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

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

**FINANCIAL STATEMENTS**  
**City of Verona, Mississippi**

**For the year ended  
September 30, 2021**

# CITY OF VERONA, MISSISSIPPI

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P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



**Partners**

*Gary Franks, CPA*

*Bryon Wilemon, CPA*

*Jonathan Hagood, CPA*

*Rudolph Franks, CPA (1933-2019)*

## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Board of Aldermen  
City of Verona, Mississippi

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Verona, Mississippi, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of the City's proportionate share of the net pension liability on page 41, and the schedule of the City's contributions on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Verona, Mississippi's basic financial statements. The combining and individual non-major fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022 on our consideration of the City of Verona, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Verona's internal control over financial reporting and compliance.

*Franks, Franks, Wilemon & Hagood P.A.*

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.  
Tupelo, Mississippi  
March 1, 2022

# **CITY OF VERONA, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Required Supplementary Information for the Year Ended September 30, 2021**

This section of the City of Verona's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2021. Please read it in conjunction with the City of Verona financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$4,492,938. Of this amount, \$452,071 may be used to meet the City of Verona's ongoing obligations. This compares to the previous year when assets exceed liabilities by \$3,552,944, of which \$341,691 was available to meet the City's ongoing obligations.
- As of the close of the current fiscal year, the City of Verona governmental funds reported combined ending fund balances of \$866,366 compared to \$517,490, an increase of \$348,876 in comparison to the prior year. Approximately 50% of the combined fund balances, \$432,453 is considered unassigned and is available for spending at the City of Verona's discretion.
- The City of Verona's total debt is \$146,378. New debt in the amount of \$68,550 was issued in the current fiscal year. Debt in the amount of \$73,016 was repaid during the current fiscal year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Verona.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Verona's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Verona's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City of Verona has three Governmental Fund types: General, Special Revenue, and Capital Projects.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Water and Sewer fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

# CITY OF VERONA, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the City of Verona's financial statements, including the portion of the City of Verona they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

#### Major Features of the City of Verona's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: Water and Sewer System.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

# **CITY OF VERONA, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Government-wide Statements**

The government-wide statements report information about the City of Verona as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Verona's net position and how they have changed. Net position—the difference between the City of Verona's assets and liabilities—is one way to measure the City of Verona's financial health, or position.

- Over time, increases or decreases in the city of Verona's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Verona, the reader should consider additional non-financial factors such as changes in the City of Verona's property tax base.
- *Governmental activities*—Most of the City of Verona's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities*—The City of Verona charges fees to customers to help it cover the costs of certain services it provides. The City of Verona's water and sewer system services are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City of Verona's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Verona exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.



## **CITY OF VERONA, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Verona has two kinds of funds:

- **Governmental funds**—most of the City of Verona's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Verona's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Verona utilizes three types of governmental funds: the General Fund, Special Revenue Funds, and Capital Projects Funds.
- **Proprietary funds**—Services for which the City of Verona charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary fund—enterprise funds. The City of Verona's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows are all required statements.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City Verona's assets exceeded liabilities by \$4,492,938 at the close of the most recent fiscal year.

A large portion, 80%, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF VERONA, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

## City of Verona's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 1,310,749	\$ 917,369	\$ 1,852,416	\$ 1,621,763	\$ 3,163,165	\$ 2,821,060
Capital Assets	1,305,563	1,245,140	2,457,140	2,066,928	3,762,703	3,312,068
Total Assets	2,616,312	2,162,509	4,309,556	3,688,691	6,925,868	6,133,128
Deferred Outflows	110,494	88,382	55,205	42,641	165,699	131,023
Total Deferred Outflows	110,494	88,382	55,205	42,641	165,699	131,023
Current and Other Liabilities	122,996	115,683	218,455	29,829	341,451	427,440
Long-Term Liabilities	1,088,254	1,382,254	586,078	710,392	1,674,332	2,092,646
Total Liabilities	1,211,250	1,497,937	804,533	740,221	2,015,783	2,520,086
Deferred Inflows	388,663	128,921	194,183	62,200	582,846	191,121
Total Deferred Inflows	388,663	128,921	194,183	62,200	582,846	191,121
Net Position (Deficit):						
Net Investment in						
Capital Assets	1,159,185	1,094,296	2,457,140	2,066,928	3,616,325	3,161,224
Restricted	424,542	50,029	0	0	424,542	50,029
Unrestricted	(456,834)	(520,292)	908,905	861,983	452,071	341,691
Total Net Position	\$ 1,126,893	\$ 624,033	\$ 3,366,045	\$ 2,928,911	\$ 4,492,938	\$ 3,552,944

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of our business-type activities were \$908,905 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The City of Verona generally can only use this net position to finance the continuing operations of the business type activities.

**Changes in net position.** Approximately 16.27 percent of the City of Verona's revenue comes from property taxes, with 31.97 percent of all revenue coming from some type of tax. (See Table A-2.) Another 35.65 percent comes from fees charged for services, 4.04 percent comes from intergovernmental revenues and the balance is from investment earnings, operating and capital grants and contributions and other miscellaneous receipts.

# CITY OF VERONA, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

### Changes in The City of Verona's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 108,169	\$ 115,008	\$ 903,290	\$ 849,071	\$ 1,011,459	\$ 964,079
Operating Grants & Contributions	0	96,542	0	0	0	96,542
Capital Grants & Contributions	397,287	22,712	328,348	0	725,635	22,712
General Revenues:						
Property Taxes	461,520	434,253	0	0	461,520	434,253
Other Taxes	445,665	403,096	0	0	445,665	403,096
Intergovernmental Revenues	114,592	131,436	0	0	114,592	131,436
Investment Income	441	696	798	1,269	1,269	1,965
Other	<u>75,632</u>	<u>36,552</u>	<u>1,632</u>	<u>0</u>	<u>77,264</u>	<u>36,552</u>
Total Revenues	<u>1,603,306</u>	<u>1,240,295</u>	<u>1,234,068</u>	<u>850,340</u>	<u>2,837,374</u>	<u>2,090,635</u>
<b>Expenses</b>						
General Government	192,038	162,772	0	0	192,038	162,772
Public Safety	815,023	750,646	0	0	815,023	750,646
Public Works	102,555	86,811	0	0	102,555	86,811
Culture & Recreation	28,418	34,324	0	0	28,418	34,234
Debt Service	6,174	7,124	0	0	6,174	7,124
Water & Sewer	<u>0</u>	<u>0</u>	<u>753,172</u>	<u>735,199</u>	<u>753,172</u>	<u>735,199</u>
Total Expenses	<u>1,144,208</u>	<u>1,041,677</u>	<u>753,172</u>	<u>735,199</u>	<u>1,897,380</u>	<u>1,776,876</u>
Excess of Revenue Over Expenses	459,098	(198,618)	480,896	115,141	939,994	313,759
Transfers	<u>43,762</u>	<u>40,000</u>	<u>(43,762)</u>	<u>(40,000)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	502,860	238,618	437,134	75,141	939,994	313,759
Net Position—Beginning	<u>624,033</u>	<u>385,415</u>	<u>2,928,911</u>	<u>2,853,770</u>	<u>3,552,944</u>	<u>3,239,185</u>
Net Position—Ending	<u>\$ 1,126,893</u>	<u>\$ 624,033</u>	<u>\$ 3,366,045</u>	<u>\$ 2,928,911</u>	<u>\$ 4,492,938</u>	<u>\$ 3,552,944</u>

