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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.

**CITY OF NATCHEZ, MISSISSIPPI**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2022**  
**AND FOR THE YEAR THEN ENDED**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**



**SILAS SIMMONS** LLP  
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS



CITY OF NATCHEZ, MISSISSIPPI

Annual Financial Statements  
As of and for the Year Ended September 30, 2022  
With Supplementary Information Schedules

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CITY OF NATCHEZ, MISSISSIPPI

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CITY OF NATCHEZ, MISSISSIPPI

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Natchez, Mississippi (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Natchez Convention Promotion Commission (the Commission), a discretely presented component unit which represents 76%, 65%, and 109%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units column. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in the aggregate discretely presented component units, is based solely upon the reports of other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Funding Progress - MMRS, the Schedule of Changes In Net Pension Liability and Related Ratios - PERS, and the Schedule of Employer Contributions - PERS, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Supplementary Information*

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

The Other Supplementary Information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Natchez, Mississippi  
August 29, 2023

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

## CITY OF NATCHEZ, MISSISSIPPI

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 11,186,300	\$ 4,458,679	\$ 15,644,979	\$ 1,197,236
Investments and other deposits	-	1,964,174	1,964,174	327,696
Receivables	1,596,368	976,149	2,572,517	4,435
Property tax receivable	4,440,630	-	4,440,630	-
Due from other governmental agencies	75,875	-	75,875	-
Inventories	-	35,453	35,453	-
Prepaid expenses	-	236,694	236,694	3,582
Restricted assets:				
Cash and cash equivalents	-	157,853	157,853	137,913
Investments and other deposits	-	300,133	300,133	450,000
Capital assets, net	71,448,174	22,962,253	94,410,427	214,495
Intangible right-to-use leased area, net	-	-	-	251,104
Total assets	<u>\$ 88,747,347</u>	<u>\$ 31,091,388</u>	<u>\$ 119,838,735</u>	<u>\$ 2,586,461</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<u>\$ 1,887,733</u>	<u>\$ 1,881,712</u>	<u>\$ 3,769,445</u>	<u>\$ 154,121</u>
<b><u>LIABILITIES</u></b>				
Bank overdrafts	\$ 260,784	\$ -	\$ 260,784	\$ -
Accounts payable and accrued expenses	1,558,833	487,136	2,045,969	34,108
Due to other governmental agencies	-	75,875	75,875	-
Due to outside entities	591,838	-	591,838	224,750
Deferred property taxes	4,784,790	-	4,784,790	-
Deferred revenue - other	-	-	-	-
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	1,636,357	114,028	1,750,385	63,840
Accrued interest	-	-	-	-
Compensated absences	518,000	19,577	537,577	-
Other liabilities	6,798	-	6,798	-
Due in more than one year:				
Bonds, capital leases, and contracts	5,587,273	1,666,528	7,253,801	186,200
Compensated absences	-	176,192	176,192	-
Net pension liability	24,248,823	6,465,321	30,714,144	1,260,217
Total liabilities	<u>\$ 39,193,496</u>	<u>\$ 9,004,657</u>	<u>\$ 48,198,153</u>	<u>\$ 1,769,115</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	<u>\$ 867,517</u>	<u>\$ 871,329</u>	<u>\$ 1,738,846</u>	<u>\$ 119,554</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	\$ 64,224,544	\$ 21,181,697	\$ 85,406,241	\$ 214,495
Restricted for:				
Debt service	1,388,608	-	1,388,608	-
Capital projects	1,307,619	-	1,307,619	-
Other purposes	6,019,981	-	6,019,981	734,165
Unrestricted	(22,366,685)	1,915,417	(20,451,268)	(96,747)
Total net position	<u>\$ 50,574,067</u>	<u>\$ 23,097,114</u>	<u>\$ 73,671,181</u>	<u>\$ 851,913</u>

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CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions		Primary Government			
			Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Primary Government:								
Governmental activities:								
General government	\$ 6,677,903	\$ 1,069,264	\$ -	\$ 2,907,634	\$ (2,701,005)	\$ -	\$ (2,701,005)	
Public safety	9,076,353	286,270	-	-	(8,790,083)	-	(8,790,083)	
Public works	5,747,158	255,660	-	1,078,516	(4,412,982)	-	(4,412,982)	
Culture and recreation	6,173,153	628,594	-	1,208,654	(4,335,905)	-	(4,335,905)	
Economic development	853,567	1,074,300	-	-	220,733	-	220,733	
Miscellaneous	1,380,418	-	-	-	(1,380,418)	-	(1,380,418)	
Interest on long-term debt	261,173	-	-	-	(261,173)	-	(261,173)	
Total governmental activities	\$ 30,169,725	\$ 3,314,088	\$ 1,208,654	\$ 3,986,150	\$ (21,660,833)	\$ -	\$ (21,660,833)	
Business-Type Activities:								
Unemployment Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Benefits fund	6,591,624	5,708,754	-	-	-	(882,870)	(882,870)	
Water Works	\$ 6,591,624	\$ 5,708,754	\$ -	\$ -	\$ -	\$ (882,870)	\$ (882,870)	
Total business-type activities	\$ 36,761,349	\$ 9,022,842	\$ 1,208,654	\$ 3,986,150	\$ (21,660,833)	\$ (882,870)	\$ (22,543,703)	
Total primary government								
	\$ 423,216	\$ 10,989	\$ 105,664	\$ -			\$ (306,563)	
Component Units:								
Judge George Armstrong Library	\$ 2,094,160	\$ -	\$ 3,701	\$ -			\$ (2,090,459)	
Natchez Convention Promotion	\$ 2,517,376	\$ 10,989	\$ 109,365	\$ -			\$ (2,397,022)	
Commission								
Total								
General Revenue:								
Taxes:								
Property taxes, levied for general purposes		\$ 6,811,224	\$ -	\$ -	\$ 6,811,224		\$ -	
Gaming taxes		856,139	-	-	856,139		-	
Franchise fees		583,789	-	-	583,789		-	
Sales taxes		10,307,701	-	-	10,307,701		1,718,897	
Unrestricted investment earnings		30,869	16,093	-	46,962		3,708	
Miscellaneous		961,745	-	-	961,745		-	
Transfers from City of Natchez, Mississippi		-	-	-	-		-	
Transfers		-	-	-	-		334,044	
Total general revenues and transfers		\$ 19,551,467	\$ 16,093	\$ -	\$ 19,567,560		\$ 2,056,649	
Change in net position		\$ (2,109,366)	\$ (866,777)	\$ -	\$ (2,976,143)		\$ (340,373)	
Net position - beginning		\$ 52,683,433	\$ 23,963,891	\$ -	\$ 76,647,324		\$ 1,192,286	
Net position - ending		\$ 50,574,067	\$ 23,097,114	\$ -	\$ 73,671,181		\$ 851,913	

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

## **FUND FINANCIAL STATEMENTS**

## GOVERNMENTAL FUNDS

CITY OF NATCHEZ, MISSISSIPPI

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General Fund	Pension Trust Fund	Casino Annual Lease Payment	Transportation - Senior Citizens	TIGER Fund	Bond and Interest	Aggregate Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,557,260	\$ 585,412	\$ 1,036,676	\$ 182,413	\$ 7,852	\$ 1,606,153	\$ 6,210,534	\$ 11,186,300
Due from other funds	499,030	1,257	-	13,264	-	1,129	2,172,398	2,687,078
Receivable from other governments	658,006	-	-	504,507	-	9,325	156,262	1,328,100
Property tax receivable	3,188,577	370,543	-	-	-	86,078	795,432	4,440,630
Other receivables	-	-	268,268	-	-	-	-	268,268
Interfund loan activity	-	-	-	-	-	-	840,538	840,538
Advances to other funds	360,519	-	-	180,637	-	-	596,602	1,137,758
Total assets	\$ 6,263,392	\$ 957,212	\$ 1,304,944	\$ 880,821	\$ 7,852	\$ 1,702,685	\$ 10,771,766	\$ 21,888,672
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 1,055,953	\$ -	\$ 43	\$ 97,737	\$ 33	\$ -	\$ 405,067	\$ 1,558,833
Bank overdrafts	-	-	-	-	-	-	260,784	260,784
Due to other funds	698,139	-	-	188,350	-	91,341	1,709,248	2,687,078
Payable to other governments	25,178	-	-	-	-	-	314,545	339,723
Due to outside entities	-	-	-	-	-	-	176,240	176,240
Deferred property taxes	3,188,577	370,543	-	-	-	86,078	1,139,592	4,784,790
Advances from other funds	269,556	-	-	151,281	-	-	716,921	1,137,758
Interfund loan activity	416,508	-	-	199,719	-	224,311	-	840,538
Other liabilities	6,798	-	-	-	-	-	-	6,798
Total liabilities	\$ 5,660,709	\$ 370,543	\$ 43	\$ 637,087	\$ 33	\$ 401,730	\$ 4,722,397	\$ 11,792,542
<b>Fund balances:</b>								
Reserved for:								
Nonspendable:								
Advances	\$ 360,519	\$ -	\$ -	\$ 180,637	\$ -	\$ -	\$ 596,602	\$ 1,137,758
Restricted:								
Debt service	-	-	-	-	-	1,300,955	87,653	1,388,608
Assigned:								
Capital projects	-	-	-	-	7,819	-	1,299,800	1,307,619
Special revenue funds	-	586,669	1,304,901	63,097	-	-	4,065,314	6,019,981
Committed:								
Unassigned	242,164	-	-	-	-	-	-	242,164
Total fund balances	\$ 602,683	\$ 586,669	\$ 1,304,901	\$ 243,734	\$ 7,819	\$ 1,300,955	\$ 6,049,369	\$ 10,096,130
Total liabilities and fund balances	\$ 6,263,392	\$ 957,212	\$ 1,304,944	\$ 880,821	\$ 7,852	\$ 1,702,685	\$ 10,771,766	\$ 21,888,672

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



## CITY OF NATCHEZ, MISSISSIPPI

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

SEPTEMBER 30, 2022

Fund Balances, Total Governmental Funds (Schedule C)		\$	10,096,130
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.			71,448,174
Deferred outflows and inflows are not financial resources or currently payable.			
Deferred outflows	\$	1,887,733	
Deferred inflows		<u>(867,517)</u>	1,020,216
Other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.			(24,248,823)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds and notes payable	\$	(7,223,630)	
Compensated absences payable		<u>(518,000)</u>	<u>(7,741,630)</u>
Net Position of Governmental Activities		\$	<u>50,574,067</u>

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

CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Pension Trust Fund	Casino Annual Lease Payment	Transportation - Senior Citizens	TIGER Fund	Bond and Interest	Aggregate Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>								
Ad valorem taxes	\$ 4,846,297	\$ 535,632	\$ -	\$ -	\$ -	\$ 118,939	\$ 1,310,336	\$ 6,811,224
Gaming taxes	856,139	-	-	-	-	-	-	856,139
Fees and fines	286,270	-	-	-	-	-	-	286,270
Licenses and permits	135,228	-	-	-	-	-	-	255,660
Intergovernmental	10,307,701	-	-	1,208,654	123,427	-	120,432	15,502,305
Charges for services	1,069,264	-	-	82,042	-	-	504,209	1,655,515
Investment earnings	2,833	1,656	6,077	610	-	6,704	12,989	30,869
Miscellaneous	711,242	-	-	10,389	1,054	-	627,139	1,349,824
Franchise fees	587,094	-	-	-	-	-	(3,305)	583,789
Contributions	-	-	-	-	-	-	200	200
Rents and royalties	-	-	1,074,300	-	-	-	42,343	1,116,643
Total revenues	\$ 18,802,068	\$ 537,308	\$ 1,080,377	\$ 1,301,695	\$ 124,481	\$ 125,643	\$ 6,476,866	\$ 28,448,438
<b>EXPENDITURES:</b>								
Current:								
General government	\$ 4,461,657	-	-	-	-	-	640,707	\$ 5,102,364
Public safety	6,794,186	-	-	-	-	-	20,641	6,814,827
Public works	3,858,845	-	-	-	-	-	48,258	3,907,103
Culture and recreation	673,318	-	-	1,743,999	-	-	2,036,444	4,453,761
Economic development	484,379	-	-	-	-	-	171,065	655,444
Miscellaneous	-	311,999	-	-	-	173,428	574,580	1,060,007
Debt service:								
Principal	1,750,286	-	-	-	-	1,050,000	1,456,261	4,256,547
Interest and other charges	45,460	-	-	-	-	144,374	71,339	261,173
Capital outlay	105,120	-	-	-	123,427	-	1,769,892	1,998,439
Total expenditures	\$ 18,173,251	\$ 311,999	\$ -	\$ 1,743,999	\$ 123,427	\$ 1,367,802	\$ 6,789,187	\$ 28,509,665
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 628,817	\$ 225,309	\$ 1,080,377	\$ (442,304)	\$ 1,054	\$ (1,242,159)	\$ (312,321)	\$ (61,227)
<b>OTHER FINANCIAL SOURCES (USES)</b>								
Proceeds from long-term debt and capital leases, net	\$ 1,344,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,344,773
Other uses	(278,288)	-	-	-	-	-	-	(278,288)
Transfers in	1,855,273	-	-	189,675	-	817,380	4,443,648	7,305,976
Transfers out	(4,000,412)	-	(1,013,391)	-	-	-	(2,292,173)	(7,305,976)
Total other financing sources (uses)	\$ (1,078,654)	\$ -	\$ (1,013,391)	\$ 189,675	\$ -	\$ 817,380	\$ 2,151,475	\$ 1,066,485
Net change in fund balances	\$ (449,837)	\$ 225,309	\$ 66,986	\$ (252,629)	\$ 1,054	\$ (424,779)	\$ 1,839,154	\$ 1,005,258
Fund balances - beginning	\$ 1,052,520	\$ 361,360	\$ 1,237,915	\$ 496,363	\$ 6,765	\$ 1,725,734	\$ 4,210,215	\$ 9,090,872
Fund balances - ending	\$ 602,683	\$ 586,669	\$ 1,304,901	\$ 243,734	\$ 7,819	\$ 1,300,955	\$ 6,049,369	\$ 10,096,130

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

## CITY OF NATCHEZ, MISSISSIPPI

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net Changes in Fund Balances, Total Governmental Funds (Statement E)	\$	1,005,258
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	1,998,439	
Depreciation expense		<u>(1,267,004)</u>	731,435

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

Repayment of debt principal		4,256,547
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Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the Statement of Activities, the net pension expense is reported according to estimates required by GASB 68:

Pension expenses paid	\$	(2,364,973)	
Pension expenses per GASB 68		<u>(4,392,860)</u>	(6,757,833)

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

-

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

(1,344,773)

Amortization of original issue discount, gain on refunding and deferred cost

-

Change in Net Position of Governmental Activities	\$	<u><u>(2,109,366)</u></u>
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The accompanying notes are an integral part of this financial statement.

