
Furniture, Vehicles and				
Equipment	2,374,689	123,286		2,497,975
Infrastructure	1,505,543	220,400		1,725,943
City Park	916,623	138,598		1,055,221
Total Accumulated Depreciation	6,249,070	547,861		6,796,931
Total Capital Assets, being				
Depreciated, Net	8,114,544	1,301,740		9,416,284
Governmental Activities Capital				
Assets, Net	\$ 8,707,804	\$ 1,527,120	\$ (47,200)	\$ 10,187,724
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water Activities:				
Capital Assets, not being				
Depreciated:				
Land	\$ 95,896	\$	\$	\$ 95,896
Construction in Progress	1,067,007		(1,067,007)	
Total Capital Assets, not being				
Depreciated	1,162,903		(1,067,007)	95,896
Capital Assets, being Depreciated:				
Buildings	14,783			14,783
Physical System	10,812,823	1,791,810		12,604,633
Furniture, Vehicles and				
Equipment	910,320	82,720		993,040
Total Capital Assets being				
Depreciated	11,737,926	1,874,530		13,612,456

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water Activities:				
Less Accumulated Depreciation				
For:				
Buildings	12,597	608		13,205
Physical System	5,577,200	321,629		5,898,829
Furniture, Vehicles and Equipment	493,753	42,195		535,948
Total Accumulated Depreciation	6,083,550	364,432		6,447,982
Total Capital Assets, being Depreciated, Net	5,654,376	1,510,098		7,164,474
Water Activities Capital Assets, Net	\$ 6,817,279	\$ 1,510,098	\$ (1,067,007)	\$ 7,260,370

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 39,169	\$	\$	\$ 39,169
Construction in Progress				
Total Capital Assets, not being Depreciated	39,169			39,169
Capital Assets, being Depreciated:				
Buildings	6,336			6,336
Physical System	17,144,844			17,144,844
Furniture, Vehicles and Equipment	378,915	17,275		396,190
Total Capital Assets being Depreciated	17,530,095	17,275		17,547,370

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer Activities:				
Less Accumulated Depreciation				
For:				
Buildings	5,823	779		6,602
Physical System	2,578,740	441,112		3,019,852
Furniture, Vehicles and Equipment	204,790	14,820		219,610
Total Accumulated Depreciation	2,789,353	456,711		3,246,064
Total Capital Assets, being Depreciated, Net	14,740,742	(439,436)		14,301,306
Sewer Activities Capital Assets, Net	\$ 14,779,911	\$ (439,436)	\$	\$ 14,340,475
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 10,000	\$	\$	\$ 10,000
Construction in Progress	1,187,813		(1,187,813)	
Total Capital Assets, not being Depreciated	1,197,813		(1,187,813)	10,000
Capital Assets, being Depreciated:				
Buildings	21,119			21,119
Physical System	4,957,121	1,419,115		6,376,236
Furniture, Vehicles and Equipment	864,240	1,500		865,740
Total Capital Assets being Depreciated	5,842,480	1,420,615		7,263,095

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Gas Activities:				
Less Accumulated Depreciation				
For:				
Buildings	17,778	475		18,253
Physical System	2,159,790	141,381		2,301,171
Furniture, Vehicles and Equipment	713,428	49,924		763,352
Total Accumulated Depreciation	2,890,996	191,780		3,082,776
Total Capital Assets, being Depreciated, Net	2,951,484	1,228,835		4,180,319
Gas Activities Capital Assets, Net	\$ 4,149,297	\$ 1,228,835	\$ (1,187,813)	\$ 4,190,319

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

Governmental Activities:	
General Government	\$ 75,799
Public Safety	78,411
Public Works	242,658
Parks and Recreation	150,993
Total Depreciation Expense - Governmental Activities	<u>\$ 547,861</u>
Business-type Activities:	
Water	\$ 364,432
Sewer	456,711
Gas	191,780
Total Depreciation Expense - Business-type Activities	<u>\$ 1,012,923</u>

The City uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

<u>Class</u>	<u>Years</u>
Buildings	40
Improvements other than Buildings	20
Furniture, Vehicles and Equipment	3 - 10
Utility Systems	20 - 40
Infrastructure	20 - 50