### Governmental Activities

Governmental activities increased the City's net position by \$502,860, thereby accounting for 53% of the total increase in the net position of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are property taxes (29%), other taxes (28%), intergovernmental revenues (7%), charges for services (7%) and capital grants and contributions (25%).

## **CITY OF VERONA, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS**

The largest expense categories for the City's governmental activities are public safety (71%) and general government (17%).

### **Business-type Activities**

Business-type activities increased the City's net position by \$437,134, thereby accounting for 47% of the increase in the City's net position.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$1,234,068 for water and sewer.

### **Financial Analysis of the Government's Funds**

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

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

**General Fund**—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$432,453, which comprised 97 percent of the fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 34.32% of total fund expenditures. The fund balance of the City's general fund decreased by \$21,556 during the current fiscal year.

**Capital Projects Fund**—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$0. There was no change in the fund balance for the current fiscal year.

**Special Revenue Fund**—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$420,640, which will be used for future expenditures.

**Proprietary Funds**—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$3,366,045.

### **Budgetary Highlights**

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

# CITY OF VERONA, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's 2020-2021 general fund operating budget increased by \$246,466. This increase was primarily related to increases in capital outlay in the Finance Department and an increase in personnel services in the Police Department. The City's tax millage for the 2021 fiscal year remained constant with no change.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets**—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounted to \$3,762,703, net of accumulated depreciation of \$5,143,304. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

### City of Verona's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 282,836	\$ 258,889	\$ 260,052	\$ 260,052	\$ 542,888	\$ 518,941
Plant, Buildings & Improvements	867,188	810,968	5,263,206	5,145,525	6,130,394	5,956,493
Machinery & Equipment	1,298,216	1,218,195	514,094	513,976	1,812,310	1,732,171
Infrastructure	92,067	92,067	0	0	92,067	92,067
Construction-in-progress	0	0	328,348	0	328,348	0
Accumulated Depreciation	<u>(1,234,744)</u>	<u>(1,134,979)</u>	<u>(3,908,560)</u>	<u>(3,852,625)</u>	<u>(5,143,304)</u>	<u>(4,987,604)</u>
Total	<u>\$ 1,305,563</u>	<u>\$ 1,245,140</u>	<u>\$ 2,457,140</u>	<u>\$ 2,066,928</u>	<u>\$ 3,762,703</u>	<u>\$ 3,312,068</u>

# CITY OF VERONA, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt** - At year-end, the city had \$146,378 in debt outstanding. More detailed information about the City of Verona's long-term liabilities is presented in the notes to the financial statements.

Table A-4

## City of Verona's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue Bonds	0	0	0	0	0	0
CAP Loans	0	0	0	0	0	0
Promissory Notes & Capital Lease	146,378	150,844	0	0	146,378	150,844
<b>Total</b>	<b>\$ 146,378</b>	<b>\$ 150,844</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 146,378</b>	<b>\$ 150,844</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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's general operations is \$1,215,628. This budget reflects a decrease of approximately \$90,732. This decrease is primarily related to a decrease in capital outlay in general government.

## CONTACTING THE CITY OF VERONA FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Verona's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Verona's Finance Department, P.O. Box 2363, Verona, MS 38879.

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS:</u></b>			
Cash on Deposit	\$ 701,172	\$ 936,191	\$ 1,637,363
Money Market, CD's	-	361,058	361,058
Restricted CD's	29,230	-	29,230
Restricted Cash	397,287	-	397,287
Due From Other Governments	-	-	-
Accounts Receivable, Net	88,175	271,460	359,635
Other Receivable	-	1,779	1,779
Court Fines Receivable, Net	349,682	-	349,682
Property Taxes Receivable	27,131	-	27,131
Internal Balances	(281,928)	281,928	-
Capital Assets:			
Land	282,836	260,052	542,888
Construction in Progress	-	328,348	328,348
Plant, Buildings and Improvements	867,188	5,263,206	6,130,394
Machinery and Equipment	1,298,216	514,094	1,812,310
Infrastructure	92,067	-	92,067
Accumulated Depreciation	(1,234,744)	(3,908,560)	(5,143,304)
<b>TOTAL ASSETS</b>	<b><u>2,616,312</u></b>	<b><u>4,309,556</u></b>	<b><u>6,925,868</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Amounts Related to Pensions	<u>110,494</u>	<u>55,205</u>	<u>165,699</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 110,494</u></b>	<b><u>\$ 55,205</u></b>	<b><u>\$ 165,699</u></b>

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>LIABILITIES:</u></b>			
Accounts Payable and Accrued Expenses	\$ 40,732	\$ 213,086	\$ 253,818
Accrued Compensated Absences	6,762	5,369	12,131
Due to Cemetery Patrons	26,838	-	26,838
Noncurrent Liabilities:			
Due Within One Year	48,664	-	48,664
Due in More Than One Year	97,714	-	97,714
Net Pension Liability	990,540	494,894	1,485,434
Refundable Meter Deposits	-	91,184	91,184
<b>TOTAL LIABILITIES</b>	<b>1,211,250</b>	<b>804,533</b>	<b>2,015,783</b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Amounts Related to Pensions	388,663	194,183	582,846
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>388,663</b>	<b>194,183</b>	<b>582,846</b>
<b><u>NET POSITION (DEFICIT):</u></b>			
Net Investment in Capital Assets	1,159,185	2,457,140	3,616,325
Restricted for:			
Cemetery	2,392	-	2,392
Municipal Court	4,674	-	4,674
Special Revenue	20,189	-	20,189
Infrastructure- ARPA	397,287	-	397,287
Unrestricted	(456,834)	908,905	452,071
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 1,126,893</b>	<b>\$ 3,366,045</b>	<b>\$ 4,492,938</b>