## PROPRIETARY FUNDS

## CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<b><u>ASSETS</u></b>		
Unrestricted current assets:		
Cash and cash equivalents	\$ 4,458,679	\$ 4,458,679
Certificates of deposit	1,964,174	1,964,174
Accounts receivable, net	6,369	6,369
Other receivables	969,780	969,780
Inventories	35,453	35,453
Prepaid expenses	236,694	236,694
Total unrestricted current assets	<u>\$ 7,671,149</u>	<u>\$ 7,671,149</u>
Restricted current assets:		
Cash	\$ 157,853	\$ 157,853
Certificate of deposit	300,133	300,133
Total restricted current assets	<u>\$ 457,986</u>	<u>\$ 457,986</u>
Total current assets	<u>\$ 8,129,135</u>	<u>\$ 8,129,135</u>
Noncurrent assets:		
Capital assets:		
Land and improvements	\$ 379,580	\$ 379,580
Buildings, equipment, and distribution systems	45,178,598	45,178,598
Less accumulated depreciation	(22,595,925)	(22,595,925)
Total capital assets	<u>\$ 22,962,253</u>	<u>\$ 22,962,253</u>
Total noncurrent assets	<u>\$ 22,962,253</u>	<u>\$ 22,962,253</u>
Total assets	<u>\$ 31,091,388</u>	<u>\$ 31,091,388</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred outflows - pension	<u>\$ 1,881,712</u>	<u>\$ 1,881,712</u>

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

## CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 4,429	\$ 4,429
Accrued payroll	29,104	29,104
Compensated absences	19,577	19,577
Due to general fund	75,875	75,875
Total current liabilities	<u>\$ 128,985</u>	<u>\$ 128,985</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	\$ 453,603	\$ 453,603
Bonds, notes, and loans payable - current portion	114,028	114,028
Total current liabilities payable from restricted assets	<u>\$ 567,631</u>	<u>\$ 567,631</u>
Noncurrent liabilities:		
Net pension liability	\$ 6,465,321	\$ 6,465,321
Bonds, notes, and loans payable	1,666,528	1,666,528
Long-term portion of compensated absences payable	176,192	176,192
Total noncurrent liabilities	<u>\$ 8,308,041</u>	<u>\$ 8,308,041</u>
Total liabilities	<u>\$ 9,004,657</u>	<u>\$ 9,004,657</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows - pension	<u>\$ 871,329</u>	<u>\$ 871,329</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	\$ 21,181,697	\$ 21,181,697
Unrestricted	1,915,417	1,915,417
Total net position	<u><u>\$ 23,097,114</u></u>	<u><u>\$ 23,097,114</u></u>

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

## CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<b><u>OPERATING REVENUES</u></b>		
Charges for services	\$ 5,708,754	\$ 5,708,754
Total operating revenues	<u>\$ 5,708,754</u>	<u>\$ 5,708,754</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of sales and services	\$ 3,570,189	\$ 3,570,189
Administrative	1,698,003	1,698,003
Depreciation	1,289,308	1,289,308
Total operating expenses	<u>\$ 6,557,500</u>	<u>\$ 6,557,500</u>
<b>Operating income (loss)</b>	<u>\$ (848,746)</u>	<u>\$ (848,746)</u>
<b>Nonoperating income (expense)</b>		
Interest and investment revenue	\$ 16,093	\$ 16,093
Interest expense	(34,124)	(34,124)
Total nonoperating income (expense)	<u>\$ (18,031)</u>	<u>\$ (18,031)</u>
<b>Income (loss) before contributions and transfers</b>	<u>\$ (866,777)</u>	<u>\$ (866,777)</u>
<b>Change in net position</b>	<u>\$ (866,777)</u>	<u>\$ (866,777)</u>
Total net position - beginning	<u>23,963,891</u>	<u>23,963,891</u>
Total net position - ending	<u><u>\$ 23,097,114</u></u>	<u><u>\$ 23,097,114</u></u>

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

## CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<b>Cash flows from operating activities:</b>		
Cash received from customers, including cash deposits	\$ 5,671,746	\$ 5,671,746
Cash paid to suppliers	(2,839,729)	(2,839,729)
Cash paid to employees	(2,159,397)	(2,159,397)
Net cash provided by operating activities	<u>\$ 672,620</u>	<u>\$ 672,620</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal payments - revenue bonds	\$ (122,249)	\$ (122,249)
Interest paid - revenue bonds	(34,124)	(34,124)
Acquisition and construction of capital assets	(480,525)	(480,525)
Net cash used for capital and related financing activities	<u>\$ (636,898)</u>	<u>\$ (636,898)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from maturities of investments	\$ 2,265,712	\$ 2,265,712
Purchase of investments	(2,260,813)	(2,260,813)
Proceeds from sale of investments	13,964	13,964
Net cash provided by investment activities	<u>\$ 18,863</u>	<u>\$ 18,863</u>
Net decrease in cash and cash equivalents	\$ 54,585	\$ 54,585
Cash and cash equivalents, beginning of year	<u>4,561,947</u>	<u>4,561,947</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,616,532</u></u>	<u><u>\$ 4,616,532</u></u>

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



## CITY OF NATCHEZ, MISSISSIPPI

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities	
	Water Works	Total Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (848,746)	\$ (848,746)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>		
Depreciation expense	\$ 1,289,308	\$ 1,289,308
(Increase) decrease in accounts receivable	(52,219)	(52,219)
(Increase) decrease in prepaid insurance	(20,981)	(20,981)
(Increase) decrease in inventory	(90,212)	(90,212)
(Increase) decrease in deferred outflows of resources	(1,153,760)	(1,153,760)
Increase (decrease) in accounts payable	(9,621)	(9,621)
Increase (decrease) in due to general fund	(8,413)	(8,413)
Increase (decrease) in accrued interest payable	1,023	1,023
Increase (decrease) in accrued payroll	11,551	11,551
Increase (decrease) in compensated absences payable	10,480	10,480
Increase (decrease) in customer deposits	15,211	15,211
Increase (decrease) in net pension liability	657,670	657,670
Increase (decrease) in deferred inflows of resources	871,329	871,329
Total adjustments	\$ 1,521,366	\$ 1,521,366
Net cash provided by operating activities	\$ 672,620	\$ 672,620

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

## NOTES TO THE FINANCIAL STATEMENTS

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

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

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

The following is a summary of certain significant accounting policies:

**A. Reporting Entity**

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

- **Blended Component Unit**

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

- **Discretely Presented Component Units**

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

Natchez Convention Promotion Commission (the Commission) The Commission's Board of Directors is appointed by the City's Mayor and Board of Aldermen and serves at their discretion. The City provides an annual appropriation and in-kind revenues to the Commission and also provides other services as specified in a management agreement. Complete financial statements can be obtained from the Commission.

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**A. Reporting Entity (continued)**

- **Related Organization**

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

**B. Government-Wide and Fund Financial Statements**

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

CITY OF NATCHEZ, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- **Governmental Funds**

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

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

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

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

- **Proprietary Funds**

Enterprise Funds – Natchez Water Works, a component unit of the City, accounts for the majority of operations of the Enterprise Fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges—or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The financial statements of the Enterprise Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. They apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF NATCHEZ, MISSISSIPPI  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF NATCHEZ, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

**C. Fixed Assets and Long-Term Liabilities**

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

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

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

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

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

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

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

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

**E. Budgets and Budgetary Accounting**

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



**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**E. Budgets and Budgetary Accounting (continued)**

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

**F. Encumbrance System**

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

**G. Cash and Investments**

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

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

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

Investments are stated at cost or amortized cost.

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**H. Advances to/from Other Funds**

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

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

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

**I. Prepaid Expenses**

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

**J. Inventory**

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

**K. Restricted Assets**

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

**L. Deferred Charge**

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

**M. Deferred Income**

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**N. Compensated Absences**

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

**O. Fund Equity**

- **Government-Wide Statements**

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

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

- **Fund Statements**

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

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

CITY OF NATCHEZ, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

- Fund Statements (continued)

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

P. Concentrations of Credit Risk

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

Q. Interfund Transfers

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

NOTE 2 – CASH, OTHER DEPOSITS, AND INVESTMENTS

Cash and Other Deposits

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

The carrying amount of the City's deposits with financial institutions was \$8,425,990, and the bank balance was \$8,815,619.

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following is a summary of interfund transactions:

	<u>Due From</u>	<u>Due To</u>
Governmental funds:		
General fund	\$ 499,030	\$ 698,139
Pension trust fund	1,257	-
Casino annual lease payment	-	-
Bond & interest fund	1,129	91,341
Transportation - Senior Citizens	13,264	188,350
Aggregate nonmajor funds:		
Special revenue	505,839	1,142,997
Capital projects	1,494,421	542,751
Debt service funds	172,138	23,500
Total due to/due from	<u>\$ 2,687,078</u>	<u>\$ 2,687,078</u>

	<u>Advances From</u>	<u>Advances To</u>
Governmental funds:		
General fund	\$ 269,556	\$ 360,519
Casino annual lease payment	-	-
Transportation - Senior Citizens	151,281	180,637
Aggregate nonmajor funds:		
Special revenue	297,669	439,945
Capital projects	419,252	156,657
Total advances to/from	<u>\$ 1,137,758</u>	<u>\$ 1,137,758</u>

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 1,855,273	\$ 4,000,412
Casino annual lease payment	-	1,013,391
Debt service funds	817,380	-
Transportation - Senior Citizens	189,675	-
Aggregate nonmajor funds:		
Special revenues	2,172,996	2,232,173
Capital projects	2,270,652	60,000
Total transfers in/out	<u>\$ 7,305,976</u>	<u>\$ 7,305,976</u>

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 4 - GENERAL AND PROPRIETARY FUND CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022, was as follows:

**Primary Government**

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 9,897,863	\$ -	\$ -	\$ 9,897,863
Construction in progress	<u>28,280,949</u>	<u>1,430,423</u>	<u>-</u>	<u>29,711,372</u>
	<u>\$ 38,178,812</u>	<u>\$ 1,430,423</u>	<u>\$ -</u>	<u>\$ 39,609,235</u>
Capital assets, being depreciated:				
Buildings	\$ 23,299,212	\$ 105,120	\$ -	\$ 23,404,332
Equipment and furniture	12,889,356	-	-	12,889,356
Streets and infrastructure	<u>142,816,836</u>	<u>462,896</u>	<u>-</u>	<u>143,279,732</u>
	<u>\$ 179,005,404</u>	<u>\$ 568,016</u>	<u>\$ -</u>	<u>\$ 179,573,420</u>
Less accumulated depreciation for:				
Buildings	\$ (6,638,894)	\$ (365,967)	\$ -	\$ (7,004,861)
Equipment and furniture	(10,089,671)	(302,492)	-	(10,392,163)
Streets and infrastructure	<u>(129,738,912)</u>	<u>(598,545)</u>	<u>-</u>	<u>(130,337,457)</u>
	<u>\$ (146,467,477)</u>	<u>\$ (1,267,004)</u>	<u>\$ -</u>	<u>\$ (147,734,481)</u>
Total capital assets being depreciated, net	<u>\$ 32,537,927</u>	<u>\$ (698,988)</u>	<u>\$ -</u>	<u>\$ 31,838,939</u>
Governmental activities capital assets, net	<u>\$ 70,716,739</u>	<u>\$ 731,435</u>	<u>\$ -</u>	<u>\$ 71,448,174</u>