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

F. Long-term Debt

Debt of the Governmental Funds

The general obligation (GO) bond and note payable of the Governmental Funds are payable from operations of the General Fund. Debt balance and transactions for the year ended September 30, 2021, are as follows:

	Balance, October 1, 2020	Additions	Retirements and Other	Balance September 30, 2021	Due Within One Year
GO Bond	\$ 1,275,000	\$	\$ (195,000)	\$ 1,080,000	\$ 200,000
	<u>\$ 1,275,000</u>	<u>\$</u>	<u>\$ (195,000)</u>	<u>\$ 1,080,000</u>	<u>\$ 200,000</u>

The principal and interest requirements of the general obligation bond and note payable at September 30, 2021 are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 200,000	\$ 30,856	\$ 230,856
2023	210,000	25,606	235,606
2024	215,000	19,831	234,831
2025	225,000	13,650	238,650
2026	230,000	6,900	236,900
	<u>\$ 1,080,000</u>	<u>\$ 96,843</u>	<u>\$ 1,176,843</u>

Debt of the Enterprise Funds

The revenue bonds of the Enterprise Funds are payable from operations of the Water Fund. Debt balance and transactions for the year ended September 30, 2021 are as follows:

	Balance, October 1, 2020	Additions	Retirements and Other	Balance September 30, 2021	Due Within One Year
GO Bond	\$ 670,000	\$	(63,650)	\$ 606,350	\$ 67,000
	<u>\$ 670,000</u>	<u>\$</u>	<u>\$ (63,650)</u>	<u>\$ 606,350</u>	<u>\$ 67,000</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

F. Long-term Debt - Continued

Debt of the Enterprise Funds - Continued

The revenue bonds of the Enterprise Funds are payable from operations of the Sewer Fund. Debt balance and transactions for the year ended September 30, 2021 are as follows:

	Balance, October 1, 2020	Additions	Retirements and Other	Balance September 30, 2021	Due Within One Year
Revenue Bond	\$ 107,604	\$	\$ (8,635)	\$ 98,969	\$ 9,078
Revenue Bond	171,752		(7,479)	164,273	7,834
Revenue Bond	205,927		(7,183)	198,744	7,497
Revenue Bond	8,973,353		(187,080)	8,786,273	191,322
Revenue Bond	964,287		(20,103)	944,184	20,559
	<u>\$ 10,422,923</u>	<u>\$</u>	<u>\$ (230,480)</u>	<u>\$ 10,192,443</u>	<u>\$ 236,290</u>

The revenue bonds of the Enterprise Funds are payable from operations of the Gas Fund. Debt balance and transactions for the year ended September 30, 2021 are as follows:

	Balance, October 1, 2020	Additions	Retirements and Other	Balance September 30, 2021	Due Within One Year
GO Bond	<u>\$ 330,000</u>	<u>\$</u>	<u>\$ (31,350)</u>	<u>\$ 298,650</u>	<u>\$ 33,000</u>

The principal and interest requirements of the above revenue bonds and notes payable at September 30, 2021 are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 336,290	\$ 264,148	\$ 600,438
2023	342,272	258,166	600,438
2024	353,419	247,019	600,438
2025	364,738	237,945	602,683
2026	376,232	228,425	604,657
2027-2031	1,769,255	987,143	2,756,398
2032-2036	1,517,788	782,924	2,300,712
2037-2041	1,597,623	593,868	2,191,491
2042-2046	1,738,024	405,176	2,143,200
2047-2051	1,944,769	198,431	2,143,200
2052-2056	757,033	16,184	773,217
	<u>\$ 11,097,443</u>	<u>\$ 4,219,429</u>	<u>\$ 15,316,872</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

V. Other Information

A. Pension Plan

General Information about the Pension Plan

Plan Description

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

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. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receive 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.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. As of July 2019 the current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for 2021 were \$313,334 which was equal to the required contributions. The City's contributions to PERS for 2020 and 2019 were \$305,686 and \$279,834 respectively.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

V. Other Information - Continued

A. Pension Plan - Continued

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 \$3,990,718 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 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 .027 percent.