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



**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2021**

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT	
					Governmental Activities	Business-Type Activities
<b>PRIMARY GOVERNMENT</b>						
Government Activities:						
General Government	\$ 192,038	\$ -	\$ -	\$ 397,287	\$ 205,249	\$ -
Public Safety	815,023	60,207	-	60,207	(754,816)	-
Public Works	102,555	47,962	-	47,962	(54,593)	-
Culture and Recreation	28,418	-	-	-	(28,418)	-
Interest on Long-Term Debt	6,174	-	-	-	(6,174)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,144,208</b>	<b>108,169</b>	<b>-</b>	<b>397,287</b>	<b>(638,752)</b>	<b>-</b>
Business-Type Activities:						
Water and Sewer System	753,172	903,290	-	328,348	-	478,466
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>753,172</b>	<b>903,290</b>	<b>-</b>	<b>328,348</b>	<b>-</b>	<b>478,466</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,897,380</b>	<b>\$ 1,011,459</b>	<b>\$ -</b>	<b>\$ 725,635</b>	<b>\$ (638,752)</b>	<b>\$ (160,286)</b>
<b>GENERAL REVENUES:</b>						
Taxes:						
Property Taxes, Levied for General Purposes					\$ 461,520	\$ -
Sales Taxes					336,978	-
Licenses and Permits					13,390	-
In Lieu Taxes					28,712	-
Franchise Taxes					79,975	-
Homestead Reimbursement					32,740	-
Other Intergovernmental Revenues					81,852	-
Gain (Loss) on Disposal					-	1,632
Investment Earnings					441	798
Miscellaneous					62,242	-
Transfers					43,762	(43,762)
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>1,141,612</b>	<b>(41,332)</b>
<b>CHANGE IN NET POSITION</b>					<b>502,860</b>	<b>437,134</b>
<b>NET POSITION-BEGINNING,</b>					<b>624,033</b>	<b>2,928,911</b>
<b>NET POSITION-ENDING</b>					<b>\$ 1,126,893</b>	<b>\$ 3,366,045</b>

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

**CITY OF VERONA, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2021**

	General Fund	Major Revenue Funds	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS:</u></b>				
Cash on Deposit	\$ 677,819	\$ -	\$ 23,353	\$ 701,172
Money Market, CD's	29,230	-	-	29,230
Restricted Cash	-	397,287	-	397,287
Accounts Receivable	88,175	-	-	88,175
<b>TOTAL ASSETS</b>	<b>795,224</b>	<b>397,287</b>	<b>23,353</b>	<b>1,215,864</b>
<b><u>LIABILITIES:</u></b>				
Accounts Payable and Accrued Expenses	40,732	-	-	40,732
Due to Other Funds	281,928	-	-	281,928
Due to Cemetery Patrons	26,838	-	-	26,838
<b>TOTAL LIABILITIES</b>	<b>349,498</b>	<b>-</b>	<b>-</b>	<b>349,498</b>
<b><u>FUND BALANCES:</u></b>				
Nonspendable:				
Unemployment Trust Fund	6,207	-	-	6,207
Restricted for:				
Cemetery	2,392	-	-	2,392
Municipal Court	4,674	-	-	4,674
Fire Rebate	-	-	18,905	18,905
Police/Narcotics	-	-	3,164	3,164
Energy Grant	-	-	1,284	1,284
Infrastructure- ARPA	-	397,287	-	397,287
Unassigned:	432,453	-	-	432,453
<b>TOTAL FUND BALANCES</b>	<b>445,726</b>	<b>397,287</b>	<b>23,353</b>	<b>866,366</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 795,224</b>	<b>\$ 397,287</b>	<b>\$ 23,353</b>	<b>\$ 1,215,864</b>

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

**CITY OF VERONA, MISSISSIPPI**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**September 30, 2021**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 866,366
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	1,305,563
Accrued compensated absences are not due in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(6,762)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(146,378)
Net pension liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(990,540)
Deferred outflows and inflows related to pensions are applicable to future periods and therefore they are not reported in the Governmental Funds Balance Sheet.	
Deferred outflows of resources related to defined benefit pension plan	110,494
Deferred inflows of resources related to defined benefit pension plan	(388,663)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	27,131
Accrual of court fine revenues to qualify as financial resources.	349,682
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,126,893</u>

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

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2021**

	General Fund	Major Governmental Funds	Special Revenue Funds	Total Governmental Funds
<b>REVENUES:</b>				
General Property Taxes	\$ 461,566	\$ -	\$ -	\$ 461,566
Sales and Use Taxes	336,978	-	-	336,978
Licenses and Permits	13,390	-	-	13,390
In Lieu of Taxes	28,712	-	-	28,712
Franchise Taxes	79,975	-	-	79,975
Intergovernmental Revenues	66,292	-	-	66,292
Charges for Services	47,962	-	-	47,962
Fines and Forfeits	18,893	-	-	18,893
Interest Income	441	-	-	441
Grant Income	48,300	397,287	-	445,587
Miscellaneous Revenues	62,242	-	-	62,242
<b>TOTAL REVENUES</b>	<b>1,164,751</b>	<b>397,287</b>	<b>-</b>	<b>1,562,038</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	259,086	-	-	259,086
Public Safety	857,088	-	11,593	868,681
Public Works	93,185	-	-	93,185
Culture and Recreation	25,332	-	-	25,332
Debt Service	63,928	-	15,262	79,190
<b>TOTAL EXPENDITURES</b>	<b>1,298,619</b>	<b>-</b>	<b>26,855</b>	<b>1,325,474</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(133,868)</b>	<b>397,287</b>	<b>(26,855)</b>	<b>236,564</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Assets	-	-	-	-
Proceeds from Long Term Debt Issued	68,550	-	-	68,550
Transfers (to) from Other Funds	43,762	-	-	43,762
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>112,312</b>	<b>-</b>	<b>-</b>	<b>112,312</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(21,556)</b>	<b>397,287</b>	<b>(26,855)</b>	<b>348,876</b>
<b>FUND BALANCES - Beginning</b>	<b>467,282</b>	<b>-</b>	<b>50,208</b>	<b>517,490</b>
<b>FUND BALANCES - Ending</b>	<b>\$ 445,726</b>	<b>\$ 397,287</b>	<b>\$ 23,353</b>	<b>\$ 866,366</b>