**Business-Type Activities**

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
Capital assets, not being depreciated:				
Land	\$ 379,580	\$ -	\$ -	\$ 379,580
Construction in progress	<u>2,782,502</u>	<u>-</u>	<u>(2,769,782)</u>	<u>12,720</u>
	<u>\$ 3,162,082</u>	<u>\$ -</u>	<u>\$ (2,769,782)</u>	<u>\$ 392,300</u>
Capital assets, being depreciated:				
Building, equipment, and distribution system	\$ 54,207,207	\$ 3,249,582	\$ (12,290,911)	\$ 45,165,878
Total accumulated depreciation	<u>(33,598,253)</u>	<u>(1,289,308)</u>	<u>12,291,636</u>	<u>(22,595,925)</u>
Total capital assets being depreciated, net	<u>\$ 20,608,954</u>	<u>\$ 1,960,274</u>	<u>\$ (725)</u>	<u>\$ 22,569,953</u>
Business-type activities capital assets, net	<u>\$ 23,771,036</u>	<u>\$ 1,960,274</u>	<u>\$ (2,769,057)</u>	<u>\$ 22,962,253</u>

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 4 - GENERAL AND PROPRIETARY FUND CAPITAL ASSETS (continued)**

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

Governmental activities:	
General government	\$ 33,232
Public safety	201,588
Public works, including depreciation of general infrastructure assets	659,043
Culture and recreation	<u>373,141</u>
Total depreciation expense - governmental activities	<u>\$ 1,267,004</u>

Business-type activities:	
Natchez Water Works	<u>\$ 1,289,308</u>

**Discretely Presented Component Units**

Activity for the Judge George Armstrong Library for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
Capital assets, not being depreciated:				
Construction in progress	\$ 94,144	\$ 3,875	-	\$ 98,019
Total capital assets, not being depreciated	<u>\$ 94,144</u>	<u>\$ 3,875</u>	<u>-</u>	<u>\$ 98,019</u>
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 236,119	\$ 28,366	-	\$ 264,485
Computers	141,729	19,222	-	160,951
Central air/heat system	151,445	-	-	151,445
Automation	190,365	-	-	190,365
Inexhaustible collections and books:				
Books	1,467,469	12,650	-	1,480,119
Periodicals	86,107	1,515	-	87,622
Audio/visual	54,373	-	-	54,373
Total capital assets being depreciated	<u>\$ 2,327,607</u>	<u>\$ 61,753</u>	<u>-</u>	<u>\$ 2,389,360</u>
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	\$ (223,633)	\$ (4,730)	-	\$ (228,363)
Computers	(130,946)	(7,137)	-	(138,083)
Central air/heat system	(147,898)	(3,547)	-	(151,445)
Library remodel	-	(2,672)	-	(2,672)
Automation	(193,873)	-	-	(193,873)
Inexhaustible collections and books:				
Books	(1,420,152)	(18,201)	-	(1,438,353)
Periodicals	(79,593)	(2,317)	-	(81,910)
Audio/visual	(54,373)	-	-	(54,373)
Total accumulated depreciation	<u>\$ (2,250,468)</u>	<u>\$ (38,604)</u>	<u>-</u>	<u>\$ (2,289,072)</u>
Total capital assets being depreciated, net	<u>\$ 171,283</u>	<u>\$ 27,024</u>	<u>-</u>	<u>\$ 198,307</u>

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 5 - LONG-TERM DEBT**

Debt outstanding as of September 30, 2022, consists of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
General Obligation Bonds:			
Parks Project, Series 2021	\$ <u>1,930,000</u>	1.50% - 2.13%	08/01/2041
Special Obligation Bonds:			
Refunding Bonds 2006	\$ <u>2,695,000</u>	3.50% - 4.30%	07/01/2024
Limited Obligation Bonds:			
Tax Increment Limited, Series 2008	\$ 265,000	7.00%	06/01/2023
Tax Increment Limited, Series 2014	<u>155,000</u>	3.95%	09/01/2026
	<u>\$ 420,000</u>		
<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Notes payable			
Fire truck	\$ 641,091	2.00 - 4.19%	09/13/2029
Vehicle purchase	4,875	3.94%	06/19/2023
Vehicle purchase	27,957	3.15%	09/18/2023
Police cars	8,771	4.43%	09/30/2023
Police cars	24,421	3.94%	10/17/2023
Schneider Fund	1,356,741		
Bucket truck	39,562	3.15%	10/09/2023
Ice storm loan	<u>356,283</u>		
	<u>\$ 2,459,701</u>		
Business-Type Activities:			
Government Loans:			
American Recovery and Reinvestment Act	\$ 247,227	1.75%	03/01/2031
Mississippi Department of Environmental Quality	654,369	1.75%	06/01/2033
Mississippi Department of Health	<u>878,960</u>	1.95%	
	<u>\$ 1,780,556</u>		

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



**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 5 – LONG-TERM DEBT (continued)**

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

*Tax Increment Financing – Limited Obligation Bonds*

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

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

*Government Loans*

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

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 5 - LONG-TERM DEBT (continued)**

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

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

Year Ending September 30	General Obligation Bonds	Interest
2023	\$ 75,000	\$ 24,673
2024	75,000	4,740
2025	80,000	3,160
2026	80,000	1,580
2027-2031	450,000	136,740
2032-2036	535,000	92,816
2037-2041	635,000	40,296
Total	<u>\$ 1,930,000</u>	<u>\$ 304,005</u>

Year Ending September 30	Special Obligation Bonds	Interest
2023	\$ 1,005,000	\$ 79,343
2024	1,690,000	50,700
Total	\$ 2,695,000	<u>\$ 130,043</u>
Less deferred gain	(223,232)	
Less original issue discount	(18,978)	
	<u>\$ 2,452,790</u>	

Year Ending September 30	Limited Obligation Bonds	Interest
2023	\$ 300,000	\$ 24,673
2024	40,000	4,740
2025	40,000	3,160
2026	40,000	1,580
Total	<u>\$ 420,000</u>	<u>\$ 34,153</u>

CITY OF NATCHEZ, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 - LONG-TERM DEBT (continued)

Year Ending September 30	Notes Payable	Interest
2023	\$ 331,282	\$ 87,279
2024	387,440	77,362
2025	189,707	69,887
2026	197,146	62,369
2027	204,927	54,587
2028-2032	798,898	155,310
2033-2037	248,800	11,846
Total	<u>\$ 2,358,200</u>	<u>\$ 518,640</u>

Annual debt service requirements to maturity, including interest of \$246,762, for the following debt reported in the Enterprise Fund are as follows:

Year Ending September 30	
2023	\$ 143,342
2024	156,373
2025	156,373
2026	156,373
2027	156,373
2027-2031	734,447
2032-2036	345,387
2037-2041	178,650
	<u>\$ 2,027,318</u>

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

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
Governmental activities:				
General obligation bonds	\$ 2,000,000	\$ -	\$ (70,000)	\$ 1,930,000
Special obligation bonds	3,675,000	-	(980,000)	2,695,000
Less deferred amounts:				
For issuance discounts	(25,879)	-	6,901	(18,978)
On refunding	(304,407)	-	81,175	(223,232)
Limited obligation bonds	700,000	-	(280,000)	420,000
Notes payable	3,967,816	1,344,773	(2,954,389)	2,358,200
Capital leases	122,874	-	(60,234)	62,640
Compensated absences	518,000	-	-	518,000
	<u>\$ 10,653,404</u>	<u>\$ 1,344,773</u>	<u>\$ (4,256,547)</u>	<u>\$ 7,741,630</u>
Business-type activities:				
Loans	\$ 1,902,805	\$ -	\$ (122,249)	\$ 1,780,556
	<u>\$ 1,902,805</u>	<u>\$ -</u>	<u>\$ (122,249)</u>	<u>\$ 1,780,556</u>

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 5 - LONG-TERM DEBT (continued)**

Limitations and Restrictions

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

The following is a schedule of limitation of the bonded indebtedness of the City at September 30, 2022:

Assessed valuation for fiscal year ended September 30, 2022	\$ 126,530,000
Percent limitation	<u>15%</u>
Authorized debt limit	\$ 18,979,500
Present debt service subject to 15% limitation	<u>9,430,418</u>
Margin for further indebtedness under 15% limitation	<u>\$ 9,549,082</u>

**NOTE 6 - OBLIGATIONS UNDER CAPITAL LEASES**

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

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

<u>Class of Property</u>	<u>Balance</u> <u>9/30/2022</u>
Furniture and equipment	<u>\$ 62,640</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of September 30, 2022:

<u>Year Ending September 30</u>	<u>General</u>
2023	\$ 62,640
Total	\$ 62,640
Less amounts representing interest	<u>(2,380)</u>
Total at present value	<u>\$ 60,260</u>

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 7 - PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied in September and payable on or before February 1. All property taxes are collected and remitted to the City by the county tax collector. The millage rate for the City for the period beginning October 1, 2021 and ending September 30, 2022, was 46.732 mills, broken down as follows:

General Fund	33.560
Bond and Interest Retirement Fund	.900
Parks and Recreation Fund	2.000
Pension Fund	3.900
Armstrong Library Fund	2.575
Natchez Economic Development Authority Fund	.813
Capital Improvement	1.250
Public Properties	<u>1.734</u>
	<u>46.732</u>

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

**NOTE 8 - LEASE COMMITMENT**

Operating lease and rental expenditures for the year ended September 30, 2022, amounted to \$48,329.

**NOTE 9 - RETIREMENT PLANS**

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

**A. Disability and Relief Municipal Retirement Systems Plan**

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

CITY OF NATCHEZ, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

**NOTE 9 - RETIREMENT PLANS (continued)**

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

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

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

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

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

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

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

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

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

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

At June 30, 2022 (measurement date), the following City employees were covered by the plan:

Active	-
Retired participants and beneficiaries currently receiving benefits	39
Inactive participants	-
Total	<u>39</u>

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 – RETIREMENT PLANS (continued)**

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

**Actuarial Assumptions:**

Valuation date	June 30, 2022
Actuarial cost method	Ultimate asset reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Salary increases	3.25-4.75%, including inflation
Inflation	3.00%

*Interest Rate* - 7.55% per annum, compounded annually (net after investment expenses) for prior funding policy rate determination and GASB disclosure. 6.25% per annum, compounded annually (net after investment expenses) for current funding policy rate determination.

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

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

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

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

*Expense Load* - 2.0% of employer contributions.

*Asset Valuation Method* - The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value on September 30, 2006, and smoothing commenced in 2007. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

**Basis of Accounting**

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 - RETIREMENT PLANS (continued)**

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

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

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

**Changes in Net Pension Liability**

Changes in the City's net pension liability for the MMRS Plan for the year ended September 30, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Balance at June 30, 2021	\$ 5,371,007	\$ 1,886,200	\$ 3,484,807
Charges for the year:			
Service costs	\$ -	\$ -	\$ -
Interest	383,189	-	383,189
Changes of assumptions	-	-	-
Difference between expected and actual experience	(100,982)	-	(100,982)
Contributions - employer	-	312,000	(312,000)
Contributions - employee	-	-	-
Net investment income	-	(142,179)	142,179
Benefits payments, including refunds of employee contributions	(591,325)	(591,325)	-
Administrative expense	-	(6,240)	6,240
Other charges	-	-	-
Net changes	\$ (309,118)	\$ (427,744)	\$ 118,626
Balance at June 30, 2022	\$ 5,061,889	\$ 1,458,456	\$ 3,603,433



**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 – RETIREMENT PLANS (continued)**

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

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

The following presents the MMRS Plan's (the Plan) net position liability calculated using the discount rate of 7.55%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.55%) or one percentage point higher (8.55%) than the current rate:

	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
Plan's Net Pension Liability (Asset)	\$ 3,980,776	\$ 3,603,433	\$ 3,274,035

In the year ended September 30, 2022, the City's tax levy to fund the Plan was 3.9 mills. The City paid \$351,000 to the Plan during the year ended September 30, 2022.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on Plan	51,418	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 51,418</b>	<b>\$ -</b>

**Deferred Outflows (Deferred Inflows) Aging:**

Year ended September 30:

2023	\$ 6,288
2024	3,602
2025	(13,235)
2026	54,763
Thereafter	-

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

**B. Public Employees Retirement System**

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 - RETIREMENT PLANS (continued)**

**B. Public Employees Retirement System (continued)**

*Benefits Provided* - Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

*Funding Policy* - PERS members are required to contribute 9.00% of their annual covered salary, beginning in July 2010, and the City is required to contribute at an actuarially determined rate. The rate in effect for this fiscal year was 17.4%. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the year ended September 30, 2022, were \$1,200,877, equal to the required contributions for the year. The contributions for the Enterprise Fund for the year September 30, 2022, was \$375,266, equal to the required contributions for the year. The contributions for Judge George Armstrong Library for the year ended September 30, 2022, was \$32,032, equal to the required contributions for the year. The contributions for Natchez Convention Promotion Commission for the year ended September 30, 2022, was \$47,638, equal to the required contributions for the year.

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

At September 30, 2022, the City reported a liability of \$24,248,823 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2022, and the total PERS pension liability used to calculate the PERS net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the PERS net pension liability was based on a projection of the City's long-term share of contributions to the PERS pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.100251%, which was a negligible decrease from its proportion measured as of June 30, 2022.

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 - RETIREMENT PLANS (continued)**

**B. Public Employees Retirement System (continued)**

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

For the year ended September 30, 2022, the City recognized pension expense related to PERS of \$2,201,347. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$ 213,953	\$ -
Changes in assumptions	522,612	-
Net difference between projected and actual earnings on Plan	793,674	867,517
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	306,076	-
Total	<u>\$ 1,836,315</u>	<u>\$ 867,517</u>

The \$306,076 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

**Deferred Outflows (Deferred Inflows) Aging:**

Year ended September 30:

2023	\$ 343,648
2024	343,648
2025	192,305
2026	(216,879)
	<u>\$ 662,721</u>

*Actuarial Assumptions* - The collective total pension liability was determined by an actuarial valuation as of June 30, 2021 and a measurement date determined of June 30, 2022 using standard Rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement.