For the year ended September 30, 2021, the City recognized pension expense of \$199,894. At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,811	\$
Changes in assumptions	307,084	
Net difference between projected and actual earnings on pension plan investments	250,922	(1,452,756)
Changes in proportion and differences between System contributions and proportionate share of contributions	(2,214)	
District contributions subsequent to the measurement date	<u>78,270</u>	
Total	<u>\$ 697,873</u>	<u>\$ (1,452,756)</u>

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 pensions expense as follows:

Years ended June 30,	
2022	\$ (143,429)
2023	(141,488)
2024	(187,883)
2025	(358,140)
2026	
Thereafter	<u> </u>
	<u>\$ (830,940)</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

V. Other Information - Continued

A. Pension Plan - Continued

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

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 95% of male rates up to age 60, 110% for ages 60 to 75, and 101% for ages above 77. 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2018 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, 2021.

The long-term expected rate of return on pension plan investments was determined using a long-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 rate of return by weighting the expected future real rates of return by the target asset allocation expected 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.90 %
International Equity	22.00	4.50
Global	12.00	4.80
Debt Securities	20.00	0.25
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	1.00
	<u>100.00 %</u>	

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

V. Other Information - Continued

A. Pension Plan - Continued

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

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 System's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the System'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:

	1% Decrease (6.55%)	Discount Rate (7.55%)	1% Increase (8.55%)
System's proportionate share of the net pension liability	\$ 5,651,792	\$ 3,990,718	\$ 2,621,861

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.

B. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2021 is as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$	\$ (21,272)
Water	518,630	
Sewer		(574,529)
Gas	77,171	
	<u>\$ 595,801</u>	<u>\$ (595,801)</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2021

V. Other Information - Continued

C. Commitments and Contingencies

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Litigation

As of September 30, 2021, there was no pending litigation in which the City was involved.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk management activities are accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR). There have been no significant changes in insurance coverage, or settlements exceeding insurance coverage, during the past three years.

VI. Net Position/Fund Balances

Net position reported on the government-wide statement of net position at September 30, 2021, include the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in Capital Assets, Net of Related Debt		
Capital assets, net of accumulated depreciation	\$ 10,187,724	\$ 25,791,164
Less: Related long-term debt outstanding	(1,080,000)	(11,097,443)
Total Invested in Capital Assets, Net of Related Debt	<u>9,107,724</u>	<u>14,693,721</u>
 Unrestricted	 (892,842)	 3,122,500
Total Net Position	<u><u>\$ 8,214,882</u></u>	<u><u>\$ 17,816,221</u></u>

CITY OF RIPLEY, MISSISSIPPI
Schedule of Required Supplementary Information
Schedule of the City of Ripley's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Mississippi
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Public Employees' Retirement System of Mississippi (PERS)</u>				
City of Ripley's Proportion of the Net Pension Liability	0.002681%	0.026410%	0.026299%	0.025042%
City of Ripley's Proportionate Share of the Share of the Net Pension Liability	\$ 3,990,718	\$ 5,033,298	\$ 4,573,913	\$ 4,158,243
City of Ripley's Covered Payroll	\$ 1,792,050	\$ 1,754,772	\$ 1,728,337	\$ 1,630,997
City of Ripley's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	222.69%	286.83%	264.64%	254.95%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	70.44%	58.97%	61.59%	62.54%

Note: Information prior to 2015 is not available. The City of Ripley will continue to present information for years available until a full ten-year trend is presented.

The amount is presented as of the City of Ripley's measurement date which is the prior fiscal year.

NOTES TO SCHEDULE

Changes of Assumptions

2021

1. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - a. For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - b. For females, 84% of female rates up to age 72, 100% for ages above 76.
 - c. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
2. The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - a. For males, 134% of male rates at all ages.
 - b. For females, 121% of female rates at all ages.
 - c. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
3. The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - a. For males, 97% of male rates at all ages.
 - b. For females, 110% of female rates at all ages.
 - c. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
4. The price inflation assumption was reduced from 2.75% to 2.40%.