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

**CITY OF VERONA, MISSISSIPPI**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2021**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 348,876
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	160,188
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(99,765)
Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.	(46)
Gain on sale of assets is reported on Government-Wide Statement of Activities, but it is already accounted for within the proceeds from sales in the governmental funds. The difference between the gain and the sales proceeds is a reconciling item.	-
(Increase) decrease in accrual of compensated absences	(2,954)
Revenues related to court fines in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	41,314
Charges to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.	50,781
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents proceeds from long-term debt issued.	(68,550)
This amount represents long-term debt repayments and issuance costs.	<u>73,016</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 502,860</u>

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

**CITY OF VERONA, MISSISSIPPI**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL -**  
**BUDGETARY BASIS**  
**For the year ended September 30, 2021**

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
General Property Taxes	\$ 462,580	458,181	\$ 454,076	\$ (4,105)
Sales and Use Taxes	283,000	339,187	339,187	-
Licenses and Permits	11,400	13,390	13,390	-
In Lieu of Taxes	26,800	28,712	28,712	-
Franchise Taxes	76,300	80,080	80,080	-
Intergovernmental Revenues	92,800	83,250	114,592	31,342
Charges for Services	47,000	47,962	47,962	-
Fines and Forfeits	55,740	60,590	18,893	(41,697)
Interest Revenues	750	423	441	18
Grant Income	-	118,707	93,119	(25,588)
Miscellaneous Revenues	9,300	28,583	62,242	33,659
TOTAL REVENUES	1,065,670	1,259,065	1,252,694	(6,371)
EXPENDITURES:				
Current:				
General Government	218,630	328,193	259,086	69,107
Public Safety	719,679	858,705	857,088	1,617
Public Works	77,196	83,992	93,185	(9,193)
Culture and Recreation	44,389	26,083	25,332	751
Debt Service	-	9,387	63,928	(54,541)
TOTAL EXPENDITURES	1,059,894	1,306,360	1,298,619	7,741
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,776	(47,295)	(45,925)	1,370
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Assets	-	-	-	-
Proceeds from Long Term Debt Issued	-	-	68,550	68,550
Transfers (to) from Other Funds	40,000	40,000	43,762	3,762
TOTAL OTHER FINANCING SOURCES (USES)	40,000	40,000	112,312	72,312
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ 45,776	\$ (7,295)	\$ 66,387	\$ 73,682

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

**CITY OF VERONA, MISSISSIPPI**  
**INFRASTRUCTURE- ARPA FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL -**  
**BUDGETARY BASIS**  
**For the year ended September 30, 2021**

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Grant Income	\$ -	\$ 397,287	\$ 397,287	\$ -
<b>TOTAL REVENUES</b>	<u>-</u>	<u>397,287</u>	<u>397,287</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>397,287</u>	<u>397,287</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES</b>	<u>\$ -</u>	<u>\$ 397,287</u>	<u>\$ 397,287</u>	<u>\$ -</u>

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

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2021**

**ASSETS:**

Current Assets:

Cash and Cash Equivalents	\$ 936,191
Money Market, CD's	361,058
Accounts Receivable, Net	271,460
Other Receivables	1,779
Due From Other Governments	-
Due From Other Funds	281,928
Prepaid Expenses	-
Total Current Assets	<u>1,852,416</u>

Restricted Assets:

Investments	-
Total Restricted Assets	<u>-</u>

Fixed Assets:

Water and Sewer System Machinery and Equipment	6,365,700
Less: Accumulated Depreciation	<u>(3,908,560)</u>
Net Fixed Assets	<u>2,457,140</u>
Total Assets	<u><u>4,309,556</u></u>

**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred Amounts Related to Pensions	<u>55,205</u>
Total Deferred Outflows of Resources	<u><u>55,205</u></u>

**LIABILITIES:**

Current Liabilities:

Accounts Payable and Accrued Expenses	213,086
Due to Other Funds	-
Accrued Compensated Absences	5,369
Refundable Meter Deposits	91,184
Current Maturities of Notes Payable	-
Total Current Liabilities	<u>309,639</u>

Noncurrent Liabilities

Net Pension Liability	494,894
Notes Payable, Less Current Maturities	-
Total Noncurrent Liabilities	<u>494,894</u>
Total Liabilities	<u><u>804,533</u></u>

**DEFERRED INFLOWS OR RESOURCES:**

Deferred Amounts Related to Pensions	<u>194,183</u>
Total Deferred Inflows of Resources	<u><u>194,183</u></u>

**NET POSITION:**

Net Investment in Capital Assets	2,457,140
Restricted for Debt Service	-
Unrestricted	908,905
Total Net Position	<u><u>\$ 3,366,045</u></u>

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



**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For the year ended September 30, 2021**

**OPERATING REVENUES**

Charges for Services	\$ 851,435
Service Charges and Penalties	45,225
Other Receipts	<u>6,630</u>
Total Operating Revenues	<u>903,290</u>

**OPERATING EXPENSES**

Personnel Services	377,409
Supplies	133,485
Depreciation and Amortization	75,105
Bad Debt Expense	4,525
Other Services	<u>162,648</u>
Total Operating Expenses	<u>753,172</u>
Operating Income	<u>150,118</u>

**NON-OPERATING REVENUES (EXPENSES)**

Interest Income	798
Grant Income	328,348
Gain (Loss) on Sale of Assets	<u>1,632</u>
Total Non-Operating Revenues (Expenses)	<u>330,778</u>

**TRANSFERS (TO) FROM OTHER FUNDS** (43,762)

**CHANGE IN NET POSITION** 437,134

**NET POSITION - OCTOBER 1** 2,928,911

**NET POSITION - SEPTEMBER 30** \$ 3,366,045

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

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**For the year ended September 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Customers	\$ 706,352
Cash Payments for Personnel Services	(379,902)
Cash Payments for Supplies	54,893
Cash Payments for Other Services	(162,648)
Net Cash Provided By Operating Activities	<u>218,695</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Operating Transfers - In from (Out) to Other Funds	(43,762)
Net Cash Flows Provided By (Used In) Noncapital Financing Activities	<u>(43,762)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition of Fixed Assets	(467,447)
Proceeds from Sale of Assets	3,762
Capital Grant Received	328,348
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(135,337)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest on Investments	798
Net Cash Provided By Investing Activities	<u>798</u>

NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH 40,394

CASH AND CASH EQUIVALENTS, OCTOBER 1 1,256,855

CASH AND CASH EQUIVALENTS, SEPTEMBER 30 \$ 1,297,249

**BALANCE SHEET RECONCILIATION**

Cash on Deposit	\$ 936,191
Money Market, CDs	361,058
	<u>\$ 1,297,249</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 150,118
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation and Amortization	75,105
Net Pension Expense	(2,741)
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable, Net	(190,132)
(Increase) Decrease in Other Receivables	(127)
Increase (Decrease) in Accounts Payable - Operating Activities	188,378
Increase (Decrease) in Accounts Payable - Capital Related Activities	-
Increase (Decrease) in Accrued Compensated Absences	248
Increase (Decrease) in Refundable Meter Deposits	(2,154)
Total Adjustments	<u>68,577</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 218,695</u>

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

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

The City of Verona, Mississippi operates under the Home-Rule authority granted by the 1985 Mississippi Legislature. A mayor-board of aldermen form of government is used and the City provides the following services: public safety (police and fire), street maintenance, water and sewer services and general administrative services.

**Government-Wide and Fund Financial Statements**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non-major funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The City reports the following major governmental fund:

*General Fund* – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds.

*Infrastructure-American Rescue Plan Act Fund (ARPA)* – The ARPA Fund is used to account for funds received directly from the U.S. Department of Treasury for relief to local governments derived from the COVID- 19 pandemic. These funds may be used to support public health expenditures, replace lost revenue, provide pay for essential workers, and invest in water and sewer infrastructure.

Additionally the City reports the following governmental fund types:

*Capital Projects Funds* – Capital Projects Funds are used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. These are non-major governmental funds.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Special Revenue Funds* – Special Revenue Funds are used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified

purposes. These are non-major governmental funds.

The City reports the following major proprietary funds:

*The Water & Sewer Fund* – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Verona.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgets and Budgetary Accounting

The Mayor and Board of Aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and board of aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a local newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the Proprietary Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Investments

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

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the City does not employ an encumbrance system.

Compensated Absences

The City's policy allows employees to accumulate unused sick leave.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the allowance for uncollectible court fines and defined benefit pension plan liability. It is at least reasonably possible that the significant estimate used will change within the next year.

Pensions

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

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

Fund Balance Classification

The Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.



**CITY OF VERONA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Business Information

The City of Verona provides water and sewer services to customers located within the City limits of Verona, Mississippi as well as a limited number of customers outside the City limits. Credit is extended to all of these customers for services.

Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Deposits

The carrying amount of the City's total demand deposits with financial institutions at September 30, 2021, was \$2,420,987, and the bank balance was \$2,446,104. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

*Custodial credit risk:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's entire bank balances were covered by federal depository insurance or collateralized in accordance with state law at year end. The collateral for public entities' deposits in financial institutions is held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann.

(1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the City's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

*Credit risk:* The City is allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the City's policy to limit its investments to those allowed by the State statute.

*Concentration of credit risk:* The City complies with the State statute regarding investments; as a result, concentration risk is limited.

*Custodial credit risk:* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the City requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The City's investments are insured or registered, or are securities held by the City or its agent in the City's name.

**NOTE 3 - PROPERTY TAXES**

Property taxes, except motor vehicles, attach as an enforceable lien on property as of January 1st. The City contracts with the County to bill and collect property taxes, except motor vehicle taxes. Motor vehicle taxes are collected by the County Tax Collector and remitted to the City. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 4 - FIXED ASSETS**

The following is a summary of capital asset activity as of September 30, 2021:

Primary Government:

	<u>Balance</u> <u>10-01-20</u>	<u>Additions</u>	<u>Reclass/</u> <u>Disposals</u>	<u>Balance</u> <u>09-30-21</u>
Capital Assets, not being depreciated:				
Land	\$ 258,889	\$ 23,947	\$ 0	\$ 282,836
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being depreciated	258,889	23,947	0	282,836
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	810,968	56,220	0	867,188
Infrastructure	92,067	0	0	92,067
Machinery and Equipment	<u>1,218,195</u>	<u>80,021</u>	<u>0</u>	<u>1,298,216</u>
Total Capital Assets being depreciated	2,121,230	136,241	0	2,257,471
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(216,279)	(23,380)	0	(239,659)
Infrastructure	(58,096)	(3,700)	0	(61,796)
Machinery and Equipment	<u>(860,604)</u>	<u>(72,685)</u>	<u>0</u>	<u>(933,289)</u>
Total Accumulated Depreciation	(1,134,979)	(99,765)	0	(1,234,744)
Total Capital Assets, depreciated, net Governmental Activities	<u>986,251</u>	<u>36,476</u>	<u>0</u>	<u>1,022,727</u>
Capital Assets, net	<u>\$ 1,245,140</u>	<u>\$ 60,423</u>	<u>\$ 0</u>	<u>\$ 1,305,563</u>

The City adopted a capitalization threshold of \$1,000 for general fixed assets and a threshold of \$5,000 for infrastructure assets. The City has retroactively applied these thresholds to all general fixed assets in service at September 30, 2021.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 4 - FIXED ASSETS (continued)**

A summary of business-type capital asset activity at September 30, 2021 follows:

	Balance 10-01-20	Additions	Disposals	Balance 09-30-21
Capital Assets, not being depreciated:				
Land	\$ 260,052	\$ 0	\$ 0	\$ 260,052
Construction in Progress	<u>0</u>	<u>328,348</u>	<u>0</u>	<u>328,348</u>
Total Capital Assets, not being depreciated	260,052	328,348	0	588,400
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	5,145,525	117,681	0	5,263,206
Machinery and Equipment	<u>513,976</u>	<u>21,418</u>	<u>(21,300)</u>	<u>514,094</u>
Total Capital Assets being depreciated	<u>5,659,501</u>	<u>139,099</u>	<u>(21,300)</u>	<u>5,777,300</u>
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(3,471,982)	(54,525)	0	(3,526,507)
Machinery and Equipment	<u>(380,643)</u>	<u>(20,580)</u>	<u>19,170</u>	<u>(382,053)</u>
Total Accumulated Depreciation	<u>(3,852,625)</u>	<u>(75,105)</u>	<u>0</u>	<u>(3,908,560)</u>
Total Capital Assets, depreciated, net Business-type Activities	<u>1,806,876</u>	<u>63,994</u>	<u>(2,130)</u>	<u>1,868,740</u>
Capital Assets, net	<u>\$ 2,066,928</u>	<u>\$ 392,342</u>	<u>\$ (2,130)</u>	<u>\$ 2,457,140</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

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

Governmental Activities:	
General Government	\$ 27,429
Public Safety	51,696
Public Works	17,037
Culture and Recreation	<u>3,603</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 99,765</u>

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 4 - FIXED ASSETS (continued)**

Business-type Activities:

Water and Sewer \$ 75,105

Total Depreciation Expense – Business-type Activities \$ 75,105

**NOTE 5 - RECEIVABLES**

Receivables at September 30, 2021, consisted primarily of taxes, court fines, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments.