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 – RETIREMENT PLANS (continued)**

**B. Public Employees Retirement System (continued)**

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

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 will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

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

*Discount Rate* – The discount rate used to measure the total pension liability was 7.55%, net of pension plan investment expense. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 9 – RETIREMENT PLANS (continued)**

**B. Public Employees Retirement System (continued)**

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

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

	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 26,944,342	\$ 20,645,390	\$ 15,452,224

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

**NOTE 10 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

**Deficit fund balance of individual funds**

Special Revenue Funds:

Recycling	\$ (4,355)
Parks and Recreation	(161,633)
Visitor Center Operations	(201,306)
Armstrong Library	(25,197)
Natchez-Adams EDA	(29,973)
2021 Recreation GO Bond	(613,874)
2021 Brownfield Assistance Grant	(1,615)

Capital Improvement Funds:

Capital Improvements Fund	\$ (67,556)
Colonnades and Visitor Welcome Center	(19,672)
Proud to Take a Stand	(38,340)

**CITY OF NATCHEZ, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 11 - SEGMENT INFORMATION FOR NATCHEZ WATER WORKS**

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

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Administration</u>	<u>Total</u>
Operating revenues	\$ 2,746,250	\$ 2,813,657	\$ 148,847	\$ 5,708,754
Operating expenses	(1,890,571)	(1,679,618)	(1,698,003)	(5,268,192)
Depreciation	(644,654)	(644,654)	-	(1,289,308)
Operating income (loss)	\$ 211,025	\$ 489,385	\$ (1,549,156)	\$ (848,746)
Transfers out to City of Natchez				-
Nonoperating revenues (expenses):				
Interest income				16,093
Grant revenue				-
Interest expense				(34,124)
Net income				<u>\$ (866,777)</u>

**NOTE 12 - RISK MANAGEMENT**

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

**NOTE 13 - SUBSEQUENT EVENTS**

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

Management of City of Natchez, Mississippi evaluated the activity of the City through August 28, 2023, the date the financial statements were available to be issued, and determined that there were no subsequent events that occurred requiring disclosure in the notes to the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Property and gaming taxes	\$ 5,259,500	\$ 5,676,782	\$ 5,702,436	\$ 25,654
Licenses, permits, fees, and fines	2,314,000	2,250,632	421,498	(1,829,134)
Intergovernmental	8,392,600	7,832,523	10,307,701	2,475,178
Miscellaneous	602,750	1,461,616	2,370,433	908,817
Total revenues	<u>\$ 16,568,850</u>	<u>\$ 17,221,553</u>	<u>\$ 18,802,068</u>	<u>\$ 1,580,515</u>
<b>Expenditures</b>				
Current:				
General government	\$ 4,419,949	\$ 4,974,552	4,461,657	\$ 512,895
Public safety	6,750,279	6,638,084	6,794,186	(156,102)
Public works	4,244,800	4,054,329	3,858,845	195,484
Culture and recreation	571,715	687,865	1,157,697	(469,832)
Debt service:				
Principal	1,006,000	1,471,581	1,750,286	(278,705)
Interest and other charges	-	-	45,460	(45,460)
Capital outlay	462,100	181,388	105,120	76,268
Total expenditures	<u>\$ 17,454,843</u>	<u>\$ 18,007,799</u>	<u>\$ 18,173,251</u>	<u>\$ (165,452)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (885,993)</u>	<u>\$ (786,246)</u>	<u>\$ 628,817</u>	<u>\$ 1,415,063</u>
<b>Other financing sources (uses)</b>				
Proceeds from long-term debt	\$ 1,353,000	\$ 1,344,774	\$ 1,344,773	\$ (1)
Other uses	-	-	(278,288)	(278,288)
Transfers in	1,000,000	1,000,000	1,855,273	855,273
Transfers out	(393,000)	(760,700)	(4,000,412)	(3,239,712)
Total other financing sources (uses)	<u>\$ 1,960,000</u>	<u>\$ 1,584,074</u>	<u>\$ (1,078,654)</u>	<u>\$ (2,662,728)</u>
<b>Net change in fund balance</b>	<u>\$ 1,074,007</u>	<u>\$ 797,828</u>	<u>\$ (449,837)</u>	<u>\$ (1,247,665)</u>
<b>Fund balance - beginning of year</b>	<u>\$ 1,052,520</u>	<u>\$ 1,052,520</u>	<u>\$ 1,052,520</u>	<u>\$ -</u>
<b>Fund balance - end of year</b>	<u><u>\$ 2,126,527</u></u>	<u><u>\$ 1,850,348</u></u>	<u><u>\$ 602,683</u></u>	<u><u>\$ (1,247,665)</u></u>

See Independent Auditor's Report.



## CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION - SENIOR CITIZENS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 2,131,656	\$ 1,367,724	\$ 1,208,654	\$ (159,070)
Charges for services	200,000	58,500	82,042	23,542
Investment earnings	500	500	610	110
Miscellaneous	10,000	10,000	10,389	389
Total revenues	<u>\$ 2,342,156</u>	<u>\$ 1,436,724</u>	<u>\$ 1,301,695</u>	<u>\$ (135,029)</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	\$ 1,854,800	\$ 1,704,056	\$ 1,743,999	\$ (39,943)
Capital outlay	67,000	30,000	-	30,000
Total expenditures	<u>\$ 1,921,800</u>	<u>\$ 1,734,056</u>	<u>\$ 1,743,999</u>	<u>\$ (9,943)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 420,356</u>	<u>\$ (297,332)</u>	<u>\$ (442,304)</u>	<u>\$ (144,972)</u>
<b>Other financing sources</b>				
Transfers in	\$ 190,000	\$ 190,000	\$ 189,675	\$ (325)
Total other financing sources	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 189,675</u>	<u>\$ (325)</u>
<b>Net change in fund balance</b>	<u>\$ 610,356</u>	<u>\$ (107,332)</u>	<u>\$ (252,629)</u>	<u>\$ (145,297)</u>
<b>Fund balance - beginning of year</b>	<u>\$ 496,363</u>	<u>\$ 496,363</u>	<u>\$ 496,363</u>	<u>\$ -</u>
<b>Fund balance - end of year</b>	<u><u>\$ 1,106,719</u></u>	<u><u>\$ 389,031</u></u>	<u><u>\$ 243,734</u></u>	<u><u>\$ (145,297)</u></u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE  
CASINO ANNUAL LEASE PAYMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ -	\$ 4,600	6,077	\$ 1,477
Rents and royalties	1,074,500	1,074,300	1,074,300	-
Total revenues	<u>\$ 1,074,500</u>	<u>\$ 1,078,900</u>	<u>\$ 1,080,377</u>	<u>\$ 1,477</u>
<b>Expenditures</b>				
Current:				
Economic development	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 1,074,500</u>	<u>\$ 1,078,900</u>	<u>\$ 1,080,377</u>	<u>\$ 1,477</u>
<b>Other financing uses</b>				
Transfers out	\$ (1,000,000)	\$ (1,013,392)	\$ (1,013,391)	\$ 1
Total other financing uses	<u>\$ (1,000,000)</u>	<u>\$ (1,013,392)</u>	<u>\$ (1,013,391)</u>	<u>\$ 1</u>
<b>Net change in fund balance</b>	\$ 74,500	\$ 65,508	\$ 66,986	\$ 1,478
<b>Fund balance - beginning of year</b>	<u>1,237,915</u>	<u>1,237,915</u>	<u>1,237,915</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u><u>\$ 1,312,415</u></u>	<u><u>\$ 1,303,423</u></u>	<u><u>\$ 1,304,901</u></u>	<u><u>\$ 1,478</u></u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE  
PENSION TRUST FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 488,600	\$ 511,799	\$ 535,652	\$ 23,853
Investment earnings	-	1,400	1,656	256
Total revenues	<u>\$ 488,600</u>	<u>\$ 513,199</u>	<u>\$ 537,308</u>	<u>\$ 24,109</u>
<b>Expenditures</b>				
Current:				
Miscellaneous	\$ 468,000	\$ 312,000	\$ 311,999	\$ 1
Total expenditures	<u>\$ 468,000</u>	<u>\$ 312,000</u>	<u>\$ 311,999</u>	<u>\$ 1</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 20,600</u>	<u>\$ 201,199</u>	<u>\$ 225,309</u>	<u>\$ 24,110</u>
<b>Net change in fund balance</b>	<u>\$ 20,600</u>	<u>\$ 201,199</u>	<u>\$ 225,309</u>	<u>\$ 24,110</u>
<b>Fund balance - beginning of year</b>	<u>361,360</u>	<u>361,360</u>	<u>361,360</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u><u>\$ 381,960</u></u>	<u><u>\$ 562,559</u></u>	<u><u>\$ 586,669</u></u>	<u><u>\$ 24,110</u></u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE  
TIGER FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 1,476,407	\$ 124,483	\$ 124,481	\$ (2)
Total revenues	<u>\$ 1,476,407</u>	<u>\$ 124,483</u>	<u>\$ 124,481</u>	<u>\$ (2)</u>
<b>Expenditures</b>				
Current:				
Capital Outlay	\$ 1,476,407	\$ 123,428	\$ 123,427	\$ 1
Total expenditures	<u>\$ 1,476,407</u>	<u>\$ 123,428</u>	<u>\$ 123,427</u>	<u>\$ 1</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,054</u>	<u>\$ (1)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,054</u>	<u>\$ (1)</u>
<b>Fund balance - beginning of year</b>	<u>6,765</u>	<u>6,765</u>	<u>6,765</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u><u>\$ 6,765</u></u>	<u><u>\$ 7,820</u></u>	<u><u>\$ 7,819</u></u>	<u><u>\$ (1)</u></u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE  
BOND AND INTEREST FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 113,000	\$ 118,210	\$ 118,939	\$ 729
Investment earnings	-	6,200	6,704	504
Total revenues	<u>\$ 113,000</u>	<u>\$ 124,410</u>	<u>\$ 125,643</u>	<u>\$ 1,233</u>
<b>Expenditures</b>				
Professional fees	\$ -	\$ -	\$ 173,428	\$ (173,428)
Debt service:				
Principal	-	1,459,748	1,050,000	409,748
Interest and other charges	-	-	144,374	(144,374)
Total expenditures	<u>\$ -</u>	<u>\$ 1,459,748</u>	<u>\$ 1,367,802</u>	<u>\$ 91,946</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 113,000</u>	<u>\$ (1,335,338)</u>	<u>\$ (1,242,159)</u>	<u>\$ 93,179</u>
<b>Other financing uses</b>				
Transfers in	\$ 1,083,000	\$ 1,113,765	\$ 817,380	\$ (296,385)
Total other financing uses	<u>\$ 1,083,000</u>	<u>\$ 1,113,765</u>	<u>\$ 817,380</u>	<u>\$ (296,385)</u>
<b>Net change in fund balance</b>	\$ 1,196,000	\$ (221,573)	\$ (424,779)	\$ (203,206)
<b>Fund balance - beginning of year</b>	<u>1,725,734</u>	<u>1,725,734</u>	<u>1,725,734</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 2,921,734</u>	<u>\$ 1,504,161</u>	<u>\$ 1,300,955</u>	<u>\$ (203,206)</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - MMRS

YEAR ENDED SEPTEMBER 30, 2022

	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>							
Service cost	\$ 383,189	\$ 429,032	\$ 439,740	\$ 497,749	\$ 526,976	\$ 536,049	\$ 575,620
Interest	-	-	-	-	-	-	-
Changes of benefit terms	(100,982)	(219,783)	57,415	(565,058)	(187,585)	65,267	(321,817)
Differences between expected and actual experience	-	(62,671)	-	(9,472)	-	23,672	-
Changes of assumptions	(591,325)	(622,928)	(647,714)	(695,743)	(737,275)	(746,855)	(781,925)
Benefit payments	\$ (309,118)	\$ (476,350)	\$ (150,559)	\$ (772,524)	\$ (397,884)	\$ (121,867)	\$ (528,122)
Net change in total pension liability	5,371,007	5,847,357	5,997,916	6,770,440	7,168,324	7,290,191	7,818,313
Total pension liability - beginning	\$ 5,061,889	\$ 5,371,007	\$ 5,847,357	\$ 5,997,916	\$ 6,770,440	\$ 7,168,324	\$ 7,290,191
Total pension liability - ending (a)							
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 312,000	\$ 351,000	\$ 468,000	\$ 546,000	\$ 351,000	\$ 468,000	\$ 468,000
Contributions - member	-	-	-	-	-	-	-
Net investment income	(142,179)	461,225	51,226	125,738	146,673	271,127	4,777
Benefit payments	(591,325)	(622,928)	(647,714)	(695,743)	(737,275)	(746,855)	(781,925)
Administrative expense	(6,240)	(7,020)	(9,360)	(10,920)	(7,020)	(9,360)	(9,360)
Other	-	-	-	750	(196)	(1,619)	49,678
Net change in plan fiduciary net position	\$ (427,744)	\$ 182,277	\$ (137,848)	\$ (34,175)	\$ (246,818)	\$ (18,707)	\$ (268,830)
Plan net position - beginning	1,886,200	1,703,923	1,841,771	1,875,771	2,122,764	2,141,471	2,410,301
Plan net position - ending (b)	\$ 1,458,456	\$ 1,886,200	\$ 1,703,923	\$ 1,841,596	\$ 1,875,946	\$ 2,122,764	\$ 2,141,471
Net pension liability (asset) - ending (a) - (b)	\$ 3,603,433	\$ 3,484,807	\$ 4,143,434	\$ 4,156,320	\$ 4,894,494	\$ 5,045,560	\$ 5,148,720
Plan fiduciary net position as a percentage of total pension liability	28.81%	35.12%	29.14%	30.71%	27.71%	29.61%	29.37%
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - MMRS**