<u>2017</u>	<u>2016</u>	<u>2015</u>
-------------	-------------	-------------

0.024078%	0.024777%	0.024733%
-----------	-----------	-----------

\$ 3,989,614	\$ 4,465,625	\$ 3,864,505
--------------	--------------	--------------

\$ 1,545,441	\$ 1,580,163	\$ 1,546,165
--------------	--------------	--------------

258.15%	282.61%	249.94%
---------	---------	---------

61.49%	57.47%	61.70%
--------	--------	--------

CITY OF RIPLEY, MISSISSIPPI
Schedule of Required Supplementary Information
Schedule of the City of Ripley's Proportionate Share of the Net Pension Liability - Continued
Public Employees' Retirement System of Mississippi
Last 10 Fiscal Years

NOTES TO SCHEDULE - Continued

Changes of Assumptions - Continued

2021 - Continued

5. The wage inflation assumption was reduced from 3.00% to 2.65%.
6. The investment rate of return assumption was changed from 7.75% to 7.55%.
7. The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
8. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
9. The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
10. The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2019

1. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - a. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - b. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - c. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
2. The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - a. For males, 137% of male rates at all ages.
 - b. For females, 115% of female rates at all ages.
 - c. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
3. The price inflation assumption was reduced from 3.00% to 2.75%.
4. The wage inflation assumption was reduced from 3.25% to 3.00%.
5. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
6. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

1. 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.
2. The wage inflation assumption was reduced from 3.75% to 3.25%.
3. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
4. The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

2015

1. 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.

CITY OF RIPLEY, MISSISSIPPI
Schedule of Required Supplementary Information
Schedule of the City of Ripley's Proportionate Share of the Net Pension Liability - Continued
Public Employees' Retirement System of Mississippi
Last 10 Fiscal Years

NOTES TO SCHEDULE - Continued

Changes of Assumptions - Continued

2015 - Continued

2. 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.
3. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
4. Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
5. The price inflation and investment rate of return assumptions were changed from 3.5% to 3.00% and 8.00% to 7.75%, respectively.

Changes in Benefit Provisions

2016

1. 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.

CITY OF RIPLEY, MISSISSIPPI
Schedule of Required Supplementary Information
Schedule of the City of Ripley's Contributions
 Public Employees' Retirement System of Mississippi
 Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Public Employees' Retirement System</u> <u>of Mississippi (PERS)</u>				
Contractually Required Contribution	\$ 313,334	\$ 305,686	\$ 279,834	\$ 256,882
Contributions in Relation to the Contractually Required Contributions	<u>313,334</u>	<u>305,686</u>	<u>279,834</u>	<u>256,882</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City of Ripley's Covered Payroll	\$ 1,792,050	\$ 1,754,772	\$ 1,728,337	\$ 1,630,997
Contributions as a Percentage of Covered Payroll	17.48%	17.42%	16.19%	15.75%

Note: Information prior to 2015 is not available. The City of Ripley will continue to present information for years available until a full ten-year trend is presented.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 243,407	\$ 248,877	\$ 243,521
<u>243,407</u>	<u>248,877</u>	<u>243,521</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,545,441	\$ 1,580,163	\$ 1,546,165
15.75%	15.75%	15.75%

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budget Basis - General Fund
For the Year Ended September 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
General Property Taxes			
Current Ad Valorem	\$ 386,618	\$ 418,829	\$ 32,211
In Lieu of Taxes/Franchise Tax	67,320	70,424	3,104
Intergovernmental Revenues			
State Shared Revenues:			
Sales Tax	1,489,710	1,689,571	199,861
Tourism Tax	330,565	376,544	45,979
Fire Protection Refund	29,895		(29,895)
State Gasoline Tax	5,360	5,359	(1)
General Municipal Aid	2,700	2,690	(10)
Collection from County:			
Road Tax	97,500	92,644	(4,856)
Fire Protection Refund	20,000		(20,000)
Building Code Rebate	902		(902)
Fines and Forfeitures	80,120	138,901	58,781
Privilege Tax	18,038	16,854	(1,184)
Gross Receipts Tax	129,409	123,630	(5,779)
Building Fees, Permits and Inspections	6,000	9,439	3,439
Park Revenue	89,278	99,851	10,573
Charges for Services:			
Sanitation	345,000	355,911	10,911
Grant Revenue	1,363,912	1,363,339	(573)
Miscellaneous	339,385	425,302	85,917
Interest	2,500	2,316	(184)
Total Revenues	<u>\$ 4,804,212</u>	<u>\$ 5,191,604</u>	<u>\$ 387,392</u>