An allowance for doubtful accounts in the amount of \$57,096 has been recorded in the Water and Sewer Fund at September 30, 2021. An allowance has also been recorded in the Governmental Activities for uncollectable court fine receivables in the amount of \$672,381. The City believes that all other accounts receivable are collectible.

**NOTE 6 - LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2021 is as follows:

	Balance at 9/30/20	Additions	Deletions	Balance at 9/30/21	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Notes payable	\$ 9,278	\$ 68,550	\$ 34,752	\$ 43,076	\$ 13,710
Capital Leases	141,566	-	38,264	103,302	36,455
<b>Governmental Long-term Liabilities</b>	<b>\$ 150,844</b>	<b>\$ 68,550</b>	<b>\$ 73,016</b>	<b>\$ 146,378</b>	<b>\$ 48,664</b>

**Business- Type Activities:**

*None*

**Loans.** The City uses loans to finance its projects. Loans outstanding as of September 30, 2021 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
<b>Governmental</b>					
Heritage House Loan	3.050%	3/15/2021	9/15/2024	\$ 68,550	\$ 43,076
				\$ 68,550	\$ 43,076

**CITY OF VERONA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021**

**NOTE 6 – LONG-TERM DEBT (continued)**

**Capital Leases.** The City is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
<b>Governmental</b>					
Fire Truck	3.790%	11/1/2014	11/1/2026	\$ 145,000	\$ 80,557
Knuckleboom	3.539%	7/15/2017	7/15/2022	127,182	22,745
				<u>\$ 272,182</u>	<u>\$ 103,302</u>
<b>Total</b>				<u>\$ 340,732</u>	<u>\$ 146,378</u>

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

The Annual requirements to amortize all debt outstanding as of September 30, 2021 including interest payments of \$13,472 are as follows:

Year Ending September 30	Governmental Funds		Proprietary Funds		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2022	\$ 48,664	\$ 4,544	\$ -	\$ -	\$ 48,664	\$ 4,544
2023	26,806	3,291	-	-	26,806	3,291
2024	28,384	2,374	-	-	28,384	2,374
2025	13,651	1,612	-	-	13,651	1,612
2026	14,168	1,094	-	-	14,168	1,094
2027-2031	<u>14,705</u>	<u>557</u>	<u>-</u>	<u>-</u>	<u>14,705</u>	<u>557</u>
	<u>\$ 146,378</u>	<u>\$ 13,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,378</u>	<u>\$ 13,472</u>

Interest Included as Direct Expense

Interest expense of \$6,174 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related. Financial resources from long-term debt issuance in the State are not fungible.

**CITY OF VERONA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2021**

**NOTE 7 - INTERFUND TRANSACTIONS AND BALANCES**

The following is a summary of interfund balances at September 30, 2021:

Due To/From Other Funds:

	Due To	Due From
General Fund	\$ 281,928	\$ -
Nonmajor Governmental Funds	-	-
Proprietary Funds	-	281,928
	<u>\$ 281,928</u>	<u>\$ 281,928</u>

All interfund balances are resulted from the time lag between the dates that interfund goods and services are provided and the payments between funds are made. All interfund balances are expected to be repaid.

Transfers In/Out:

	Transfers In	Transfers Out
General Fund	\$ 43,762	\$ -
Nonmajor Governmental Funds	-	-
Proprietary Funds	-	43,762
	<u>\$ 43,762</u>	<u>\$ 43,762</u>

The principal purpose of interfund transfers was to provide funds to pay for capital outlay expenses in the governmental funds. All transfers are routine and consistent with the activities of the fund making the transfer.

**NOTE 8 - LITIGATION**

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

Plan Description - The City of Verona 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Mississippi Code of 1972 Annotated Section 25-11-1 et seq. 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 Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

Benefits Provided - Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions - At September 30, 2021, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$117,840, \$111,927 and \$105,068, respectively, equal to the required contributions for each year.

For the year ended September 30, 2021, the City's total payroll for all employees was \$762,501. Total covered payroll was \$677,229. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.



**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 9 - DEFINED BENEFIT 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 \$1,485,434 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2021 net pension liability was 0.010050 percent, which was based on a measurement date of June 30, 2021. This was a decrease of .000256 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$64,318. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 23,752	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	447,349
City Pension Contributions Subsequent to the Measurement Date	27,644	-
Changes of Assumptions	114,303	-
Changes in the Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	-	135,497
Total	\$ <u>165,699</u>	\$ <u>582,846</u>

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

\$27,644 reported as 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 the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2022	\$ (141,665)
2023	(89,755)
2024	(80,063)
2025	(133,308)
Total	\$ (444,791)

Actuarial Assumptions - The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

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

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

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

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

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	100.00 %	

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 (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	Discount Rate	City of Verona's Proportionate Share of Net Pension Liability
1% Decrease	6.55%	\$ 2,103,723
Current Discount Rate	7.55%	1,485,434
1% Increase	8.55%	975,915

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 10 - FUND BALANCE RECONCILIATION – GENERAL FUND BUDGET BASIS**

The major difference between the budgetary basis and the GAAP basis is:

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund.