**YEAR ENDED SEPTEMBER 30, 2022**

	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 408,016	\$ 269,100	\$ 468,000	\$ 449,400	\$ 315,000	\$ 438,750	\$ 468,000
Contributions in relation to the actuarially determined contribution	305,760	351,000	468,000	546,000	351,000	468,000	468,000
Contribution deficiency (excess)	\$ 102,256	\$ (81,900)	\$ -	\$ (96,600)	\$ (36,000)	\$ (29,250)	\$ -
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2022, were based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	3.00%-4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

CITY OF NATCHEZ, MISSISSIPPI

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

YEAR ENDED SEPTEMBER 30, 2022

	2021	2021	2020	2019	2018	2017	2016
City's proportionate share of the collective net pension liability	\$	\$ 14,159,659	\$ 19,107,173	\$ 18,735,451	\$ 18,329,534	\$ 18,717,942	\$ 20,757,829
City's proportion of the collective net pension liability	0.100251%	0.095820%	0.098562%	0.106545%	0.110248%	0.112563%	0.116209%
City's covered-employee payroll	\$	\$ 6,469,966	\$ 6,403,669	\$ 6,815,649	\$ 7,038,710	\$ 7,038,710	\$ 7,413,225
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	0.0%	218.85%	298.38%	274.89%	265.93%	280.01%	280.01%
Plan fiduciary net position as a percentage of the total pension liability	XXXX%	XXXX%	58.97%	61.59%	61.49%	57.47%	57.47%

See Independent Auditor's Report.



CITY OF NATCHEZ, MISSISSIPPI

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PERS

YEAR ENDED SEPTEMBER 30, 2022

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,200,877	\$ 1,132,058	\$ 1,143,008	\$ 1,092,889	\$ 1,081,826	\$ 1,120,609	\$ 1,096,190
Contributions in relation to the contractually required contributions	1,200,877	1,174,710	1,120,307	1,111,410	1,107,106	1,108,597	1,167,583
Contribution deficiency (excess)	\$ -	\$ 42,652	\$ (22,701)	\$ 18,521	\$ 25,280	\$ 12,012	\$ (71,393)
City's covered-employee payroll	\$ 6,901,591	\$ 6,469,966	\$ 6,403,669	\$ 6,815,649	\$ 6,868,736	\$ 7,289,682	\$ 7,413,225
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.40%	16.31%	16.12%	15.75%	15.75%

See Independent Auditor's Report.

## OTHER SUPPLEMENTARY INFORMATION

CITY OF NATCHEZ, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2022

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Adoption and Amendments

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

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

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

3. Budget/GAAP Reconciliation

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

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

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Governmental Fund.

**COMBINING SCHEDULE OF  
NONMAJOR GOVERNMENTAL FUNDS**

## CITY OF NATCHEZ, MISSISSIPPI

## COMBINING BALANCE SHEET

SEPTEMBER 30, 2022

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Aggregate Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 5,230,131	\$ 540,584	\$ 439,819	\$ 6,210,534
Due from other funds	505,839	1,494,421	172,138	2,172,398
Due from other governments	134,639	2,027	19,596	156,262
Property tax receivable	676,668	118,764	-	795,432
Other receivables	-	-	-	-
Interfund loan activity	-	840,538	-	840,538
Advances to other funds	439,945	156,657	-	596,602
Total assets	<u>\$ 6,987,222</u>	<u>\$ 3,152,991</u>	<u>\$ 631,553</u>	<u>\$ 10,771,766</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 404,949	\$ 118	\$ -	\$ 405,067
Bank overdrafts	260,624	160	-	260,784
Due to other funds	1,142,997	542,751	23,500	1,709,248
Payable to other governments	314,545	-	-	314,545
Due to outside entities	-	-	176,240	176,240
Deferred property taxes	676,668	118,764	344,160	1,139,592
Advances from other funds	297,669	419,252	-	716,921
Total liabilities	<u>\$ 3,097,452</u>	<u>\$ 1,081,045</u>	<u>\$ 543,900</u>	<u>\$ 4,722,397</u>
<b>Fund balances:</b>				
Reserved for:				
Nonspendable:				
Advances	\$ 439,945	\$ 156,657	\$ -	\$ 596,602
Restricted:				
Debt service	-	-	87,653	87,653
Assigned:				
Capital projects	(615,489)	1,915,289	-	1,299,800
Special revenue funds	4,065,314	-	-	4,065,314
Unassigned	-	-	-	-
Total fund balances	<u>\$ 3,889,770</u>	<u>\$ 2,071,946</u>	<u>\$ 87,653</u>	<u>\$ 6,049,369</u>
Total liabilities and fund balances	<u>\$ 6,987,222</u>	<u>\$ 3,152,991</u>	<u>\$ 631,553</u>	<u>\$ 10,771,766</u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service	Aggregate Nonmajor Governmental Funds
<b>Revenues</b>				
Ad valorem taxes	\$ 945,773	\$ 149,957	\$ 214,606	\$ 1,310,336
Gaming taxes	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	120,432	-	-	120,432
Intergovernmental	2,808,620	955,089	98,814	3,862,523
Charges for services	504,209	-	-	504,209
Investment earnings	7,996	3,530	1,463	12,989
Miscellaneous	266,734	338,374	22,031	627,139
Franchise fees	(3,305)	-	-	(3,305)
Contributions	200	-	-	200
Rents and royalties	42,343	-	-	42,343
Total revenues	<u>\$ 4,693,002</u>	<u>\$ 1,446,950</u>	<u>\$ 336,914</u>	<u>\$ 6,476,866</u>
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ 640,707	\$ -	\$ 640,707
Public safety	20,641	-	-	20,641
Public works	48,258	-	-	48,258
Culture and recreation	2,036,444	-	-	2,036,444
Economic development	171,065	-	-	171,065
Miscellaneous	573,844	-	736	574,580
Debt service:				
Principal	135,028	1,041,233	280,000	1,456,261
Interest & other charges	28,134	-	43,205	71,339
Capital outlay	462,896	1,306,996	-	1,769,892
Total expenditures	<u>\$ 3,476,310</u>	<u>\$ 2,988,936</u>	<u>\$ 323,941</u>	<u>\$ 6,789,187</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,216,692</u>	<u>\$ (1,541,986)</u>	<u>\$ 12,973</u>	<u>\$ (312,321)</u>
<b>Other financing sources (uses)</b>				
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -
Other source	-	-	-	-
Transfers in	2,172,996	2,270,652	-	4,443,648
Transfers out	(2,232,173)	(60,000)	-	(2,292,173)
Total other financial sources (uses)	<u>\$ (59,177)</u>	<u>\$ 2,210,652</u>	<u>\$ -</u>	<u>\$ 2,151,475</u>
Net change in fund balances	<u>\$ 1,157,515</u>	<u>\$ 668,666</u>	<u>\$ 12,973</u>	<u>\$ 1,839,154</u>
Fund balances - beginning	<u>\$ 2,732,255</u>	<u>\$ 1,403,280</u>	<u>\$ 74,680</u>	<u>\$ 4,210,215</u>
Fund balances - ending	<u>\$ 3,889,770</u>	<u>\$ 2,071,946</u>	<u>\$ 87,653</u>	<u>\$ 6,049,369</u>

See Independent Auditor's Report.

## COMPONENT UNITS

## COMPONENT UNITS

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



## CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS

SEPTEMBER 30, 2022

	Natchez Convention Promition Commission	Judge George Armstrong Library	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,055,688	\$ 141,548	\$ 1,197,236
Accounts receivable	-	4,435	4,435
Receivable from other governments	327,696	-	327,696
Prepaid expenses	-	3,582	3,582
Restricted asset:			
Cash and cash equivalents - restricted	137,913	-	137,913
Investments and other deposits	-	450,000	450,000
Capital assets, net	16,188	198,307	214,495
Intangible right-to-use leased area, net	251,104	-	251,104
Total assets	<u>\$ 1,788,589</u>	<u>\$ 797,872</u>	<u>\$ 2,586,461</u>
<b>Deferred outflows of resources</b>	<u>\$ 79,546</u>	<u>\$ 74,575</u>	<u>\$ 154,121</u>
<b>Liabilities and fund balances</b>			
Accounts payable and accrued liabilities	\$ 27,655	\$ 6,453	\$ 34,108
Due to other governmental agencies	224,750	-	224,750
Net pension liability	802,762	457,455	1,260,217
Short-term portion of long term debt	63,840	-	63,840
Notes, capital leases and contracts	186,200	-	186,200
Total liabilities	<u>\$ 1,305,207</u>	<u>\$ 463,908</u>	<u>\$ 1,769,115</u>
<b>Deferred inflows of resources</b>	<u>\$ 9,341</u>	<u>\$ 110,213</u>	<u>\$ 119,554</u>
<b>Net position</b>			
Invested in capital assets	\$ 16,188	\$ 198,307	\$ 214,495
Restricted	141,478	592,687	734,165
Unrestricted (deficit)	395,921	(492,668)	(96,747)
Total net position	<u>\$ 553,587</u>	<u>\$ 298,326</u>	<u>\$ 851,913</u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Natchez Convention Promotion Commission	Judge George Armstrong Library	Total
<b>Expenses</b>			
Governmental activities:			
Culture and recreation	\$ -	\$ 423,216	\$ 423,216
Economic development	1,572,640	-	1,572,640
Miscellaneous	521,520	-	521,520
Total expenses	<u>\$ 2,094,160</u>	<u>\$ 423,216</u>	<u>\$ 2,517,376</u>
<b>Program revenues</b>			
Charges for services	\$ -	\$ 10,989	\$ 10,989
Operating grants and contributions	3,701	105,664	109,365
Total program revenues	<u>\$ 3,701</u>	<u>\$ 116,653</u>	<u>\$ 120,354</u>
<b>Net (expenses) revenue</b>	<u>\$ (2,090,459)</u>	<u>\$ (306,563)</u>	<u>\$ (2,397,022)</u>
<b>General revenues</b>			
Public service taxes	\$ 1,718,897	\$ -	\$ 1,718,897
Transfers in	-	334,044	334,044
Investment earnings	621	3,087	3,708
Total general revenues	<u>\$ 1,719,518</u>	<u>\$ 337,131</u>	<u>\$ 2,056,649</u>
<b>Change in net position</b>	<u>\$ (370,941)</u>	<u>\$ 30,568</u>	<u>\$ (340,373)</u>
Net position, beginning of year	<u>\$ 924,528</u>	<u>\$ 267,758</u>	<u>\$ 1,192,286</u>
Net position, end of year	<u>\$ 553,587</u>	<u>\$ 298,326</u>	<u>\$ 851,913</u>

See Independent Auditor's Report.

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

## SPECIAL REVENUE FUNDS

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

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

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

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

Special Fire Fund – to account for money received from the State’s “Municipal Fire Protection Fund.”