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Budget Basis - General Fund - Continued
For the Year Ended September 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Current:			
General Government	\$ 891,606	\$ 967,640	\$ (76,034)
Public Safety	1,140,451	1,154,391	(13,940)
Public Works	1,750,010	1,724,205	25,805
Parks and Recreation	1,310,332	752,042	558,290
Total Expenditures	<u>5,092,399</u>	<u>4,598,278</u>	<u>494,121</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(288,187)</u>	<u>593,326</u>	<u>881,513</u>
Other Financing Sources (Uses):			
Transfer In	<u>288,187</u>	<u>125,000</u>	<u>(163,187)</u>
Total Other Financing Sources	<u>288,187</u>	<u>125,000</u>	<u>(163,187)</u>
Net Change in Fund Balances	<u>\$</u>	<u>718,326</u>	<u>\$ 718,326</u>
Fund Balances, October 1		<u>1,137,170</u>	
Fund Balances, September 30		<u><u>\$ 1,855,496</u></u>	

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Notes to Required Supplementary Information
September 30, 2021

Budgetary Data

The City Board of Aldermen formally adopts an annual operating budget for the General Fund at the "category level." State statutes prohibit the governing authority from expending amounts in excess of the adopted or amended budget. The City Board of Aldermen may amend the budget during the fiscal year, by resolution, to reallocate resources.

The budgets for the General Fund are adopted in accordance with provisions of the State Auditor's Office and not on a basis consistent with accounting principles generally accepted in the United States of America. For budgetary purposes, certain revenues from property taxes, interest on investments, and certain other sources are recognized when received in cash and unexpended appropriations lapse thirty days after the end of the fiscal year. Expenditures may not legally exceed budgeted appropriations and any existing fund balance at the various fund or fund type levels. Budget amounts are as originally adopted, or as amended by the City Board of Aldermen. Budget amendments are made throughout the year as reallocations of funds are necessary or as circumstances dictate.

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the budgetary and GAAP fund balances for the year ended September 30, 2021, is as follows:

Fund Balance - Budgetary Basis	\$ 1,855,496
Adjustment:	
Change in Revenue Accruals	<u>520,166</u>
Fund Balance - GAAP Basis	<u><u>\$ 2,375,662</u></u>

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

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the financial statements of the governmental activities and the business-type activities of the City of Ripley, Mississippi as of and for the year ended September 30, 2021, which collectively comprise the City of Ripley, Mississippi's basic financial statements and have issued our report thereon dated June 27, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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.

Lindsey, Davis & Associates

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 27, 2022

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Reconciliation of Original Ad-Valorem
Tax Rolls to Fund Collections
Year Ended September 30, 2021

	<u>Assessed Value</u>	<u>Millage</u>	<u>Tax</u>
<u>Assessed Valuation and Millage</u>			
Realty	23,502,756	11.79 Mills	\$ 277,097
Personal	6,752,811	11.79 Mills	79,616
Auto	5,588,314	11.79 Mills	65,886
	<u>35,843,881</u>		<u>422,599</u>
Less: Homestead Exemption Allowed			(41,674)
Exempted Industries			
Total			<u>380,925</u>
<u>Collection Adjustments</u>			
Add: Actual Homestead Reimbursement			34,412
Mobile Home Tax			722
TVRHA in Lieu of Tax			<u>3,153</u>
<u>Total to be Accounted For</u>			<u>\$ 419,212</u>
	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Collection Credits Allocated to Funds:			
General Fund	\$ 380,522	\$ 34,412	\$ 414,934
Balance Represented by: Unpaid Property Taxes			<u>4,278</u>
<u>Total Accounted For</u>			<u>\$ 419,212</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax assessments were found to be within the limitations of Sections 27-39-320 through 27-39-323, Miss. Code Ann. (1972), as follows:

Actual Collections:		Actual Collections:	
Base Year 2020	\$ 376,898	Taxes collected 2021	\$ 380,522
10% Increase	37,690	Homestead Exemption Reimb.	34,412
Exemption		Under (Over) Limitation	(346)
Total	<u>\$ 414,588</u>	Total	<u>\$ 414,588</u>

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Investments - All Funds
September 30, 2021

The following is a schedule of investments at September 30, 2021:

Certificates of Deposit

<u>Fund Account Name</u>	<u>Balance</u> <u>9/30/21</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>
Water Meter Fund Account	\$ 10,000	08/22/22	0.40%
Gas Meter Account	25,650	08/22/22	0.40%
Water & Sewer Meter	15,463	06/29/22	0.40%
Gas Meter Account	10,000	06/24/22	0.40%
Gas Depreciation Account	8,000	07/19/22	0.50%
Gas Contingent Account	8,000	07/19/22	0.50%
Gas Cushion Account	37,000	07/19/22	0.50%
Water & Sewer Contingent Account	4,500	07/19/22	0.50%
Water & Sewer Depreciation Account	4,500	07/19/22	0.50%
Water & Sewer Cushion Account	9,000	07/19/22	0.50%
Gas Meter Account	10,000	07/19/22	0.50%
Water Meter Fund Account	10,000	07/19/22	0.50%
Gas Meter Account	10,000	12/12/22	0.50%
Water & Sewer Cushion Account	3,000	11/03/22	0.40%
Water & Sewer Depreciation Account	1,500	11/03/22	0.40%
Water & Sewer Contingent Account	1,500	11/03/22	0.40%
Gas Operations	120,410	07/13/22	0.40%
Gas Operations	123,984	02/15/23	0.35%
Gas Meter	40,000	02/15/23	0.35%
Water Meter Fund Account	20,000	02/15/23	0.35%
Water & Sewer Cushion	8,000	02/15/23	0.35%
Water & Sewer Depreciation	2,500	02/15/23	0.35%
Water & Sewer Contingent	2,500	02/15/23	0.35%
Gas Operations	116,229	06/01/22	0.40%
Gas Contingent Account	2,000	06/23/22	0.35%
Gas Cushion Account	13,000	06/23/22	0.35%
Gas Depreciation Account	2,000	06/23/22	0.35%
Murry Spur Water System	10,800	08/23/22	0.50%
Water & Sewer Depreciation Account	2,905	11/14/22	0.50%
Water & Sewer Contingent Account	2,905	11/14/22	0.50%
Water & Sewer Cushion Account	5,811	11/14/22	0.50%
Gas Meter	30,500	08/04/22	0.40%
Antioch Reserve	12,012	08/25/22	0.50%
Total	<u>\$ 683,669</u>		

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Surety Bonds for Municipal Officials
and Other Municipal Employees
September 30, 2021

Elected and appointed officials of the City of Ripley are covered under various surety bonds, as described below:

	<u>Bonded Amount</u>	<u>Policy Expiration Date</u>
Mayor		
Jon Grisham	\$ 50,000	7-01-2025
Aldermen		
Joey Bryant	50,000	7-01-2022
Kenneth Walker	50,000	7-01-2022
Jackie McKenzie	50,000	7-01-2022
Stephen Freeman	50,000	7-01-2022
Barry Cook	50,000	7-01-2022
City Clerk and Tax Collector		
Lisa Mauney	50,000	1-29-2022
Court Clerk		
Kathi Watson	50,000	7-07-2022
Police Chief		
Scott White	50,000	7-07-2022

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

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Ripley's basic financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

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

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

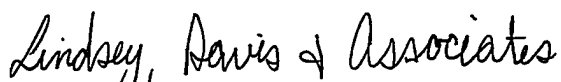
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Lindsey, Davis & Associates". The signature is written in a cursive, flowing style.

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 27, 2022