	<u>General Fund</u>
Budget (Cash Basis)	\$ 66,387
Increase (Decrease)	
Net adjustments for	
revenue	(87,943)
expenditures	<u>-</u>
GAAP Basis	\$ <u>(21,556)</u>

**NOTE 11 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS**

Any expenditures over appropriations at the legal level or budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the respective fund. Expenditures over appropriations at the legal level of budgetary control are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund:			
General Government			
Supplies	\$ 12,738	\$ 16,189	\$ 3,451
Other Services & Charges	\$ 86,979	\$ 88,954	\$ 1,975
Public Safety			
Supplies	\$ 79,012	\$ 79,032	\$ 20

**NOTE 12 – COMMITMENTS**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 13 - RISK MANAGEMENT**

The City of Verona is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the City retains the risk of loss.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 13 – RISK MANAGEMENT (continued)**

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2021, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

**NOTE 14 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 1, 2022, the date on which the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VERONA, MISSISSIPPI  
SCHEDULE OF THE CITY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

PERS  
For the year ended September 30, 2021  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015
A. Verona's proportion of the net pension liability (%)	0.010050%	0.009794%	0.010110%	0.010168%	0.009378%	0.009241%	0.010208%
B. Verona's proportionate share of the net pension liability	\$ 1,485,434	\$ 1,896,005	\$ 1,778,549	\$ 1,691,240	\$ 1,558,942	\$ 1,650,673	\$ 1,577,956
C. Verona's covered employee payroll	\$ 668,230	\$ 652,161	\$ 658,425	\$ 649,302	\$ 601,613	\$ 591,143	\$ 637,746
D. Verona's proportionate share of the net pension liability as a percentage of its covered employee payroll (%)	222.29%	290.73%	270.12%	260.47%	259.13%	279.23%	247.43%
E. Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF VERONA, MISSISSIPPI**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

**PERS**

For the year ended September 30, 2021

**UNAUDITED**

	2021	2020	2019	2018	2017	2016	2015	2014
A. Contractually required contributions	\$ 117,840	\$ 111,927	\$ 105,068	\$ 106,342	\$ 93,642	\$ 92,363	\$ 98,975	\$ 99,908
B. Contributions in relation to contractually required contributions	\$ 117,840	\$ 111,927	\$ 105,068	\$ 106,342	\$ 93,642	\$ 92,363	\$ 98,975	\$ 99,908
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Verona's covered employee payroll	\$ 677,229	\$ 643,259	\$ 650,456	\$ 675,182	\$ 594,548	\$ 586,420	\$ 628,430	\$ 634,335
E. Contributions as a percentage of covered employee payroll	17.40%	17.40%	16.15% **	15.75%	15.75%	15.75%	15.75%	15.75%

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

\*\* Until July 1, 2019, contributions were 15.75%. Subsequent to July 1, 2019 contributions were 17.40%.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.



**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**PENSION SCHEDULES**

(1) Changes of assumptions

a. 2021

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

b. 2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  1. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
  2. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
  3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
  1. For males, 137% of male rates at all ages.
  2. For females, 115% of female rates at all ages.
  3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

**CITY OF VERONA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

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

**PENSION SCHEDULES (continued)**

- The wage inflation assumption was reduced from 3.25% to 3.00%.
  - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to reflect actual experience more closely.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- c. 2017
- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
  - The wage inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- d. 2016
- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- e. 2015
- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
  - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
  - Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**(2) Changes in benefit provisions**

**a. 2016**

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

**CITY OF VERONA, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2021**

**PENSION SCHEDULES (continued)**

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

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

- (4) The comparative information presented on the Schedule of the City's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.

**FUND FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the year ended September 30, 2021**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>			
General Property Taxes	\$ 458,181	\$ 454,076	\$ (4,105)
Licenses and Permits	13,390	13,390	-
Sales and Use Taxes	339,187	339,187	-
Intergovernmental Revenues	50,510	33,552	(16,958)
Homestead Reimbursement	32,740	32,740	-
Fines and Forfeits	60,590	18,893	(41,697)
In Lieu of Taxes	28,712	28,712	-
Franchise Taxes	80,080	80,080	-
Charges for Services	47,962	47,962	-
Miscellaneous Revenues	28,583	62,242	33,659
Interest Income	423	441	18
Grant Income	118,707	141,419	22,712
<b>TOTAL REVENUES</b>	<u>1,259,065</u>	<u>1,252,694</u>	<u>(6,371)</u>
<b>EXPENDITURES:</b>			
General Government			
Personnel Services	81,072	79,926	1,146
Supplies	12,738	16,189	(3,451)
Other Services and Charges	86,979	88,954	(1,975)
Debt Service	-	26,731	(26,731)
Capital Outlay	147,404	74,017	73,387
Total General Government	<u>328,193</u>	<u>285,817</u>	<u>42,376</u>
Public Safety			
Personnel Services	628,720	628,720	-
Supplies	79,012	79,032	(20)
Other Services and Charges	86,139	84,526	1,613
Debt Service	9,387	9,386	1
Capital Outlay	64,834	64,810	24
Total Public Safety	<u>868,092</u>	<u>866,474</u>	<u>1,618</u>
Public Works			
Personnel Services	23,413	23,413	-
Supplies	7,599	7,599	-
Other Services and Charges	47,413	47,413	-
Debt Service	-	27,811	(27,811)
Capital Outlay	5,567	14,760	(9,193)
Total Public Works	<u>83,992</u>	<u>120,996</u>	<u>(37,004)</u>

**CITY OF VERONA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL - GENERAL FUND - Continued**  
**For the year ended September 30, 2021**

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Cultural, Recreational and Cemetery			
Personnel Services	\$ 13,764	\$ 13,013	\$ 751
Supplies	474	474	-
Other Services and Charges	5,245	5,245	-
Capital Outlay	6,600	6,600	-
Total Cultural, Recreational and Cemetery	<u>26,083</u>	<u>25,332</u>	<u>751</u>
<b>TOTAL EXPENDITURES</b>	<u>1,306,360</u>	<u>1,298,619</u>	<u>7,741</u>
Excess (Deficit) Revenues Over (Under)			
Expenditures	<u>(47,295)</u>	<u>(45,925)</u>	<u>1,370</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Debt Issuance	-	68,550	68,550
Proceeds from Sale of Assets	-	-	-
Transfers (to) from Other Funds	<u>40,000</u>	<u>43,762</u>	<u>3,762</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>40,000</u>	<u>112,312</u>	<u>72,312</u>
Excess (Deficit) of Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	(7,295)	66,387	73,682
Fund Balance - Beginning	<u>467,282</u>	<u>467,282</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 459,987</u>	533,669	<u>\$ 73,682</u>
Adjustments To GAAP Basis:			
Less: Accrued Revenue		<u>(87,943)</u>	
Fund Balance GAAP - Ending		<u>\$ 445,726</u>	