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

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

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

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

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

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

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

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

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

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

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

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

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

**SPECIAL REVENUE FUNDS (continued)**

Fire Department FEMA Grant – used to purchase fire equipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

## CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	Soil Conservation Service Special	Tricentennial Donations	Recycling Fund	Public Properties	City Auditorium Maintenance Fund	Auburn Maintenance Fund
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 21,648	\$ (4,298)	\$ 227,487	\$ 8,705	\$ 15,090
Due from other funds	3,059	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Property tax receivable	-	-	-	164,749	-	-
Other receivables	-	-	-	-	-	-
Advances to other funds	-	-	-	103,236	-	-
Total assets	<u>\$ 3,059</u>	<u>\$ 21,648</u>	<u>\$ (4,298)</u>	<u>\$ 495,472</u>	<u>\$ 8,705</u>	<u>\$ 15,090</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 57	\$ 5,803	\$ 250	\$ -
Bank overdrafts	-	-	-	-	-	-
Due to other funds	-	-	-	238,538	7,000	11,500
Payable to other governments	-	-	-	-	-	-
Due to outside entities	-	-	-	-	-	-
Deferred property taxes	-	-	-	164,749	-	-
Advances from other funds	3,000	-	-	27,271	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 436,361</u>	<u>\$ 7,250</u>	<u>\$ 11,500</u>
<b>Fund balances:</b>						
Reserved for:						
Nonspendable:						
Advances	\$ -	\$ -	\$ -	\$ 103,236	\$ -	\$ -
Restricted:						
Debt service	-	-	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Special revenue funds	59	21,648	(4,355)	(44,125)	1,455	3,590
Unassigned	-	-	-	-	-	-
Total fund balances	<u>\$ 59</u>	<u>\$ 21,648</u>	<u>\$ (4,355)</u>	<u>\$ 59,111</u>	<u>\$ 1,455</u>	<u>\$ 3,590</u>
Total liabilities and fund balances	<u>\$ 3,059</u>	<u>\$ 21,648</u>	<u>\$ (4,298)</u>	<u>\$ 495,472</u>	<u>\$ 8,705</u>	<u>\$ 15,090</u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	Food and Lodging Tax II	Special Fire Fund I	Senior Citizens Fund	Police Grant Fund	Senior Citizens Swim Fund	Special Fire Fund II
<b>Assets</b>						
Cash and cash equivalents	\$ 186,588	\$ 311,522	\$ 127,466	\$ 29,027	\$ 1,332	\$ 38,757
Due from other funds	22,500	-	301,179	4,370	-	-
Due from other governments	105,012	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Advances to other funds	-	130,476	138,777	-	-	-
<b>Total assets</b>	<b>\$ 314,100</b>	<b>\$ 441,998</b>	<b>\$ 567,422</b>	<b>\$ 33,397</b>	<b>\$ 1,332</b>	<b>\$ 38,757</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 15,592	\$ 15,472	\$ -	\$ -	\$ 9,037
Bank overdrafts	-	-	-	-	-	-
Due to other funds	65,607	360,279	13,274	-	-	-
Due to other governments	233,058	-	-	-	-	-
Due to other outside entities	-	-	-	-	-	-
Deferred property taxes	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 298,665</b>	<b>\$ 375,871</b>	<b>\$ 28,746</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,037</b>
<b>Fund balances:</b>						
Reserved for:						
Nonspendable:						
Advances	\$ -	\$ 130,476	\$ 138,777	\$ -	\$ -	\$ -
Restricted:						
Debt service	-	-	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Special revenue funds	15,435	(64,349)	399,899	33,397	1,332	29,720
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>\$ 15,435</b>	<b>\$ 66,127</b>	<b>\$ 538,676</b>	<b>\$ 33,397</b>	<b>\$ 1,332</b>	<b>\$ 29,720</b>
<b>Total liabilities and fund balances</b>	<b>\$ 314,100</b>	<b>\$ 441,998</b>	<b>\$ 567,422</b>	<b>\$ 33,397</b>	<b>\$ 1,332</b>	<b>\$ 38,757</b>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	Parks and Recreation	Recreation - Department - Donations	Visitors Center Operations	Department of Tourism Management	Fire Department / FEMA Grant	Downtown Christmas Tree
<b>Assets</b>						
Cash and cash equivalents	\$ 260,014	\$ 4,613	\$ 17,573	\$ -	\$ -	\$ -
Due from other funds	225	37,223	-	-	17,842	-
Due from other governments	3,244	-	24,955	-	-	-
Property tax receivable	190,022	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Advances to other funds	5,000	-	-	62,456	-	-
Total assets	<u>\$ 458,505</u>	<u>\$ 41,836</u>	<u>\$ 42,528</u>	<u>\$ 62,456</u>	<u>\$ 17,842</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ (3,196)	\$ 1,199	\$ 5,663	\$ -	\$ -	\$ -
Bank overdrafts	-	-	-	-	-	-
Due to other funds	284,814	6,500	125,684	-	-	-
Payable to other governments	-	-	81,487	-	-	-
Due to outside entities	-	-	-	-	-	-
Deferred property taxes	190,022	-	-	-	-	-
Advances from other funds	148,498	-	31,000	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>\$ 620,138</u>	<u>\$ 7,699</u>	<u>\$ 243,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>						
Reserved for:						
Nonspendable:						
Advances	\$ 5,000	\$ -	\$ -	\$ 62,456	\$ -	\$ -
Restricted:						
Debt service	-	-	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Special revenue funds	(166,633)	34,137	(201,306)	-	17,842	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>\$ (161,633)</u>	<u>\$ 34,137</u>	<u>\$ (201,306)</u>	<u>\$ 62,456</u>	<u>\$ 17,842</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 458,505</u>	<u>\$ 41,836</u>	<u>\$ 42,528</u>	<u>\$ 62,456</u>	<u>\$ 17,842</u>	<u>\$ -</u>

See Independent Auditor's Report.



## CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	Armstrong Library Fund	Natchez EDA Fund	Road and Bridge Tax	Traffic Fund/MDOT Intersections	SNAP 2014	American Rescue Plan Act
<b>Assets</b>						
Cash and cash equivalents	\$ 37,704	\$ 19,695	\$ 346,657	\$ 228,699	\$ 12,778	3,328,810
Due from other funds	-	-	45,000	74,441	-	-
Due from other governments	-	1,428	-	-	-	-
Property tax receivable	244,653	77,244	-	-	-	-
Other receivables	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	<u>\$ 282,357</u>	<u>\$ 98,367</u>	<u>\$ 391,657</u>	<u>\$ 303,140</u>	<u>\$ 12,778</u>	<u>\$ 3,328,810</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ (99)	\$ -	\$ 320	\$ -	\$ -
Bank overdrafts	-	-	-	-	-	-
Due to other funds	(849)	27,045	2,924	-	-	-
Payable to other governments	-	-	-	-	-	-
Due to outside entities	-	-	-	-	-	-
Deferred property taxes	244,653	77,244	-	-	-	-
Advances from other funds	63,750	24,150	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>\$ 307,554</u>	<u>\$ 128,340</u>	<u>\$ 2,924</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>						
Reserved for:						
Nonspendable:						
Advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:						
Debt service	-	-	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Special revenue funds	(25,197)	(29,973)	388,733	302,820	12,778	3,328,810
Unassigned	-	-	-	-	-	-
Total fund balances	<u>\$ (25,197)</u>	<u>\$ (29,973)</u>	<u>\$ 388,733</u>	<u>\$ 302,820</u>	<u>\$ 12,778</u>	<u>\$ 3,328,810</u>
Total liabilities and fund balances	<u>\$ 282,357</u>	<u>\$ 98,367</u>	<u>\$ 391,657</u>	<u>\$ 303,140</u>	<u>\$ 12,778</u>	<u>\$ 3,328,810</u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2022

	2021 Recreation GO Bond	2021 Brownfield Assistance Grant	Humana Foundation Grant	Total
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 10,264	\$ 5,230,131
Due from other funds	-	-	-	505,839
Due from other governments	-	-	-	134,639
Property tax receivable	-	-	-	676,668
Other receivables	-	-	-	-
Advances to other funds	-	-	-	439,945
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,264</u>	<u>\$ 6,987,222</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 354,234	\$ 631	\$ (14)	\$ 404,949
Bank overdrafts	259,640	984	-	260,624
Due to other funds	-	-	681	1,142,997
Payable to other governments	-	-	-	314,545
Due to outside entities	-	-	-	-
Deferred property taxes	-	-	-	676,668
Advances from other funds	-	-	-	297,669
Other liabilities	-	-	-	-
Total liabilities	<u>\$ 613,874</u>	<u>\$ 1,615</u>	<u>\$ 667</u>	<u>\$ 3,097,452</u>
<b>Fund balances:</b>				
Reserved for:				
Nonspendable:				
Advances	\$ -	\$ -	\$ -	\$ 439,945
Restricted:				
Debt service	-	-	-	-
Assigned:				
Capital projects	(613,874)	(1,615)	-	(615,489)
Special revenue funds	-	-	9,597	4,065,314
Unassigned	-	-	-	-
Total fund balances	<u>\$ (613,874)</u>	<u>\$ (1,615)</u>	<u>\$ 9,597</u>	<u>\$ 3,889,770</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,264</u>	<u>\$ 6,987,222</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Soil Conservation Service Special	Tricentennial Donations	Recycling Fund	Public Properties	City Auditorium Maintenance Fund	Auburn Maintenance Fund
<b>Revenues</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	239,954	\$ -	\$ -
Gaming taxes	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	2,000	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	875	35	46
Miscellaneous	-	1,992	-	115,845	-	-
Franchise fees	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Rents and royalties	-	-	-	18,117	13,650	6,030
Total revenues	\$ -	\$ 1,992	\$ 2,000	\$ 374,791	\$ 13,685	\$ 6,076
<b>Expenditures</b>						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	28,641	-	-
Public works	-	-	16,705	-	-	-
Culture and recreation	-	-	1,397	231,525	16,753	2,201
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	15,150	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest & other charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 18,102	\$ 275,316	\$ 16,753	\$ 2,201
<b>Excess (deficiency) of revenues over expenditures</b>	\$ -	\$ 1,992	\$ (16,102)	\$ 99,475	\$ (3,068)	\$ 3,875
<b>Other financing sources (uses)</b>						
Proceeds from long-term debt & capital leases, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other sources	-	-	-	-	-	-
Transfers in	-	4,703	4,549	-	-	-
Transfers out	-	-	-	(18,850)	-	-
Total other financial sources (uses)	\$ -	\$ 4,703	\$ 4,549	\$ (18,850)	\$ -	\$ -
<b>Net change in fund balances</b>	\$ -	\$ 6,695	\$ (11,553)	\$ 80,625	\$ (3,068)	\$ 3,875
<b>Fund balances - beginning</b>	\$ 59	\$ 14,953	\$ 7,198	\$ (21,514)	\$ 4,523	\$ (285)
<b>Fund balances - ending</b>	\$ 59	\$ 21,648	\$ (4,355)	\$ 59,111	\$ 1,455	\$ 3,590

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Food and Lodging Tax II	Special Fire Fund	Senior Citizens Fund	Police Grant Fund	Senior Citizens Swim Fund	Special Fire Fund #2
<b>Revenues</b>						
Ad valorem taxes	-	\$ -	-	\$ -	-	\$ -
Gaming taxes	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	563,933	1,488,033	293,237	-	-	-
Charges for services	-	-	11,995	-	-	-
Investment earnings	599	1,078	1,019	92	-	124
Franchise fees	-	-	-	-	-	-
Miscellaneous	-	63,175	906	-	-	-
Contributions	-	-	-	200	-	-
Rents and royalties	-	-	4,533	-	-	-
Total revenues	\$ 564,532	\$ 1,552,286	\$ 311,690	\$ 292	\$ -	\$ 124
<b>Expenditures</b>						
Current:						
General government	\$ -	\$ -	-	\$ -	-	\$ -
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	346,697	-	-	-
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	20,924	-	-	9,048
Debt service:						
Principal	-	90,166	-	-	-	-
Interest & other charges	-	17,243	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ -	\$ 107,409	\$ 367,621	\$ -	\$ -	\$ 9,048
Excess (deficiency) of revenues over expenditures	\$ 564,532	\$ 1,444,877	\$ (55,931)	\$ 292	\$ -	\$ (8,924)
<b>Other financing sources (uses)</b>						
Proceeds from long-term debt, net	\$ -	\$ -	-	\$ -	-	\$ -
Other source	-	-	-	-	-	-
Transfers in	-	2,425	124,000	-	-	-
Transfers out	(442,000)	(1,770,648)	-	-	-	-
Total other financial sources (uses)	\$ (442,000)	\$ (1,768,223)	\$ 124,000	\$ -	\$ -	\$ -
Net change in fund balances	\$ 122,532	\$ (323,346)	\$ 68,069	\$ 292	\$ -	\$ (8,924)
Fund balances - beginning	\$ (107,097)	\$ 389,473	\$ 470,607	\$ 33,105	\$ 1,332	\$ 38,644
Fund balances - ending	\$ 15,435	\$ 66,127	\$ 538,676	\$ 33,397	\$ 1,332	\$ 29,720

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Parks and Recreation	Recreation - Donations	Visitors Center Operations	Department of Tourism Management	Fire Department/ FEMA Grant	Downtown Christmas Tree
<b>Revenues</b>						
Ad valorem taxes	\$ 260,083	\$ -	\$ -	\$ -	\$ -	\$ -
Gaming taxes	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	289,227	-	11,040	-	-	-
Charges for services	492,214	-	-	-	-	-
Investment earnings	1,110	24	62	-	-	-
Miscellaneous	-	12,650	1,918	-	-	1,897
Franchise fees	(3,305)	-	-	-	-	-
Contributions	-	-	-	-	-	-
Rents and royalties	13	-	-	-	-	-
Total revenues	\$ 1,039,342	\$ 12,674	\$ 13,020	\$ -	\$ -	\$ 1,897
<b>Expenditures</b>						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	1,045,560	15,535	38,583	-	-	-
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest & other charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 1,045,560	\$ 15,535	\$ 38,583	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ (6,218)	\$ (2,861)	\$ (25,563)	\$ -	\$ -	\$ 1,897
<b>Other financing sources (uses)</b>						
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other source	-	-	-	-	-	-
Transfers in	93,010	-	41,600	-	-	-
Transfers out	(675)	-	-	-	-	-
Total other financial sources (uses)	\$ 92,335	\$ -	\$ 41,600	\$ -	\$ -	\$ -
Net change in fund balances	\$ 86,117	\$ (2,861)	\$ 16,037	\$ -	\$ -	\$ 1,897
Fund balances - beginning	\$ (247,750)	\$ 36,998	\$ (217,343)	\$ 62,456	\$ 17,842	\$ (1,897)
Fund balances - ending	\$ (161,633)	\$ 34,137	\$ (201,306)	\$ 62,456	\$ 17,842	\$ -