## OTHER SUPPLEMENTARY INFORMATION

**CITY OF VERONA MISSISSIPPI**  
**SCHEDULE OF LONG TERM DEBT**  
For the year ended September 30, 2021

	BALANCE OUTSTANDING October 1, 2020	TRANSACTIONS DURING FISCAL YEAR ISSUED	REDEEMED	BALANCE OUTSTANDING September 30, 2021
<b>Governmental Funds:</b>				
<u>Other Long Term Debt</u>				
Capital Lease - Commercial Bank Interest Rate 3.79% Maturity 2026	\$ 92,321	\$ -	\$ 11,764	\$ 80,557
Capital Lease - Commercial Bank Interest Rate 3.539% Maturity 2022	49,245	-	26,500	22,745
Capital Lease - Renasant Bank Interest Rate 3.895% Maturity 2022	9,278	-	9,278	-
Note Payable- Renasant Bank Interest Rate 3.050% Maturity 2026	-	68,550	25,474	43,076
Total Governmental Funds	<u>150,844</u>	<u>68,550</u>	<u>73,016</u>	<u>146,378</u>
<b>Proprietary Fund:</b>				
<u>Other Long Term Debt</u>				
None for FY 2021	\$ -	\$ -	\$ -	\$ -
Total Proprietary Fund	\$ -	\$ -	\$ -	\$ -
Total Government-wide	<u>\$ 150,844</u>	<u>\$ 68,550</u>	<u>\$ 73,016</u>	<u>\$ 146,378</u>



**CITY OF VERONA, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**September 30, 2021**

<b>NAME</b>	<b>POSITION</b>	<b>COMPANY</b>	<b>BOND</b>
Bobby Williams	Mayor	Travelers	\$ 50,000
Sonja Moore	Water Clerk	Travelers	50,000
Camille Lipsey	Court Clerk	Travelers	50,000
Pamela Shumpert	City Clerk	Travelers	50,000
Eddie Tucker	Alderman	Travelers	50,000
Jessie Gilmore	Alderman	Travelers	50,000
Brenda Spurgon	Alderman	Travelers	50,000
Margaret Baker	Alderman	Travelers	50,000
Julian Riley	Alderman	Travelers	50,000
Marsenio Nunn	Police Chief	Travelers	50,000
Johnny Patterson	Assistant Police Chief	Travelers	50,000
Michael Coxey	Police Officer	Travelers	25,000
Joseph Inmon	Police Officer	Travelers	25,000
Renika Franks	Police Officer	Travelers	25,000
Jonathan Moody	Police Officer	Travelers	25,000
Phillip Owings	Police Officer	Travelers	25,000
Larry Polk	Police Officer	Travelers	25,000
Craig Coxey	Police Officer	Travelers	25,000
David Washington	Police Officer	Travelers	25,000
Roshanekia Wheeler	Police Officer	Travelers	25,000
Richard White	Police Officer	Travelers	25,000

## OTHER REPORTS

P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



Partners  
Gary Franks, CPA  
Bryon Wilemon, CPA  
Jonathan Hagood, CPA  
Rudolph Franks, CPA (1933-2019)

**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**

Honorable Mayor and Board of Aldermen  
City of Verona, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Verona, 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 Verona, Mississippi's basic financial statements and have issued our report thereon dated March 1, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses as findings no. 1, 2, 3 and 4.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Verona, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as findings no. 2, 3, and 4.

### **City of Verona, Mississippi's Response to Findings**

City of Verona, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Verona, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.  
Tupelo, Mississippi  
March 1, 2022

P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



**Partners**

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (1933-2019)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

To the Mayor and Board of Aldermen  
City of Verona, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Verona, Mississippi as of and for the year ended September 30, 2021, and have issued my report thereon dated March 1, 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 *Government Auditing Standards*.

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

The results of those procedures and our audit of the general purpose financial statements disclosed three material instances of noncompliance with state laws and regulations as reported in Findings No. 2, 3 and 4.

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

This report is intended for the information of the City of Verona'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.

*Franks, Franks, Wilemon & Hagood P.A.*

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.  
Tupelo, Mississippi  
March 1, 2022

**CITY OF VERONA, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**September 30, 2021**

**FINANCIAL STATEMENT FINDINGS:**

**FINDING NO. 1 (material weakness)**

**Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

**Cause of Condition:** The City's internal control did not provide for adequate segregation of duties in relation to the collection, processing and administering of various revenue sources and the overall accounting system of the City. The City's size and number of personnel limit the opportunities for adequate segregation of duties.

**Recommendation:** The City should consider segregation of duties in all areas of the accounting system. The City should consider job descriptions for various employees. Due to the size and number of employees, optimal segregation of duties will be difficult; however, the City should strengthen segregation of duties in all areas possible.

**Response:** The City will analyze the accounting system and establish procedures that provide clear segregation of duties.

**FINDING NO. 2 (material weakness, noncompliance)**

**Criteria:** The City is to maintain adequate subsidiary records substantiating the existence, completeness, and valuation of fixed assets.

**Cause of Condition:** The City did not conduct an annual inventory observation of fixed assets pursuant to guidelines set forth by the Mississippi Office of the State Auditor. The City does not have a complete, compliant listing of fixed assets.

**Recommendation:** The City should conduct a year-end inventory of its fixed assets. The City has prepared a listing of assets owned by the City; however, it did not include all necessary information for each asset.

**Response:** The City will establish an inventory policy that will require a complete annual inventory of all fixed assets. All assets will be properly tagged and numbered and relevant information will be gathered on all assets and included on the master fixed asset listing.

**CITY OF VERONA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2021**

/

**FINDING NO. 3 (material weakness, noncompliance)**

**Criteria:** The City is required, by state statutes, to prepare a budget for all funds of the City and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts. Also, Section 21-35-15, Mississippi Code Ann. (1972), requires the City Clerk to prepare a budget report to be presented to the governing authority at the regular meeting month for monitoring the budget status.

**Cause of Condition:** The City had three budget overages in two expenditure categories for the year ended September 30, 2021.

**Recommendation:** The City should establish a system of control that prevents the approval of expenditures over the amounts set forth in the budget.

**Response:** The City will take steps necessary to ensure the budgets are amended prior to budget overages occurring.

**FINDING NO. 4 (material weakness, noncompliance)**

**Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. The City is to comply with state purchasing laws for all applicable purchases over certain dollar thresholds.

**Effect:** The City did not obtain competitive quotes or bids on three purchases from vendors during the year as required by state statutes.

**Recommendation:** The City should implement adequate internal controls over all state purchase laws to ensure that the City strictly adheres to the purchase laws in all departments in the City.

**Response:** The City will take steps necessary to ensure that controls over purchasing are revised to ensure future compliance.