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Armstrong Library Fund	Natchez EDA Fund	Road and Bridge Tax	Traffic Fund/MDOT Intersections	SNAP 2014	American Rescue Plan Act
<b>Revenues</b>						
Ad valorem taxes	\$ 338,294	\$ 107,442	\$ -	\$ -	\$ -	\$ -
Gaming taxes	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	120,432	-	-	-
Intergovernmental	-	-	156,275	-	4,875	-
Charges for services	-	-	-	-	-	-
Investment earnings	180	38	998	669	-	1,047
Miscellaneous	-	-	-	68,201	150	-
Franchise fees	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-
Total revenues	\$ 338,474	\$ 107,480	\$ 277,705	\$ 68,870	\$ 5,025	\$ 1,047
<b>Expenditures</b>						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	(8,000)	-	-
Public works	-	-	31,553	-	-	-
Culture and recreation	334,043	-	-	-	4,150	-
Economic development	-	171,065	-	-	-	-
Miscellaneous	-	-	-	-	-	265,419
Debt service:						
Principal	-	-	44,862	-	-	-
Interest & other charges	-	-	10,891	-	-	-
Capital outlay	-	-	60,750	49,960	-	-
Total expenditures	\$ 334,043	\$ 171,065	\$ 148,056	\$ 41,960	\$ 4,150	\$ 265,419
Excess (deficiency) of revenues over expenditures	\$ 4,431	\$ (63,585)	\$ 129,649	\$ 26,910	\$ 875	\$ (264,372)
<b>Other financing sources (uses)</b>						
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other source	-	-	-	-	-	-
Transfers in	-	71,788	18,748	15,660	-	1,796,513
Transfers out	-	-	-	-	-	-
Total other financial sources (uses)	\$ -	\$ 71,788	\$ 18,748	\$ 15,660	\$ -	\$ 1,796,513
Net change in fund balances	\$ 4,431	\$ 8,203	\$ 148,397	\$ 42,570	\$ 875	\$ 1,532,141
Fund balances - beginning	\$ (29,628)	\$ (38,176)	\$ 240,336	\$ 260,250	\$ 11,903	\$ 1,796,669
Fund balances - ending	\$ (25,197)	\$ (29,973)	\$ 388,733	\$ 302,820	\$ 12,778	\$ 3,328,810

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2021 Recreation GO Bond	2021 Brownfield Assistance Grant	Humana Foundation Grant	Total
<b>Revenues</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 945,773
Gaming taxes	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	120,432
Intergovernmental	-	-	-	2,808,620
Charges for services	-	-	-	504,209
Investment earnings	-	-	-	7,996
Miscellaneous	-	-	-	266,734
Franchise fees	-	-	-	(3,305)
Contributions	-	-	-	200
Rents and royalties	-	-	-	42,343
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,693,002</u>
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	20,641
Public works	-	-	-	48,258
Culture and recreation	-	-	-	2,036,444
Economic development	-	-	-	171,065
Miscellaneous	261,688	1,615	-	573,844
Debt service:				-
Principal	-	-	-	135,028
Interest & other charges	-	-	-	28,134
Capital outlay	352,186	-	-	462,896
Total expenditures	<u>\$ 613,874</u>	<u>\$ 1,615</u>	<u>\$ -</u>	<u>\$ 3,476,310</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (613,874)</u>	<u>\$ (1,615)</u>	<u>\$ -</u>	<u>\$ 1,216,692</u>
<b>Other financing sources (uses)</b>				
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -
Other source	-	-	-	-
Transfers in	-	-	-	2,172,996
Transfers out	-	-	-	(2,232,173)
Total other financial sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,177)</u>
Net change in fund balances	<u>\$ (613,874)</u>	<u>\$ (1,615)</u>	<u>\$ -</u>	<u>\$ 1,157,515</u>
Fund balances - beginning	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,597</u>	<u>\$ 2,732,255</u>
Fund balances - ending	<u>\$ (613,874)</u>	<u>\$ (1,615)</u>	<u>\$ 9,597</u>	<u>\$ 3,889,770</u>

See Independent Auditor's Report.

## DEBT SERVICE FUNDS

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

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

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

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



## CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS

SEPTEMBER 30, 2022

	TIF Bond Series 2008	TIF Bond Series 2014	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 432,411	\$ 7,408	\$ 439,819
Due from other funds	85,180	86,958	172,138
Due from other governments	19,596	-	19,596
Property tax receivable	-	-	-
Other receivables	-	-	-
Advances to other funds	-	-	-
Total assets	<u>\$ 537,187</u>	<u>\$ 94,366</u>	<u>\$ 631,553</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Bank overdrafts	-	-	-
Due to other funds	-	23,500	23,500
Payable to other governments	-	-	-
Due to outside entities	150,261	25,979	176,240
Due to other funds	343,460	700	344,160
Deferred property taxes	-	-	-
Advances from other funds	-	-	-
Other liabilities	-	-	-
Total liabilities	<u>\$ 493,721</u>	<u>\$ 50,179</u>	<u>\$ 543,900</u>
<b>Fund balances:</b>			
Reserved for:			
Nonspendable:			
Advances	\$ -	\$ -	\$ -
Restricted:			
Debt service	43,466	44,187	87,653
Assigned:			
Capital projects	-	-	-
Special revenue funds	-	-	-
Unassigned	-	-	-
Total fund balances	<u>\$ 43,466</u>	<u>\$ 44,187</u>	<u>\$ 87,653</u>
Total liabilities and fund balances	<u>\$ 537,187</u>	<u>\$ 94,366</u>	<u>\$ 631,553</u>

See Independent Auditor's Report.

## CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	TIF Bond Series 2008	TIF Bond Series 2014	Total
<b>Revenues</b>			
Ad valorem taxes	\$ 207,252	\$ 7,354	\$ 214,606
Gaming taxes	-	-	-
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	98,814	-	98,814
Charges for services	-	-	-
Investment earnings	1,408	55	1,463
Miscellaneous	22,031	-	22,031
Franchise fees	-	-	-
Contributions	-	-	-
Rents and royalties	-	-	-
Total revenues	<u>\$ 329,505</u>	<u>\$ 7,409</u>	<u>\$ 336,914</u>
<b>Expenditures</b>			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Miscellaneous	736	-	736
Debt service:			
Principal	245,000	35,000	280,000
Interest and other charges	35,700	7,505	43,205
Capital outlay	-	-	-
Total expenditures	<u>\$ 281,436</u>	<u>\$ 42,505</u>	<u>\$ 323,941</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 48,069</u>	<u>\$ (35,096)</u>	<u>\$ 12,973</u>
<b>Other financing sources:</b>			
Proceeds from long-term debt, net	\$ -	\$ -	\$ -
Other source	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net change in fund balances</b>	<u>\$ 48,069</u>	<u>\$ (35,096)</u>	<u>\$ 12,973</u>
<b>Fund balances - beginning</b>	<u>\$ (4,603)</u>	<u>\$ 79,283</u>	<u>\$ 74,680</u>
<b>Fund balances - ending</b>	<u>\$ 43,466</u>	<u>\$ 44,187</u>	<u>\$ 87,653</u>

See Independent Auditor's Report.

## CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2022

	Capital Improvements Fund	Colonnades and Visitor Welcome Center	Community Development	BP SB2002 EWP Match Fund	Schneider Electric Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 159,264	\$ -	\$ 48,960	\$ -	\$ -
Due from other funds	337,274	-	825,781	263,136	-
Due from other governments	2,027	-	-	-	-
Property tax receivable	118,764	-	-	-	-
Other receivables	-	-	-	-	-
Interfund loan activity	-	-	840,538	-	-
Advances to other funds	-	-	156,657	-	-
Total assets	<u>\$ 617,329</u>	<u>\$ -</u>	<u>\$ 1,871,936</u>	<u>\$ 263,136</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 161	\$ -	\$ -	\$ -
Bank overdraft	-	-	-	-	-
Due to other funds	314,134	19,511	-	-	-
Due to other governments	-	-	-	-	-
Due to other outside entities	-	-	-	-	-
Deferred property taxes	118,764	-	-	-	-
Advances from other funds	251,986	-	167,266	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>\$ 684,884</u>	<u>\$ 19,672</u>	<u>\$ 167,266</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>					
Reserved for:					
Nonspendable:					
Advances	\$ -	\$ -	\$ 156,657	\$ -	\$ -
Restricted:					
Debt service	-	-	-	-	-
Assigned:					
Capital projects	(67,555)	(19,672)	1,548,013	263,136	-
Special revenue funds	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>\$ (67,555)</u>	<u>\$ (19,672)</u>	<u>\$ 1,704,670</u>	<u>\$ 263,136</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 617,329</u>	<u>\$ -</u>	<u>\$ 1,871,936</u>	<u>\$ 263,136</u>	<u>\$ -</u>

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS

SEPTEMBER 30, 2022

	ERBR Fund	North Natchez Drainage	MDOT - Natchez Trails Project	Regional Transit Construction	Yazoo and MS Valley Railroad Depot	Total
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 262,695	\$ -	\$ 42,462	\$ 27,203	\$ 540,584
Due from other funds	-	-	-	68,230	-	1,494,421
Due from other governments	-	-	-	-	-	2,027
Property tax receivable	-	-	-	-	-	118,764
Other receivables	-	-	-	-	-	-
Interfund loan activity	-	-	-	-	-	840,538
Advances to other funds	-	-	-	-	-	156,657
Total assets	\$ -	\$ 262,695	\$ -	\$ 110,692	\$ 27,203	\$ 3,152,991
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 6	\$ (34)	\$ -	\$ -	\$ (15)	\$ 118
Bank overdraft	-	-	160	-	-	160
Due to other funds	-	-	997	72,429	135,680	542,751
Due to other governments	-	-	-	-	-	-
Due to other outside entities	-	-	-	-	-	-
Deferred property taxes	-	-	-	-	-	118,764
Advances from other funds	-	-	-	-	-	419,252
Other liabilities	-	-	-	-	-	-
Total liabilities	\$ 6	\$ (34)	\$ 1,157	\$ 72,429	\$ 135,665	\$ 1,081,045
<b>Fund balances:</b>						
Reserved for:						
Nonspendable:						
Advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,657
Restricted:						
Debt service	-	-	-	-	-	-
Assigned:						
Capital projects	(6)	262,729	(1,157)	38,263	(108,462)	1,915,289
Special revenue funds	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	\$ (6)	\$ 262,729	\$ (1,157)	\$ 38,263	\$ (108,462)	\$ 2,071,946
Total liabilities and fund balances	\$ -	\$ 262,695	\$ -	\$ 110,692	\$ 27,203	\$ 3,152,991

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI

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

SEPTEMBER 30, 2022

	Capital Improvements Fund	Colonades and Visitor Welcome Center	Community Development	BP SB2002 EWP Match Fund	Schneider Electric Fund
<b>Revenues</b>					
Ad valorem taxes	\$ 149,957	\$ -	\$ -	\$ -	\$ -
Gaming taxes	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	114	-	-	-	-
Investment earnings	1,036	-	1,713	-	-
Miscellaneous	-	-	243,338	(2)	5
Franchise fees	-	-	-	-	-
Contributions	-	-	-	-	-
Rents and royalties	-	-	-	-	-
Total revenues	\$ 151,107	\$ -	\$ 245,051	\$ (2)	\$ 5
<b>Expenditures</b>					
Current:					
General government	\$ -	\$ -	\$ 640,707	\$ -	\$ -
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Debt service:					
Principal	1,041,233	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	613,846	-	-	-	-
Total expenditures	\$ 1,655,079	\$ -	\$ 640,707	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ (1,503,972)	\$ -	\$ (395,656)	\$ (2)	\$ 5
<b>Other financing sources (uses)</b>					
Proceeds from long-term debt, net	\$ -	\$ -	\$ -	\$ -	\$ -
Other source	-	-	-	-	-
Transfers in	1,489,148	-	500,004	-	-
Transfers out	-	-	(60,000)	-	-
Total other financial sources (uses)	\$ 1,489,148	\$ -	\$ 440,004	\$ -	\$ -
Net change in fund balances	\$ (14,824)	\$ -	\$ 44,348	\$ (2)	\$ 5
Fund balances - beginning	\$ (52,731)	\$ (19,672)	\$ 1,660,322	\$ 263,138	\$ (5)
Fund balances - ending	\$ (67,555)	\$ (19,672)	\$ 1,704,670	\$ 263,136	\$ -

CITY OF NATCHEZ, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	ERBR Fund	North Natchez Drainage	MDOT - Natchez Trails Project	Regional Transit Construction	Yazoo and MS Valley Railroad Depot	Total
<b>Revenues</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,957
Gaming taxes	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	954,975	-	-	-	955,089
Investment earnings	-	781	-	-	-	3,530
Miscellaneous	-	-	-	95,033	-	338,374
Franchise fees	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-
Total revenues	\$ -	\$ 955,756	\$ -	\$ 95,033	\$ -	\$ 1,446,950
<b>Expenditures</b>						
Current:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640,707
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	1,041,233
Interest	-	-	-	-	-	-
Capital outlay	-	693,150	-	-	-	1,306,996
Total expenditures	\$ -	\$ 693,150	\$ -	\$ -	\$ -	\$ 2,988,936
Excess (deficiency) of revenues over expenditures	\$ -	\$ 262,606	\$ -	\$ 95,033	\$ -	\$ (1,541,986)
<b>Other financing sources (uses)</b>						
Proceeds from long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other source	-	-	-	-	-	-
Transfers in	-	281,500	-	-	-	2,270,652
Transfers out	-	-	-	-	-	(60,000)
Total other financial sources (uses)	\$ -	\$ 281,500	\$ -	\$ -	\$ -	\$ 2,210,652
Net change in fund balances	\$ -	\$ 544,106	\$ -	\$ 95,033	\$ -	\$ 658,666
Fund balances - beginning	\$ (6)	\$ (281,377)	\$ (1,157)	\$ (56,770)	\$ (108,462)	\$ 1,403,280
Fund balances - ending	\$ (6)	\$ 262,729	\$ (1,157)	\$ 38,263	\$ (108,462)	\$ 2,071,946

See Independent Auditor's Report.

CITY OF NATCHEZ, MISSISSIPPI  
 SCHEDULE OF CERTIFICATES OF DEPOSIT – ALL FUNDS  
 SEPTEMBER 30, 2022

PROPRIETARY FUNDS:

Certificates of Deposit – Unrestricted:

Concordia Bank & Trust Co., dated January 10, 2021, maturity January 10, 2022, rate 1.75%	\$ 1,964,174
	<u>\$ 1,964,174</u>

Certificates of Deposit – Restricted:

Concordia Bank & Trust Co., dated October 11, 2021, maturity October 11, 2022, rate 0.75%	\$ 250,000
Concordia Bank & Trust Co., dated January 10, 2021, maturity January 10, 2022, rate 0.45%	50,133
	<u>\$ 301,133</u>
Total Certificates of Deposit – Proprietary Funds	<u>\$ 2,264,307</u>



## CITY OF NATCHEZ, MISSISSIPPI

## SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS

SEPTEMBER 30, 2022

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>	<u>Term</u>
Dan M. Gibson	Mayor	Western Surety	\$ 100,000	7/2020 - current
Megan Mckenzie	City Clerk	Western Surety	\$ 50,000	11/2021 - 11/2022
Denise Bell	Deputy City Clerk	Western Surety	\$ 50,000	11/2021 - 11/2022
Lisa Jordan Dale	City Judge	Western Surety	\$ 50,000	7/2020 - current
Valencia Marie Hall	Alderman	Western Surety	\$ 100,000	7/2020 - current
Billie Joe Frazier	Alderman	Western Surety	\$ 100,000	7/2020 - current
Sarah Carter Smith	Alderman	Western Surety	\$ 100,000	7/2020 - current
Felicia Irving	Alderman	Western Surety	\$ 100,000	7/2020 - current
Benjamin Davis	Alderman	Western Surety	\$ 100,000	7/2020 - current
Daniel Dillard	Alderman	FCCI Insurance Group	\$ 100,000	7/2020 - current

CITY OF NATCHEZ, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<b><u>U.S. Army Corps of Engineers</u></b>			
Section 592 Project			
North Natchez Drainage Phase II-D	12.124	21.02	\$ 730,936
<b><u>U.S. Department of Transportation</u></b>			
Passed through Mississippi Department of Transportation:			
2016 TIGER - Natchez Railroad and Grade Safety Improvement Program	20.933	FR-TII-0048-18	\$ 123,427
Federal Transit Formula Grants	20.509	MDOT #502043	1,210,720
Total U.S. Department of Transportation			\$ 1,334,147
<b><u>Natural Resource Conservation Service</u></b>			
Emergency Watershed Program (EWP)	10.923	NR204423XXXXC090	\$ 99,610
<b><u>Environmental Protection Agency</u></b>			
2021 Brownfields Coalition Assessment Grant	66.818	BF02D07921	\$ 176,269
<b><u>United States Treasury</u></b>			
American Rescue Plan Act	21.027	ARPS-0174-6826AG (MS DFA)	
Fire Dept. Payroll			\$ 112,377
Police Dept. Payroll			131,527
Legal			21,514
Total United States Treasury			\$ 265,418
<b><u>National Park Service</u></b>			
Natchez Aquatic Center - Pool Improvements	15.916	28-00670	\$ 172,584
Total Federal Financial Assistance - Governmental Activities			\$ 2,778,964

**Notes to Schedule:**

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

## **REPORTS ON INTERNAL CONTROLS AND COMPLIANCE**



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Natchez, MS 39121  
Tel: 601-442-7411  
Fax: 601-442-8551

2120 Forsythe Ave.  
Monroe, LA 71201  
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Monroe, LA 71211  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Natchez, Mississippi (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 29, 2023.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Items 2022-1, 2022-2, 2022-3, and 2022-4, that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2022-5, and 2022-7.

### City of Natchez, Mississippi's Response to Findings

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

### Purpose of this Report

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

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

Natchez, Mississippi  
August 29, 2023



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

To the Mayor and Board of Alderman  
City of Natchez, Mississippi  
Natchez, Mississippi

**Report on Compliance with Requirements for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Natchez, Mississippi's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibility of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

**Auditor's Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about where material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, or the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major program.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Item 2022-5. Our opinion on each major federal program is not modified with respect to these matters.

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

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Silas Simmons, LLP*

Natchez, Mississippi  
August 29, 2023

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



CITY OF NATCHEZ, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

**SECTION 1: SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

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

Federal Awards:

- |     |   |                           |
|-----|---|---------------------------|
| 4.  | Type of auditor's report issued on compliance for major federal programs:   | Unqualified               |
| 5.  | Internal control over major programs:   |                           |
|     | a. Material weakness(es) identified?  | No                        |
|     | b. Significant deficiency(ies) identified that are not considered to be material weaknesses?  | No                        |
| 6.  | Any audit finding(s) reported as required by U.S. <i>Code of Fed. Reg</i> Part 200, Uniform Guidance?   | Yes                       |
| 7.  | Federal program identified as a major program:<br>U.S. Department of Transportation<br>CDFA #20.509 Federal Transit Formula Grants<br><br>U.S. Treasury<br>CDFA #21.027 American Rescue Plan Act  |                           |
| 8.  | The dollar threshold used to distinguish between Type A and Type B programs:  | \$750,000                 |
| 9.  | Auditee qualified as a low-risk auditee?  | No                        |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133 and/or the Uniform Guidance? | See accompanying schedule |

**CITY OF NATCHEZ, MISSISSIPPI**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Status</u>
Section I – Internal Control and Compliance Material to the Financial Statements:		
2021-1	<b><u>Bank Reconciliations</u></b> Bank reconciliations are not being properly reconciled to the general ledger or in a timely manner.	Not Resolved
2021-2	<b><u>Accounting Records and Financial Statement Preparation</u></b> Transactions are not being recorded to the City's general ledger in a timely manner.	Not Resolved
2021-3	<b><u>Interfund Transfers, Due To/From, and Advances</u></b> Interfund transactions are not being recorded timely or accurately.	Not Resolved
2021-4	<b><u>Segregation of Duties</u></b> During the process of obtaining an understanding of internal control in planning the audit, assessing control risk, and assessing fraud risk, a lack of segregation of duties was noted.	Not Resolved
2021-5	<b><u>Compliance with Reporting Requirements of OMB - Single Audit</u></b> The City's Single Audit was not filed with the Federal Audit Clearinghouse by June 30, 2022.	Not Resolved
2021-7	<b><u>Documentation of Adjusting Journal Entries</u></b> Adjusting journal entries posted to the general ledger lack a proper and adequate documentation.	Not Resolved

Section III – Management Letter:

No management letter issued.

**CITY OF NATCHEZ, MISSISSIPPI**  
**CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

**2022-1 Bank Reconciliations (Internal Control Deficiency)**

**Condition**

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

**Criteria**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Recommendation**

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

**Response**

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**2022-2 Accounting Records and Financial Statement Preparation (Internal Control Deficiency)**

**Condition**

Transactions are not being recorded to the City's general ledger in a timely manner. Our audit field work commenced in July of 2023. At that time, transactions relating to fiscal year-end September 30, 2022, had only recently been posted to the general ledger.

**Criteria**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Response**

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

**2021-3 Interfund Transfers, Due To/Due From, and Advances (Internal Control Deficiency)**

**Condition**

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

**Criteria**

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

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

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

**Cause of Condition**

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

**CITY OF NATCHEZ, MISSISSIPPI**  
**CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**2022-3 Interfund Transfers, Due To/Due From, and Advances (Internal Control Deficiency) (continued)**

**Effect of Condition**

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

**Recommendation**

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

- (1) All interfund transactions should be authorized by the Board of Aldermen or the appropriate member of City management before the transaction is initiated with the bank.
- (2) All interfund transactions should be recorded to the appropriate general ledger accounts (transfer, due to/due from, or advance) upon initiation, based on the intent of the Board of Aldermen or City management. In addition, all interfund balances and transactions should be recorded on a subsidiary schedule or ledger.
- (3) On a monthly basis, the subsidiary schedule of transfers, due to/due from balances, and advance balances should be reconciled to the general ledger by a designated member of the accounting staff.
- (4) The City Clerk should review, initial, and date the reconciled schedule promptly after completion.
- (5) Furthermore, we recommend that the reconciled and reviewed subsidiary schedule should be included in the board packet for the first Board of Aldermen meeting subsequent to completion.

**Response**

The City Clerk will ensure that all interfund transfers or loans are approved by the Board. The interfund loans and transfers will be recorded in a timely manner and approved by management.

**2022-4 Segregation of Duties (Internal Control Deficiency)**

**Condition**

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

**Criteria**

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

**Cause of Condition**

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

CITY OF NATCHEZ, MISSISSIPPI  
 CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

**2022-4 Segregation of Duties (Internal Control Deficiency) (continued)**

**Effect of Condition**

Material weakness in internal controls.

**Recommendation**

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

**Response**

The City Clerk will ensure that the separation of duties exists; the accountant will review, record, and prepare transactions; and the City Clerk or Deputy Clerk will review and sign documents.

The City Clerk has filled all positions, and training will be provided by Springbrook Accounting Consultants.

**2022-5 Compliance with Reporting Requirements of OMB - Single Audit (Compliance Finding)**

**Condition**

The City's Single Audit was not filed with the Federal Audit Clearinghouse by June 30, 2023.

**Criteria**

In general, OMB Circular A-133 requires any nonfederal entity that expends \$750,000 or more in federal awards in a fiscal year to have a Single Audit. The Single Audit must be completed and submitted to the Federal Audit Clearinghouse within nine months of the end of the entity's fiscal year. In addition to the Single Audit requirement, OMB Circular A-133 requires an audit of the entity's financial statements for the same fiscal year as the Single Audit.

**Cause of Condition**

City management was unable to provide a complete and reconciled set of books to the external auditor in time for the external auditor to complete the financial statement audit by the June 30, 2023 due date.

**Effect of Condition**

The City was not in compliance with the reporting requirements of OMB Circular A-133, putting it at risk for loss of future federal funding and being considered a high risk for future audits.

**Recommendation**

We recommend that City management be diligent in ensuring that future financial statement audits can be completed by the external auditor in a timely manner. To that end, we recommend that City management provide the City's external auditor with a complete and balanced set of books within 30 days of fiscal year-end.

**Response**

The City Clerk will ensure that the external auditor is engaged prior to the commencement of financials. All required documentation will be submitted in a timely manner.

**CITY OF NATCHEZ, MISSISSIPPI**  
**CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**2022-7 Documentation of Adjusting Journal Entries (Internal Control Deficiency)**

**Recommendation**

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

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

Implement a formal documentation system, such as use of a Journal Entry Form, to be maintained separately and apart from the City's Springbrook accounting platform and general ledger report. The documentation form should be completed for each journal entry posted, and at a minimum include the following information -

- d. Approval and posting date.
- e. General Ledger effective date.
- f. Applicable fund(s) and department(s).
- g. Applicable General Ledger account numbers.
- h. Amounts debited and credited to each General Ledger account.
- i. An adequate description of purpose of then entry.
- j. Name of individual who initiated and posted.
- k. Name of individual who reviewed and approved.

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





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

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

We were engaged to audit the basic financial statements of City of Natchez, Mississippi as of and for the year ended September 30, 2022, and have issued our report dated August 29, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

We were engaged to audit the accompanying financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

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

1. Inventory was not taken as prescribed for the year ended September 30, 2022.

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

*Silas Simmons, LLP*

Natchez, Mississippi  
August 29, 2023

CITY OF NATCHEZ, MISSISSIPPI  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

The City of Natchez, Mississippi respectfully submits the following corrective action plan for the year ended September 30, 2022:

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

Audit Period: October 1, 2021 through September 30, 2022

**2022-1 Bank Reconciliations**

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

Megan McKenzie  
August 28, 2023

**2022-2 Accounting Records and Financial Statement Preparation**

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

Megan McKenzie  
August 28, 2023

**2022-3 Interfund Transfers, Due To/Due From, and Advances**

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

Megan McKenzie  
August 28, 2023

**2022-4 Segregation of Duties**

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

Megan McKenzie  
August 28, 2023

CITY OF NATCHEZ, MISSISSIPPI  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**2022-5 Compliance with Reporting Requirements of OMB - Single Audit**

Management's response: The City Clerk will ensure that the external auditor be engaged prior to the commencement of financials. All required documentation will be submitted in a timely manner.

Megan McKenzie  
August 28, 2023

**2022-7 Documentation of Adjusting Journal Entries (Internal Control Deficiency)**

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

Megan Makenzie  
August 28, 2023